VILLAGE MANAGER
EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 25th day of November, 2013 by and between the **VILLAGE OF GLENCOE**, an Illinois special charter municipal corporation (the "Village"), and **PHILIP A. KIRALY** ("Kiraly"), pursuant to Resolution adopted at the meeting of the Village Board of Trustees ("Village Board") held on November 21, 2013.

WHEREAS, the Village desires to secure Kiraly's services as the Village Manager under the terms, provisions, and conditions set forth in this Agreement; and

WHEREAS, Kiraly desires to accept such employment under the terms, provisions, and conditions as set forth herein;

WHEREAS, the terms and conditions of employment of a Village Manager are within the scope of the government and affairs of the Village of Glencoe;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, including Kiraly's employment by the Village, the compensation to be paid to Kiraly, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Village and Kiraly hereby agree as follows:

Section 1. Employment and Duties.

A. Employment. The Village shall, and does hereby agree to, employ Kiraly as Village Manager and Kiraly shall, and does hereby agree to, accept employment with the Village as Village Manger and to assume and perform the duties and responsibilities of Village Manager, commencing December 1, 2013.

B. Duties. As Village Manager, Kiraly shall perform all duties and activities associated with the position of Village Manager as set forth in the Glencoe Village Code, as the same may from time to time be amended, and Kiraly shall engage in any and all other activities and shall perform such other legal, permissible, and proper tasks as may be assigned to him from time to time by the Village President or the Village Board or any duly authorized and appropriate boards, committees, or commissions of the Village. Such additional or other assigned activities and tasks shall be consistent with the background, training, and qualifications of Kiraly and within the range of tasks normally considered incidental to or implied by the position of Village Manager.

Kiraly shall abide by all policies and decisions of the Village whether now or hereafter existing.

Kiraly shall report directly to the Village President and shall keep the Village Board fully informed of his activities.

C. Exclusive Employment. Kiraly shall work exclusively for the Village and shall work diligently utilizing his best efforts in the performance of the services hereunder. Kiraly shall devote his entire business time, attention, and energies to the performance of the services hereunder, giving honest, diligent, loyal, and cooperative service to the Village and shall not, without the prior written consent of the Village President, actively (as opposed to passively) engage in any other income or profit generating activities. By way of illustration, Kiraly's passive investment activities shall not be construed as a violation of this provision. Additionally, Kiraly shall not actively or passively engage in any activities that could be viewed as conflicting with his employment and duties with the Village.

D. As required by the Village Code, the Village Manager shall furnish a surety bond to be approved by the Board of Trustees, such bond to be conditioned on the faithful performance of his or her duties. The Village shall pay the premium of such bond.

Section 2. Term and Termination.

A. At-Will Employment. The term of Kiraly's employment by the Village is at the will and desire of the Village Board and is not for a fixed or stated term. Accordingly, this Agreement is terminable at will by either party in the manner set forth in this Section 2. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Village Board to terminate the services of Kiraly at any time. Nothing contained in this Agreement shall be deemed or construed as creating any property or other right to a continuation of Kiraly's employment in any capacity.

B. Severance Provisions. In the event that the Village terminates this Agreement during such time as Kiraly is willing and able to perform the duties of Village Manager and provided that Kiraly has satisfactorily performed his duties as Village Manager and has not breached this Agreement, or violated Village Policy, and/or the Village Code, as may be amended from time to time, and provided further that Kiraly has not been convicted of any felony or any crime involving moral turpitude, the Village shall exercise one of the following two severance options, which option shall be the full extent of the liability of the Village to Kiraly resulting from this Agreement or his employment as Village Manager:

(i) The Village may deliver to Kiraly a written notice of termination that will allow Kiraly to remain in the employment of the Village as a consultant

with all the salary; health, dental, and life insurance; and pension benefits provided for herein for a period of six months. In addition, within 15 days after delivery of such notice of termination, Kiraly shall be entitled to receive a lump sum payment for 100% of his accrued and unused vacation and holiday time and 50% of his accrued and unused sick days as of the date of delivery of such notice of termination. For purposes of this Agreement, vacation, holiday, and sick days shall be calculated and paid in accordance with the Village of Glencoe Personnel Policy in effect as of 1 December 2013 (the "Manual"), as amended by the Village through Kiraly's date of separation. In his role of consultant as herein described, Kiraly shall only perform those duties as directed by the Village Board or its designee, notwithstanding any provision to the contrary in the Glencoe Village Code or Illinois statutes. During this six month severance period, Kiraly agrees to make no public statements that could be reasonably interpreted as disparaging the Village, its elected officials, or any Village employees. Failure to abide by this provision will result in immediate forfeiture of benefits under this provision, with no further legal recourse by Kiraly; or

(ii) The Village may deliver to Kiraly a written notice of termination that will entitle Kiraly to a lump sum cash payment in an amount equal to six months of salary only (as determined at his then current rate of pay), plus payment for 100% of his accrued and unused vacation and holiday days and 50% of his accrued and unused sick days as of the date of his notice of termination.

For purposes of this Section, in the event the Village at any time reduces Kiraly's salary in a greater percentage than an applicable across-the-board reduction for Village executive staff employees, Kiraly may at his option declare an involuntary termination of this Agreement and receive the severance provisions outlined in paragraph 2.B.(i), herein.

C. Voluntary Termination/Resignation. In the event that Kiraly desires to terminate this Agreement, he shall deliver a written notice of termination to the Village not less than ninety (90) days prior to the effective date of his resignation. Notwithstanding any provision of the Manual, any failure of Kiraly to give the required ninety (90) day notice of termination will result in a pro-rata reduction of his entitlement to payment for accrued holiday time and sick leave upon separation from employment. (*E.g.*, if Kiraly provides sixty (60) days' notice of termination instead of ninety (90) days, then his holiday and sick leave payout shall be reduced by 30/90 or 1/3rd. Zero (0) days notice of termination would negate any payout for accrued holiday and sick days.) Voluntary resignation by

Kiraly will result in a loss of all further salary or other severance pay to him by the Village, except payment for accrued but unused vacation.

D. Termination by Death or Permanent Disability.

(i) Notwithstanding anything in this Section to the contrary, in the event of Kiraly's death, this Agreement shall terminate automatically and without any liability of the Village to Kiraly or his estate, except Kiraly's estate shall be entitled to payment for one hundred percent (100%) of any of his accrued and unused vacation and holiday days and fifty percent (50%) of any of his accrued and unused sick days as of the date of such termination.

(ii) If there is any question regarding Kiraly's fitness for duty during the term of this Agreement, he agrees to submit to a medical evaluation by a doctor or doctors selected by the Village, and to cooperate fully in connection with any medical or other evaluation. In the event of a permanent disability which renders Kiraly unable to perform his essential job duties with or without reasonable accommodation as Village Manager, as determined by a medical doctor or other medical professional selected by the Village, then notwithstanding anything in this Agreement to the contrary, this Agreement shall terminate automatically and without any liability of the Village to Kiraly, except Kiraly shall be entitled to a lump sum payment equal to six (6) months' salary, payment for one hundred percent (100%) of any of his accrued and unused vacation and holiday days and fifty percent (50%) of any of his accrued and unused sick days as of the date of such termination.

Should Kiraly be temporarily unable to perform any of or all of his duties as Village Manager by reason of illness, accident, incapacity or other cause reasonably beyond his control, and should this disability continue for a period in excess of his accrued days of paid sick leave and other paid leave, but is less than a permanent disability, the Village may elect to place Kiraly on a temporary unpaid leave or terminate his employment, as provided in Section 2(B), unless otherwise prohibited by applicable law.

E. Post Termination Cooperation. Kiraly agrees that should his employment terminate, then, for a period of 5 years after such termination, if requested by the Village, he shall cooperate with and assist the Village in any investigations, proceedings, or actions arising out of, relating to or in connection with Kiraly's employment by the Village, or relating to any matter in which Kiraly was or is involved while an employee of the Village or performing services for the Village

or of which Kiraly has knowledge, subject to reasonable reimbursement for travel and other related expenses, which are documented in accordance with Village policy, applicable tax laws, and which are approved by the Village in writing in advance.

Section 3. Compensation.

A. Base Salary. The Village shall pay Kiraly a base salary at least at the rate of One Hundred Fifty Five Thousand Dollars ($155,000.00) per year on an annualized basis, payable in installments in accordance with the Village's normal payroll practices. Thereafter, and without being obligated to make any further adjustment in base salary, the Village Board shall review Kiraly's base salary on an annual basis, which salary may be adjusted from time to time as the Village Board, in its sole discretion, may determine. The Village shall review and evaluate Kiraly's performance at least once annually in advance of the adoption of the annual Budget ordinance. This review and evaluation shall be in accordance with criteria developed by the Village, in consultation with Kiraly. The evaluation criteria may be amended by the Village from time to time, in consultation with Kiraly. Further, the Village President shall provide Kiraly with a written summary of the findings of the Village's annual evaluation and provide adequate opportunity for Kiraly to discuss the evaluation with the Village President and/or the Village Board.

(i) In addition to the Base Salary provided, the Village shall pay Five Thousand Dollars ($5,000) per annum or the maximum amount permitted by law, whichever is less, into the International City Management Association Retirement Corporation (ICMA-RC) Deferred Compensation Plan on Kiraly's behalf, in equal proportionate amounts each pay period.

(ii) In addition the Village reserves the right to recognize and reward special contributions Kiraly makes to the Village and may, from time to time and in Village's sole discretion, pay Kiraly such additional bonus compensation, if any, as the Village deems appropriate.

B. Insurance and Benefits Programs. Kiraly shall be eligible and entitled to participate in all benefit programs available to executive staff level employees, subject to the rules and regulations applicable thereto, on the same terms applicable to comparable level employees, including insurance and retirement benefit plans or programs of the Village, medical and dental plans and the Illinois Municipal Retirement Fund. The Village reserves the sole and exclusive right, in compliance with any applicable laws, to change, modify or eliminate in its entirety

any such benefits and nothing contained in this Agreement shall be deemed or construed as creating any property rights or other right to a continuation thereof.

C. Village Benefits Except as specifically modified by this Agreement, Kiraly will receive sick leave, holidays and term life insurance as provided for in the Manual that any other non-sworn, exempt employee of the Village is afforded, as the Manual may be changed from time to time by the Village. Kiraly shall accrue vacation in accordance the terms of the Village's vacation policy, except begining with (a) his first (1st) year of employment, he shall be treated as if he were eligible to accrue 15 days of vacation, (b) his second (2nd) year of employment, he shall be treated as if he were eligible to accrue 18 days of vacation, and (c) his third (3rd) year of employment, he shall be treated as if he were eligible to accrue 20 days of vacation.

D. Automobile Allowance. The Village shall provide Kiraly with a vehicle for Kiraly's exclusive and unrestricted use. The Village shall be responsible for liability, property damage and comprehensive insurance and for the purchase, operation maintenance, repair, and regular replacement of said vehicle.

E. Mobile Phone and Data Allowance. Instead of providing Kiraly with a mobile phone the Village shall provide Kiraly a mobile phone and data allowance of Seventy Five Dollars ($75) per month.

F. Business Expenses. Kiraly shall be entitled to reimbursement of all necessary and reasonable expenses incurred by him in the performance of his duties, tasks, and responsibilities under this Agreement, subject to the presentation of appropriate vouchers and receipts in accordance with all applicable Village rules and policies and subject to review and approval by the Village Board.

G. No Tax Liability. Nothing in this Agreement shall be deemed or interpreted as requiring the Village to pay, directly or by way of reimbursement to Kiraly, any federal or state income tax liability that Kiraly may incur as a result of this Agreement or any of the benefits or transactions contemplated herein.

Section 4. Relocation & Residency.

A. Residency Requirement.

1. Section 2-21 of the Glencoe Village Code currently requires the Village Manager to reside within the Village limits during his term of employment as Village Manager unless waived as a requirement by the Village Board. It is believed that physical residence within the community enables the

Village Manager to best perform his full time duties, respond promptly to emergencies and interact with the community effectively.

2. The Village and Kiraly agree that residency in Glencoe will be a condition of employment under this Agreement. Kiraly shall be required to reside within the Village not later than December 1, 2014, unless the Village subsequently establishes a later date.

3. In recognition of the expenses involved in residing in Glencoe, the Village hereby provides Kiraly the following:

   (a) A housing allowance salary adjustment of One Thousand Twelve Hundred Fifty Dollars ($1,250) per month, to become effective upon his purchase of a residence in the Village. This salary adjustment shall be included as part of Kiraly's bi-monthly salary. The amount of the salary adjustment may be reviewed annually by the Village Board to determine if an adjustment is warranted based on potential changes in net value of the adjustment to Kiraly, but in no case will the adjustment be less than One Thousand Twelve Hundred Fifty Dollars $1,250 per month.

   In the event Kiraly is Terminated and the Village elects to pay severance in accordance with the Section 2 Term and Termination, B. Severance Provisions, Kiraly will receive the salary adjustment for a six (6) month period of time following termination, or until such time within the six (6) month period when Kiraly closes on the sale of his Glencoe property, whichever occurs first.

   (b) Upon purchasing his residence in Glencoe, subject to mutual agreement and the execution of a separate agreement defining the terms of such loan, the Village will offer Kiraly a no-interest loan, in an amount up to Three Hundred Thousand Dollars ($300,000.00), to be used for purchasing his residence in Glencoe (the "Glencoe Property"). If Kiraly elects to take such a loan, Kiraly and the Village will sign a separate agreement defining the terms of such loan, which shall be secured by a mortgage lien against the Glencoe Property. The mortgage lien will be subordinate to the first mortgage, if any, Kiraly takes out as part of the purchase of his residence in Glencoe. Notwithstanding any other provision of this Agreement, in the event of the termination of Kiraly's employment, the loan will become due in full one (1) year after termination.

(c) Moving Expenses. In an effort to accommodate Kiraly in relocating his residence to the Village, the Village does hereby agree upon Kiraly providing the Village with appropriate documentation, to reimburse, or pay directly for, all reasonable and necessary expenses including but not limited to: packing, moving, and unpacking Kiraly's household goods and furnishings from his Des Plaines Residence to the Village, which expenses shall be subject to the review and approval of the Village Board. Kiraly, in cooperation with the Village, will obtain the 3 quotes from moving services. Thereafter, the Village and Kiraly shall mutually select the moving service. Kiraly shall be solely responsible for any tax liability associated with reimbursement for such moving and related expenses

Section 5. Miscellaneous.

A. Notice. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed given either upon delivery of such notice in person or on the second business day after posting by certified mail with postage prepaid and with return receipt requested, addressed as follows to the party to whom notice is given, unless the address is modified in any notice subsequently given by such party:

If to the Village:

Village of Glencoe
675 Village Court
Glencoe, Illinois 60022
Attention: Village President

If to Kiraly:

Mr. Philip A. Kiraly
1358 E. Algonquin Road
Des Plaines, Illinois 60016
(to be updated upon Kiraly's relocation pursuant to this Agreement)

B. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to employment of Kiraly and supersedes all prior written and oral agreements or understandings pertaining thereto.

C. Amendments. No amendments, changes, modifications, alterations or waivers of any provision of this Agreement shall be valid unless made in writing and signed by the parties hereto.

D. No Waiver. No delay on the part of any party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The waiver of any breach or condition of this Agreement by any party shall not constitute a precedent in the future enforcement of any of the terms and conditions of this Agreement.

E. Assignment; Binding Effect. This Agreement with respect to Kiraly is personal in nature and Kiraly shall not assign the same or any obligations hereunder, provided that Kiraly may assign his right to payment hereunder with the consent of the Village. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns, except as hereinbefore limited.

F. Severability. Whenever possible, each provision of this Agreement shall be construed and interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or the application thereof to any party or circumstance shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition without invalidating the remainder of such provision or any other provision of this Agreement or the application of such provision to other parties or circumstances.

G. Acknowledgments. The parties mutually acknowledge that they have entered into this Agreement voluntarily and have had an opportunity to have the Agreement reviewed by counsel by their choosing and that this Agreement shall be deemed to have been drafted jointly by the parties, and any uncertainty or ambiguity shall not be construed for or against either party as an attribution of drafting to either party

H. Headings. The headings of the sections, paragraphs, and other parts of this Agreement are for convenience and reference only and in no way define, extend, limit, or describe the scope or intent of this Agreement or the intent of any provision hereof.

Section 6. Governing Law.

The execution, validity, construction, interpretation, performance and enforceability of this Agreement shall be governed in all respects by the domestic laws of the United States and the State of Illinois applicable to agreements made and to be performed entirely within the State

of Illinois, without giving effect to any choice of law, or any principles of comity, or conflict of law provision, or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

VILLAGE OF GLENCOE

LAWRENCE R. LEVIN
Village President

ATTEST:

Village Clerk

PHILIP A. KIRALY

ATTEST: