

## **EMPLOYMENT AGREEMENT**

This Employment Agreement (hereinafter, the "Agreement") is made and entered into effective as of the 14<sup>th</sup> day of January, 2013 by and between the City of North Mankato, a Minnesota municipal corporation (hereinafter called "Employer"), and John Harrenstein (hereinafter called "Employee"):

### **WITNESSETH:**

WHEREAS, Employer desires to employ the services of employee as City Administrator of the City of North Mankato, Minnesota; and

WHEREAS, it is the desire of the governing board, hereinafter called "Council," to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS, it is the desire of the Council to retain the services of Employee and to provide inducement for him to remain in such employment; and

WHEREAS, Employee desires to accept employment as City Administrator of the City of North Mankato; and

WHEREAS, the parties acknowledge that employee is subject to the International City/County Management Association (ICMA) Code of Ethics; and

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

### **Section 1. TERM**

The term of this Agreement shall be for an initial period of two (2) years commencing March, 4<sup>th</sup>, 2013 through March 3<sup>rd</sup>, 2015, unless terminated earlier by either party as set forth in Section 14. This Agreement shall automatically be renewed for successive one (1) year terms unless either party gives written notice to the other that the Agreement shall not be renewed. In the event the Agreement is not renewed, all compensation, benefits, and requirements of the Agreement shall remain in effect until the expiration of the term of the Agreement unless the Employee voluntarily resigns prior to such expiration, to the extent permitted under this Agreement.

### **Section 2. POSITION.**

Employer agrees to employ Employee as its City Administrator. Employee agrees to serve as City Administrator in accordance with state statutes, City ordinances and to perform such other legally permissible and proper duties and functions as the City Council shall from time to time assign.

### **Section 3. MOVING AND RELOCATION ALLOWANCE.**

Employee agrees to establish residence within the corporate boundaries of the local government, if required, within 12 months of employment, and thereafter to maintain residence within the corporate boundaries of the local government. The Employer shall reimburse the Employee for the cost of moving Employee's household goods from his current residence in Eudora, Kansas, to the City of North Mankato, Minnesota, as well as toward house hunting expenses, such as travel expenses, temporary lodging, and meals based on the average of two professional moving company bids.

### **Section 4. COMPENSATION**

- A. Base Salary: Employer Agrees to pay Employee an annual base salary of \$112,000 payable in installments in accordance with Employers standard payroll procedures.
- B. This Agreement shall be automatically amended to reflect any salary adjustments that are provided by the Employer.
- C. Consideration shall be given on an annual basis to an increase in compensation, based upon Employee's performance.

### **Section 5. HEALTH, DISABILITY AND LIFE INSURANCE BENEFITS**

Employer shall provide Employee and his dependents the same group hospital, medical, dental, VEBA, life, and disability insurance benefits as provided to all other employees.

### **Section 6. VACATION AND SICK LEAVE**

- A. The employee shall be entitled to and shall be deemed to have accrued 2 weeks (80 hours) of vacation time and 2 weeks (80 hours) of sick time as of his start date. Employee is also allowed 3 days of Personal Leave, charged to accrued sick leave. Thereafter, vacation and sick leave shall be accrued and credited to his personal account at the same rate as a full time employee with 5 years of service in accordance with Employer's standard vacation policies.
- B. Employee shall be entitled to observe 11 Federal & State Holidays that are currently observed by the City and all other employees. The Employee is also allowed 1 floating holiday for his birthday that can be used within the year at the Employee's discretion.
- C. Employee will be entitled to an additional leave of one (1) week paid compensatory time pursuant to Section 9.5 of the City of North Mankato's Personnel Rules and Regulations.

### **Section 7. MONTHLY VEHICLE ALLOWANCE**

The Employer agrees to pay to the Employee, during the term of this agreement and in addition to other salary and benefits herein provided the sum of \$3,600 per year, added in payable equal amounts over 26 payroll periods as part of the Employee's paycheck, as a vehicle allowance to be used to purchase, lease, or own, operate and maintain a vehicle. Additionally, the Employee will have access to staff vehicles for use on City-related business.

## **Section 8. RETIREMENT**

A. The Employer agrees to enroll the Employee into the applicable PERA retirement system and to make all the appropriate contributions on the Employee's behalf, for share required of the Employer. This includes but is not limited to PERA and all State/Federal withholdings (Social Security, FICA, etc).

B. In addition to the Employer's payment to the state or local retirement system referenced above, Employer agrees to execute all reasonably necessary agreements provided by ICMA Retirement Corporation (ICMA-RC) or other Section 457 deferred compensation plan for Employee's participation in said supplementary retirement plan. The Employee may directly contribute to said supplementary retirement plan.

## **Section 9. GENERAL BUSINESS EXPENSES.**

A. Employer agrees to budget for and to pay for professional dues and subscriptions of the Employee necessary for continuation and full participation in national and state associations, and organizations necessary and desirable for the Employee's continued professional participation, growth, and advancement, and for the good of the Employer.

B. Employer agrees to budget for and to pay for travel and subsistence expenses of Employee for professional and official travel, meetings, and occasions to adequately continue the professional development of Employee and to pursue necessary official functions for Employer, including but not limited to the ICMA Annual Conference, Minnesota City/County Management Association conferences, League of Minnesota Cities Conference and such other national, regional ,state, and local government groups and committees in which Employee serves as a member.

C. Employer agrees to budget for and pay for travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for the Employee's professional development and for the good of the Employer. Any course over total cost of \$1,000 would require pre-approval from the City Council.

D. Employer recognizes that certain expenses of a non-personal but job related nature are incurred by Employee, and agrees to reimburse or to pay said general expenses upon receipt of duly executed expenses or petty cash vouchers, receipts, statements or personal affidavits.

E. Employer shall provide the Employee with a laptop and appropriate software, and a \$65.00/month cell phone allowance for the Employee to perform the job and to maintain communication. This will be paid in equal amounts over 26 payroll periods as part of the Employee's paycheck.

F. The Employer acknowledges the value of having Employee participate and be directly involved in local civic clubs or organizations. Accordingly, Employer shall pay for the

reasonable membership fees and/or dues to enable the Employee to become an active member in such local civic clubs or organizations that are mutually agreed to by the Employee and Employer.

#### **Section 10. HOURS OF WORK**

It is recognized that the Employee must devote a great deal of time outside the normal office hours on business for the Employer, and to that end Employee shall be allowed to establish an appropriate work schedule.

#### **Section 11. PERFORMANCE EVALUTION**

The Personnel Committee will conduct an annual performance evaluation of the Employee. The evaluation will include short- and long-term goals for the City of North Mankato as determined by the Mayor and City Council and reasonable expectations to be considered in future performance evaluations, subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by Employer and Employee. The process at a minimum shall include the opportunity for both parties to: (1) prepare a written evaluation, (2) meet and discuss the evaluation, and (3) present a written summary of the evaluations results. That written summary will be forwarded to the full City Council for their input and review. Employee will have access to all individual evaluations completed by the Mayor and City Council, as well as the final evaluation. The final written evaluation should be completed and delivered to the Employee within thirty (30) days of the evaluation meeting or as reasonably practical.

#### **Section 12. OUTSIDE ACTIVITIES**

Recognizing that certain outside opportunities provide indirect benefits to the Employer and the community, the Employee may elect to accept limited teaching or other business opportunities with the understanding that such arrangements shall not constitute interference with or a conflict of interest with his responsibilities under this Agreement. Participation in any such activities will require pre-approval by the Personnel committee and such approval may be withdrawn by giving the Employee 90 days notice.

#### **Section 13. BONDING**

Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

#### **Section 14. TERMINIATION**

For the purpose of this agreement, termination shall occur when:

1. The Employee's death
2. The Employee's disability, which means the Employee's inability to perform the essential functions of the Employee's duties to the Employer by reason of the Employee's illness or injury, which inability has continued for a period of 120 consecutive days or 150 non-consecutive days in a 12-month period.

3. Employee's unwillingness to perform all or substantially all of the Employee's duties to the employer, which failure persists for 5 business days after written notice to the Employee.
4. Employee's documented acts of dishonesty or fraud by the Employee in connection with the performance of the Employee's duties to the Employer.
5. The majority of the governing body votes to terminate the Employee at a duly authorized public meeting.
6. The Employer gives notice to the Employee that his Agreement will not be renewed.
7. If the Employer, citizens or legislature acts to amend any provisions of the charter, code, or enabling legislation pertaining to the role, powers, duties, authority, responsibilities of the Employee's position that substantially changes the form of government, the Employee shall have the right to declare that such amendments constitute termination.
8. If the Employer reduces the base salary, compensation or any other financial benefit of the Employee, unless it is applied in no greater percentage than the average reduction of all department heads, such action shall constitute a breach of this agreement and will be regarded as a termination.
9. If the Employee resigns following an offer to accept resignation, whether formal or informal, by the Employer as representative of the majority of the governing body that the Employee resigns, then the Employee may declare a termination as of the date of the suggestion.
10. Breach of contract declared by either party with a 30 day cure period for either Employee or Employer. Written notice of a breach of contract shall be provided in accordance with the provisions of Section 18.
11. In the event the Employee is terminated by the Employer during the six (6) months immediately following the seating and swearing-in of one or more new governing body members, and during such time that Employee is willing and able to perform his duties under this Agreement, then, Employer agrees to pay Severance in accordance with Section 15 plus salary and benefits in accordance with Section 15.

### **Section 15. Severance**

Severance shall be paid to the Employee when employment is terminated as defined in Section 14, except that severance will not be paid if the employee is terminated for subsections 1, 2, 3, or 4 as defined in Section 14.

If the Employee is terminated, the Employer shall provide a minimum severance payment equal to six (6) months salary at the current rate of pay. This severance shall be paid in a lump sum or in period payments as directed by the Employee. The Employee shall also be compensated for all accrued sick leave, vacation time, all paid holidays, and compensatory leave. The Employer agrees to make a contribution to the Employee's deferred compensation

account on the value of this compensation calculated using the rate ordinarily contributed on regular compensation.

For a minimum period of 6 months following termination, the Employer shall pay the cost to continue the following benefits:

1. Health, disability, and life insurance benefits as provided in section 5
2. Accrued vacation and sick time as provided in section 6
3. Vehicle Allowance as provided in section 7
4. Any other available benefits.

If the Employee is terminated because of a conviction of a felony, then the Employer is not obligated to pay severance under this section.

## **Section 16. GENERAL CONDITIONS OF EMPLOYMENT**

Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employer to terminate the services of Employee at any time, for any reason, subject only to the provisions of this Agreement, statutory requirements, and sixty (60) days advance written notice from Employer to Employee. Furthermore, nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from his position with Employer, subject only to the provisions of this Agreement.

## **Section 17. INDEMNIFICATION**

To the extent required under Federal, State, or local Law, Employer shall defend, save harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as City Administrator or resulting from the exercise of judgment or discretion in connection with the performance of program duties or responsibilities, unless the act or omission involved willful or wanton conduct, and provided that the Employee acted in good faith and in a manner Employee reasonably believed to be in or not opposed to the best interests of the Employer and, with respect to any criminal action or proceeding, the Employee has no reasonable cause to believe Employee's conduct was unlawful. The Employee may request and the Employer shall not unreasonably refuse to provide independent legal representation for the above-described matters at Employer's expense and Employer may not unreasonably withhold approval. Legal representation provided by Employer for Employee shall extend until a final determination of the legal action including any appeals brought by either party. The Employer shall indemnify Employee against any and all losses, damages, judgments, interest, settlements, fines, court costs and other reasonable costs and expenses of such above-described legal proceedings including attorneys fees, and any other liabilities incurred by, imposed upon, or suffered by such Employee in connection with or resulting from any such claims, action, suit, or proceeding, actual or threatened, arising out of or in connection with the performance of his duties. Any settlement of any claim must be made with prior approval of the Employer in order for indemnification, as provided in Section 16, to be available. Employee recognizes that employer shall have a right to compromise and, unless the Employee

is a party to the suit which Employee shall have veto authority over the settlement, settle any claim or suit, unless said compromise or settlement is of a personal nature to Employee.

## **Section 18. NOTICES**

Notice pursuant to this Agreement shall be given by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows (or such other address of which such party shall have given written notice in the manner provided herein):

(1) EMPLOYER: Mayor Mark Dehen  
1001 Belgrade Avenue  
P.O. Box 2055  
North Mankato, MN 56002-2055

(2) EMPLOYEE: John Harrenstein  
1310 Chestnut Lane  
Eudora, Kansas  
66025

Alternatively, notice required pursuant to this Agreement may be personally serviced in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as the date of deposit of such written notice in the course of transmission in the United States Postal Service.

## **Section 19. GENERAL PROVISIONS**

A. Integration: This Agreement sets forth and establishes the entire understanding between the Employer and the Employee relating to the employment of the Employee by the Employer. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written agreement may amend any provision of this agreement during the life of the agreement. Such amendments shall be incorporated and made a part of this agreement.

B. Binding: This agreement shall be binding on the Employer and the Employee.

C. Severability: The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.

D. This Agreement shall be governed by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the City of North Mankato, Minnesota, has caused this agreement to be signed and executed in its behalf by its Mayor, and duly attested by its City Clerk, approved to form by the City Attorney and the Employee has signed and executed this agreement, both in duplicate, effective as of the day and year first above written.

**EMPLOYER:**

**CITY OF NORTH MANKATO, MN**

By: \_\_\_\_\_  
Mark Dehen, Mayor

Date: \_\_\_\_\_

**ATTEST:**

BY: \_\_\_\_\_  
CITY CLERK

**Approved as to Form:** \_\_\_\_\_

CITY ATTORNEY

**EMPLOYEE:**

\_\_\_\_\_  
John Harrenstein

Date: \_\_\_\_\_