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JUN 13 2013

EMPLOYMENT CONTRACT

This document shall constitute the Employment Contract between the City of Chandler, a municipal corporation of the State of Arizona, hereinafter called "City", and RICH DLUGAS, hereinafter called "Employee." This Contract shall become effective July 1, 2013, and shall remain in effect until replaced by a subsequent contract.

SALARY, BENEFITS AND CONDITIONS OF EMPLOYMENT

SECTION 1. Duties

City hereby agrees to employ Employee as the City Manager of the City to perform the functions and duties specified in the City Charter, and to perform such other legally permissible and proper duties and functions as the City Council shall from time to time assign.

SECTION 2. Term

A. Nothing in this Contract shall prevent, limit, or otherwise interfere with the right of the City Council to terminate the services of Employee at any time, subject only to the provisions set forth in Section 3, Paragraph A of this Contract.

B. Nothing in this Contract shall prevent or otherwise interfere with the right of the Employee to resign at any time from his position with the City, subject only to the provisions set forth in Section 3, Paragraph B of this Contract.

C. Employee agrees to remain in the exclusive employ of City and neither to accept, nor to become employed by any other employer. The term "employed" shall not be construed to include occasional teaching or writing performed on Employee's time off.

SECTION 3. Termination and Severance Pay

A. In the event the Employee is terminated by City during such time that Employee is willing and able to perform the duties of City Manager, then in that event City agrees to pay Employee a lump sum cash payment equal to six (6) months aggregate salary and deferred compensation plus City's share of medical, dental, and life insurance, provided, however, that in the event Employee is terminated because of his conviction of any illegal act, then in that event, City shall have no obligation to pay the aggregate severance sum designated in this paragraph.

B. In the event Employee voluntarily resigns his position with the City at any time, then Employee shall give City sixty (60) days' notice in advance, or such advance notice as may be otherwise mutually agreed upon.

SECTION 4. Salary

A. City agrees to pay Employee for his services an annual base salary of $193,417, payable in installments at the same time as other employees of the City are paid.

B. City agrees to review Employee's performance annually in July, and to increase the base salary and benefits of Employee in such amounts and to such an extent as the City Council may determine is desirable.

SECTION 5. Hours of Work

It is recommended that Employee must devote a great deal of his time outside normal office hours to the business of the City. Employee will be allowed to adjust his office hours as he shall deem appropriate so long as he is present each day and the management of the City is not harmed.

SECTION 6. Dues and Subscriptions

City agrees to budget and to pay the reasonable professional dues and subscriptions of Employee necessary for his continuation and full participation in national, regional, state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the City.

SECTION 7. Professional Development

A. City hereby agrees to budget and pay the travel and subsistence expenses of Employee for professional and official travel and meetings, adequate to continue the professional development of Employee and to adequately pursue necessary official functions of the City.

B. City also agrees to budget and pay for the travel and subsistence expenses of Employee for short courses, institutes and seminars that are necessary for his professional development and for the good of the City.

C. The Mayor and Council shall be given prior notice of estimated time and expenditures under this Section.

SECTION 8. Other Terms and Conditions of Employment

A. The City Council shall fix any such other terms and conditions of employment, as it may determine from time to time relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Contract, the City Charter or any other law.

B. All provisions of the City Charter, Code and Personnel Rules of the City Relating to vacation and sick leave; retirement plan contributions; medical, dental, and vision benefits; holidays and other fringe benefits and working conditions as they now exist or hereinafter may be amended, including state and federal requirements for FICA and income tax, shall apply to Employee as they would to other department heads of the City, in addition to benefits enumerated specifically for the benefit of Employee, except as provided under this Contract.

C. Employee shall be covered under the City Code provisions on defense and indemnification of City employees for acts within the scope of his employment.

D. Employee shall be covered and governed by the same retirement system as all other non-public safety employees.

E. Employee shall be entitled to receive the same vacation, sick leave and life insurance benefits as are accorded department heads and shall be entitled to the additional benefits set forth in Paragraph F.

F. Employee shall be entitled to annual deferred compensation in an amount equal to seven percent (7%) of employee's base salary. This amount shall be paid in equal bi-weekly amounts.

SECTION 9. Tax Compliance

Employee shall be responsible for compliance with all Internal Revenue Service and State Revenue Service requirements for taxes on any salary or benefits.

SECTION 10. General Provisions

A. The text herein shall constitute the entire agreement between the parties.

B. If any provision, or any portion hereof, contained in this Contract is held to be unconstitutional, invalid, or unenforceable, the remainder of this Contract or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

CITY OF CHANDLER

_____
Mayor

Attest:

_____
City Clerk

CITY MANAGER

_____
Rich Dlugas

Approved as to Form:

_____
City Attorney