

AGREEMENT FOR EMPLOYMENT AS PADUCAH CITY MANAGER

THIS AGREEMENT is entered into as of this 1st day of July, 2018 by and between the CITY OF PADUCAH, State of Kentucky, a municipal corporation (hereinafter referred to as "Employer") and JAMES W. ARNDT, (hereinafter referred to as "Employee"), an individual who has education, training, and experience in local government management.

WITNESSETH:

WHEREAS, the Paducah City Commission ("Commission") desires to employ James W. Arndt as City Manager for the City of Paducah; and

WHEREAS, James W. Arndt desires to accept employment as City Manager for the City of Paducah;

NOW THEREFORE, in consideration of the foregoing premises, and for other valuable consideration, the legal adequacy and sufficiency of which is hereby acknowledged by all parties hereto, the parties do covenant and agree as follows:

1. **Appointment.** The Paducah City Commission hereby appoints James W. Arndt as City Manager of the City of Paducah and James W. Arndt hereby accepts such appointment.
2. **Term.** The primary term of this agreement shall be for an initial period of three (3) years which shall commence on July 1, 2018 ("Primary Term"). Upon expiration of the Primary Term, unless terminated by the Employer or Employee as provided in Sections 10, 11, or 12 below, this Agreement may be renewed by Employer for an additional term of years, the length of which shall be mutually agreed upon by the parties ("Subsequent Term"),
3. **Duties and Authority.** Employer agrees to employ Employee to perform the functions and duties as specified in applicable federal statutes, the laws of the Commonwealth of Kentucky, the Charter and Ordinances of the City of Paducah and to perform other legally permissible and proper duties and functions. Such duties shall include, but shall not be limited to the duties defined in KRS 83A.150(7) (attached hereto as Exhibit A). Employee further agrees that he shall comply with all lawful governing body directives, state, or federal law, Employer policies, rules and ordinances as they exist or may hereafter be amended. Employee agrees to perform all duties of City Manager with reasonable care, diligence, skill, and expertise and to, at all times, uphold the tenets of the ICMA Code of Ethics.
4. **Compensation.**
 - A. **Base Salary.** Employer agrees to pay Employee an annual base salary of \$137,500, which shall be payable in installments at the same time that other management employees of Employer are paid.

B. Salary Increase. Six (6) months following commencement of Employee's employment as City Manager, Employer agrees to increase Employee's base salary to \$140,500 based upon successful results of the performance evaluation conducted in accordance with Section 4(C) below. Thereafter, Employee's base salary may be subject to annual compensation increases of up to 3% based upon annual performance evaluations, subject to such base compensation remaining within the approved salary range for the position of City Manager, as adjusted in future Annual Budget appropriations to the City's Classification and Compensation Plan (See City HR-40). Such base salary increases shall be treated in the same fashion as provided to other General Employees per the City's Classification and Compensation Plan.

C. Performance Evaluation. Employer shall review the performance of Employee six (6) months following commencement of Employee's employment as City Manager. A second six month performance evaluation shall be performed at the end of Employee's initial year of employment, with an adjustment to base compensation upon attainment of a successful evaluation. Employee's performance shall be reviewed again after the third six months of employment, with no adjustment to base compensation. Thereafter, performance evaluations shall be completed on an annual basis with eligibility for base compensation increases upon attainment of a successful evaluation. Performance Evaluations shall be subject to a process, form, criteria, and format which shall be mutually agreed upon by Employee and Employer.

5. **Health, Disability, and Life Insurance Benefits.**

A. Health Insurance. Employer agrees to provide for health, hospitalization, surgical, vision, dental, and comprehensive medical insurance for Employee and his dependents in the same manner and under the same terms as provided to all other employees of the City of Paducah. Employer shall, at its discretion, select such providers.

B. Wellness Program. Employee may elect to participate in the Wellness Program, to the extent that Employer continues to participate in such a program.

C. Life Insurance. Employer agrees to pay for and provide Employee with a term life insurance policy valued at \$50,000. Employee shall name the beneficiary of such life insurance policy.

6. **Vacation and Sick Leave.**

A. Vacation Leave. Employee shall be advanced, as if accrued and earned, five (5) days of vacation leave beginning on the first day of his employment, which may be used for relocation efforts. Thereafter, Employee shall accrue vacation at the rate of sixteen (16) days per year.

B. Sick Leave. Employee shall be advanced, as if accrued and earned, five (5) sick days beginning on the first day of his employment. Thereafter, Employee shall accrue sick leave at the rate of eighteen (18) days per year, up to a maximum of 150 days.

C. Accrual. Employee is entitled to accrue all vacation time in the same manner and under the same terms as provided to all other similarly situated management employees of the City of Paducah. Employee is entitled to accrue unused sick leave up to a maximum of 150 days. In the event the Employee's employment is terminated, either voluntarily or involuntarily, Employee shall be compensated for accrued vacation time, up to a maximum of forty (40) days. Additionally, Employee shall be compensated for all accrued sick leave over fifty (50) days, up to a maximum of sixty (60) days' compensation.

7. **Automobile.** Employee's duties require exclusive and unrestricted use of an automobile to be mutually agreed upon and provided to Employee at Employer's cost, subject to approval by Employer. Employer agrees to pay Employee, during the term of this Agreement, the sum of \$500 per month, payable in accordance with Employer's normal payroll policies. Employee shall be responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of such vehicle. It is agreed, however, that travel under circumstances entitling Employee to mileage reimbursement shall be governed by any travel policies adopted by Employer.

8. **Retirement.** Employee may opt to participate in the Kentucky State Defined Benefit Retirement Program (CERS), with a four percent (4%) employee contribution and a five year vesting period, based on the July 1 fiscal year. Alternatively, Employee may select an ICMA or other Kentucky State Deferred Compensation Retirement Plan, with an employer contribution up to fifteen percent (15%) and voluntary employee contributions up to the applicable IRS limits.

9. **General Business Expenses.**

A. Professional Dues and Education. Employer agrees to pay for professional dues, including to the International City/County Management Association (ICMA) and the Kentucky City/Council Management Association (KCCMA), and subscriptions of Employee necessary for continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for the Employee's continued professional participation, growth, and advancement, for the good of and at the discretion of Employer.

B. Travel. Employer agrees to budget and pay for reasonable 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 the ICMA Annual Conference, the Kentucky League of Cities and KCCMA, and such other national, regional, state, and local governmental groups and committees in which Employee serves as a member. Employer also agrees to pay for reasonable travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for Employee's professional development and the good of Employer.

C. Job-Related Expenses. Employer recognizes that certain expenses of a job-related nature may be incurred by Employee. Employer agrees to reimburse or pay said reasonable and lawful expenses. The finance director is authorized to disburse such moneys upon receipt of duly executed expense or petty cash vouchers, receipts, statements, or personal affidavits.

D. Civic Organizations. Employer acknowledges the value of having Employee participate in local civic clubs or organizations. Accordingly, Employer agrees to pay the reasonable membership fees and/or dues to enable Employee to become an active member in one (1) local civic club or organization.

E. Cell Phone. Employer agrees to provide Employee with a cell phone stipend of \$40.00 per month, payable in accordance with Employer's normal payroll policies.

10. **Termination.**

By the Employer: Employer shall have the right to terminate this agreement during the Primary Term and Subsequent term for any of the following reasons:

A. Employee's death;

B. Employee becomes disabled which, as used in this Section, shall mean Employee's inability to adequately perform his duties and services for a period in excess of 120 days, which disability was brought about or resulted from a prolonged illness, a physical or mental disability, or some other form of incapacity;

C. Employer notifies Employee in writing within 90 days of the anniversary date of any Subsequent Term that Employer does not desire to renew this Agreement; or

D. For Cause. "Cause" as used in this Section shall include any of the following conduct or events:

1. dishonest, fraudulent, or illegal conduct;

2. misappropriation of Employer property or funds;

3. conviction of a felony or any other crime that brings disrepute to Employer;

4. drug or alcohol dependency

5. engaging in unethical conduct, including, but not limited to, engaging in conduct that amounts to a conflict of interest, breaching any fiduciary duty or duty of loyalty to Employer, or engaging in conduct which substantially prejudices Employer;

6. willful failure to comply with written instructions or directions of Employer to take affirmative action on a matter or willful failure to comply with written instructions or direction of the Employer to refrain from taking action on a matter;
7. failure to devote Employee's full time efforts toward performing the duties and services to Employer under this agreement provided however, that Employer shall notify Employee in writing of its belief that Employee is failing to perform his work on a full time basis and permit the Employee a period of 30 days to cure.

By the Employee: Employee shall have the right to terminate this agreement during the Primary term or any Subsequent Term for any of the following reasons:

A. If Employer, citizens, or legislature acts to amend any provisions of the Paducah City Charter 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 provided, however, said right to terminate shall not accrue until the responsibilities of Employee's position actually change.

B. If Employer reduces the base salary, compensation, or any other financial benefit of Employee, unless it is applied in no greater percentage than the average reduction of all department heads, such actions shall constitute a breach of this Agreement and will be grounds for termination.

C. If Employee resigns following an offer to accept resignation, whether formal or informal, by the Employer as represented by the majority of the governing body that Employee resign, then Employee may declare a termination as of the date of the suggestion.

D. Employee notifies Employer in writing within 90 days of the anniversary date of any Subsequent Term that Employee does not desire to renew the Agreement.

It is agreed and understood that all rights, duties, and obligations of the parties shall cease upon termination, except as may otherwise be provided under Section 11 below.

11. **Severance.** Except as set forth herein, severance shall be paid to Employee when employment is terminated as defined in Section 10. It is understood, however, that Employee shall not be entitled to severance if such termination: 1) is terminated for cause as set forth above, 2) Employee notifies Employer that he does not desire to renew any Subsequent Term or 3) Employee voluntarily resigns as set forth in Section 12 below.

If Employee is terminated without cause, as defined in Section 10, Employer shall provide a severance payment equal to six (6) months' salary at the then current rate of pay. This severance shall be paid in a lump sum unless otherwise agreed to by the Employer and the Employee.

Employee shall also be compensated for accrued sick leave and vacation time, not to exceed the limits set out in Section 6, above.

Upon termination in which severance is to be paid, Employer shall also pay Employee a lump sum amount equal to six (6) months of City health allocation benefits (exclusive of wellness credits) at the level which Employee was receiving as of the date of his termination.

Employer shall also pay to Employee a lump sum amount equal to six (6) months of City-provided life insurance premiums at the level which Employee was receiving as of the date of his termination.

12. **Resignation.** In the event that Employee voluntarily resigns his position with Employer, Employee shall provide a minimum of thirty (30) days' notice, unless the Commission directs a shorter notice period.

13. **Outside Activities.** The employment provided for by this Agreement shall be Employee's sole employment. Employee shall devote his best efforts, energies, and skills for the benefit of Employer on a full time basis. Recognizing that certain outside consulting or teaching opportunities may provide indirect benefits to the Employer and community, Employee may elect to accept limited teaching, consulting, or other business opportunities at the discretion of Employer, with the understanding that such arrangements neither constitute interference with nor conflict with the interest of Employer or with Employee's responsibilities under this Agreement.

14. **Home Sale and Purchase, Moving, and Relocation Expenses.**

A. Employee agrees to establish residence within the corporate boundaries of the City of Paducah no later than October 1, 2018, and thereafter to maintain residence within the corporate boundaries of the local government during the term of employment by employer

B. Employer agrees to pay to Employee up to \$5,000 for relocation expenses associated with establishing an official domicile within the corporate boundaries of the City of Paducah. Additionally, Employer agrees to reimburse Employee up to a maximum amount of \$5,000 for expenses associated with house hunting trips, lodging, moving, storage, and/or other traditional relocation expenses.

15. **Indemnification.** 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 lawful performance of Employee's duties as City Manager or resulting from the exercise of reasonable judgment or discretion in connection with the performance of program duties or responsibilities, unless the act or omission involved gross negligence or willful or wanton conduct. Employer shall indemnify Employee against any and all losses, damages, judgments, interest, settlements, fines, court costs, and other reasonable costs and expenses of legal proceedings including attorneys

fees, and any other liabilities incurred by, imposed upon, or suffered by Employee in connection with or resulting from any claim, action, suit, or proceeding, actual or threatened, arising out of or in connection with the performance of his duties. Legal representation will continue beyond employment for any claims or actions arising during the course of employment.

Any settlement of any claim must be made with prior written approval of Employer in order for indemnification, as provided in this Section, to be available.

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

17. **Other Terms and Conditions of Employment.** Employer, only upon agreement with Employee, shall fix any such other terms and conditions of employment as it may determine from time to time, relating to the duties of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the City of Paducah Charter or Ordinances, or any other law.

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:

EMPLOYER: Mayor, City of Paducah, P.O. Box 2267, Paducah, KY 42002-2267

EMPLOYEE: James Arndt, [REDACTED]

Alternatively, notice required pursuant to this Agreement may be personally served 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.

19. **Miscellaneous.**

A. **Integration.** This Agreement sets for the entire understanding between the Employer and Employee relating to the employment of Employee by 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 by written agreement any provision of this agreement during the life of this Agreement. Such amendments shall be incorporated and made a part of this Agreement. It is agreed that this Agreement was mutually negotiated and drafted by both parties. In construing this Agreement and in determining the rights of the parties hereto, no party shall be deemed to have solely drafted or created this Agreement or have any provision construed against any party on the basis of who drafted the Agreement.

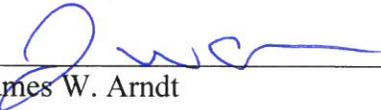
B. Binding Effect. This Agreement shall be binding upon Employer and Employee as well as their heirs, assigns, executors, personal representatives, and successors in office and in interest.

C. Effective Date. This Agreement shall be signed and effective upon adoption of the appropriate ordinance by the Commission.

D. Severability. The invalidity or partial invalidity of any portion of this Agreement shall 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.

IN WITNESS WHEREOF, the Paducah City Commission has caused this Agreement to be executed on its behalf by the City's Mayor and Employee this 1st day of July, 2018.

Brandi Harless, Mayor
City of Paducah



James W. Arndt

Attest:

Tammara Sanderson, City Clerk

EXHIBIT A

KRS 83A.150

(7) The board shall in accordance with KRS 83A.080 create the office of city manager and set qualifications for the office, which shall include, but not be limited to professional training or administrative qualifications with special reference to actual experience in or knowledge of accepted practice regarding duties of the office and list duties and responsibilities of the office which shall include, but not be limited to:

- (a) Being responsible to the board for the proper administration of all duties imposed upon him by ordinance;
- (b) Recommending to the board, subject to any statute, ordinance, or contract which relates to the appointment, tenure, or removal of any employee, the appointment, and when necessary for the good of the service, the removal of subordinate employees and officers of the city. No officer or employee of the city shall be appointed or removed except through action by the board, except that the city manager may fill vacancies in the classified service pending the appointment by the board and may employ personnel for temporary positions subject to such conditions as may be imposed by the board;
- (c) Preparing the budget and submitting it to the board and being responsible for its administration after adoption;
- (d) Preparing and submitting to the board as of the end of each fiscal year a complete report on the finances and administrative activities of the city for the preceding year;
- (e) Keeping the board advised of the financial condition and future needs of the city and making recommendations as he deems desirable;
- (f) Maintaining liaison with related units of local government respecting interlocal contracting and joint activities;
- (g) Supervising all departments of city government and the conduct of all city officers and employees under his jurisdiction and requiring each department to make reports to him required by ordinance or as he deems desirable; and
- (h) Performing other duties required of city executive authorities by statute or required of him by the board not inconsistent with this section.