

EMPLOYMENT CONTRACT AGREEMENT

AGREEMENT made this 9th day of September 2024, by and between the City of Grand Rapids, a Minnesota corporation (“Employer” or “City”), and Thomas J. Pagel (“Employee”). The Parties agree as follows:

1. **POSITION.** Employee agrees to serve as City Administrator in accordance with state statutes and City ordinances and policies and to perform such other legally permissible and proper duties and functions as the City Council shall from time-to-time assign.
2. **TERM.** This Agreement shall remain in full force and effect from September 9, 2024, and continue through January 3, 2029, unless terminated by the Employer or Employee as provided in paragraph 15 of this Agreement. This agreement will continue in perpetuity unless a new contract is mutually negotiated by the parties or terminated as specified below.
3. **SALARY.** Effective September 9, 2024, Employer shall pay Employee an annual salary of \$155,000. Employer agrees to increase Employee’s compensation each year by an amount which is no greater than the increase granted to the Employer’s other full-time, non-union employees. The amount of the increase to the base salary shall be based upon an evaluation of the Employee by the Employer and Department Heads. This Agreement shall be amended automatically to reflect any salary adjustments that are provided or required by the Employer’s compensation policies.
4. **PERFORMANCE EVALUATION.** Employee shall be given an annual performance review. The process, form, criteria, and format for the evaluation will be mutually agreed upon by the Employer and Employee. The process at a minimum will include the opportunity for both parties to: (a) prepare a written evaluation, (b) meet and discuss the evaluation, and (c) present a written summary of the evaluation results. In addition, the evaluation shall take into account a minimum of three and not more than five goals for the calendar year. The goals will be mutually agreed upon in writing by no later than April 1st of each year for use in evaluating the Administrator’s performance in the subsequent 12 months. The final written evaluation should be completed and delivered to the Employee within thirty (30) days of the evaluation meeting.
5. **PENSION PLAN.** Employer shall contribute to PERA as required by State law for Employee or an alternate pension plan as authorized by State law, if selected by Employee. Employer shall also contribute to any other benefit plans consistent with the benefits provided to other full-time, non-union employees of the Employer.
6. **FLEXIBLE TIME OFF.** The Employee will remain on the City’s second tier of the City’s flexible time off (FTO) policy for accruing FTO as provided in the City’s personnel policies. Accrual of FTO will commence on the Employees first day of employment. All of the employee’s requests to use FTO must be submitted to the Mayor, as well as the Human Resource Officer.

7. **HOLIDAYS.** Employer shall provide Employee the same holidays as enjoyed by other full-time, non-union employees.

8. **GENERAL INSURANCE.** If the Employee were to opt into the City's insurance pool, Employer shall provide and pay the premiums for group hospital, medical, dental for Employee and his dependents, equal to that which is provided to all other employees. The Employer will also provide life insurance benefits to the Employee in an amount of \$250,000.

Effective September 1, 2024, if Employee were to opt out of the City's insurance pool and receive medical coverage elsewhere, the City will provide the Employee with one-hundred percent (100%) of the premium cost of a health insurance plan, through the Operating Engineers Local No. 49 Health and Welfare Fund, in lieu of receiving a fully paid health insurance plan, consistent with the benefits provided to other full-time, non-union employees of the Employer. It should be noted that these funds cannot be deposited in a post-employment Health Care Savings Plan. These funds shall be paid to Employee as a stipend for his use and the same would be a taxable event for Employee.

9. **DUES AND SUBSCRIPTIONS.** Employer shall continue to budget and pay the professional dues and subscriptions for Employee which are necessary for Employee's continued participation in national, regional, state, and local associations necessary and desirable for Employee's continued professional participation, growth, and advancement. Dues and subscriptions include but are not limited to the International City/county Management Association (ICMA) and the Minnesota City/County Management Association (MCMA). Employer shall also pay all costs associated with maintaining the Employee's professional engineer's license.

10. **PROFESSIONAL DEVELOPMENT.** Employer shall continue to budget and pay the travel and subsistence expenses of Employee for professional and official travel, meetings and occasions adequate to continue the professional development of Employee and to adequately pursue necessary official and other committees thereof which Employees serves as a member. Professional development includes but is not limited to the International City/County Management Association annual conference, Minnesota City Management Association annual conference, and the League of Minnesota Cities annual conference. Employee shall use good judgment in Employee's outside activities so Employee will not neglect Employee's primary duties to the Employer.

11. **GENERAL EXPENSES.** Employer shall reimburse Employee miscellaneous job-related expenses which it is anticipated Employee will incur from time to time, when provided appropriate documentation.

12. **HOURS OF WORK.** Employee will generally be available during regular business hours. It is understood that the position of City Administrator requires attendance at evening and weekend meetings as necessary. In recognition of these work demands, the Employee shall be allowed to use reasonable flexibility in setting his office schedule and have the ability to work up to 20 days remotely with permission of the Mayor on an annual basis per calendar year.

13. **OUTSIDE ACTIVITIES.** The employment provided for by this Agreement shall be the Employee's sole employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the Employer and the community, the Employee may elect to accept limited teaching or consulting opportunities, subject to a review by the City Attorney to determine if any conflict of interest or other ethical violation exists, with the understanding that such arrangements shall not constitute interference with nor a conflict of interest with his responsibilities under this Agreement, nor shall such arrangements conflict with a regularly scheduled council meeting. The employee shall also inform the Mayor of his intent to seek such outside consulting and teaching opportunities.

14. **INDEMNIFICATION.** Employer shall defend and indemnify Employee pursuant to Minnesota Statutes, Chapter 466.07 and Chapter 465.76. In addition, Employer shall defend, hold harmless, and indemnify Employee from all torts; civil damages, penalties, and fines; violations of statutes, laws, rules, and ordinances, provided the Employee was acting in good faith in the performance of the duties of the position. Nothing in this paragraph shall be deemed to be a waiver by the City of any limitations on liability set forth in Minnesota Statutes, Chapter 466.

15. **TERMINATION GUIDELINES/BENEFITS.** Either party may terminate this agreement by giving the other party 120 (one-hundred twenty) days written notice. If Employee voluntarily resigns Employee's position with Employer, Employee agrees to give the Employer one-hundred twenty (120) days advance notice. If Employee voluntarily resigns Employee's position with Employer, there shall be no termination pay due to Employee.

If the Employer does elect to terminate the Employee's employment (unless for cause), the Employer must pay the Employee 6 (six) months of his salary (in accordance with *Minn. Stat. 465.722*), and five years of health insurance through the Operating Engineers Local 49 Health & Welfare Fund, effective the date of termination.

Employee shall also be entitled to all other accrual payouts, such as flexible time off (FTO), consistent with the benefits granted to other full-time, non-union employees.

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 and statutory requirements. Furthermore, nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of Employee to resign at any time from Employee's position with Employer, subject only to the provisions of this Agreement.

17. **CHOICE OF LAW AND VENUE.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

18. **COUNTERPARTS.** This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

19. **MERGER.** This Agreement supersedes all prior oral or written communications between the parties.

20. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the employment relationship between the City and the Administrator, replaces all prior agreements or understandings, and the parties agree that there were no inducements or representations leading to the execution of this Agreement except as herein contained.

21. **SEVERABILITY.** In case any one or more of the provisions of this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, Employer has caused this Agreement to be signed and executed on its behalf of its Mayor and Employee has signed this Agreement, in duplicate, the day and year first written above.

EMPLOYER: CITY OF GRAND RAPIDS

EMPLOYEE: THOMAS J. PAGEL

Tasha Connelly, Mayor

Thomas J. Pagel

Date: _____

Date: _____

ATTEST:

Kimberly Johnson-Gibeau, City Clerk