

## EMPLOYMENT CONTRACT

THIS AGREEMENT, Entered into this 07 day of MARCH, 2017, between CITY OF VALLEY CITY, a Municipal Corporation, whose post office address is 254 2nd Avenue NE, Valley City, North Dakota 58072 (hereinafter referred to as "Employer"), and **David C. Schelkoph**, an individual, whose post office address is 804 Chautauqua Blvd. Valley City (hereinafter referred to as "Employee").

### RECITALS

1. Employer is a municipal corporation with related facilities and services, including but not limited to the following services and/or departments: streets, sanitation, water, sewer, electric, drafting, load management (electric), police, fire, assessor and auditor; and maintains its principal place of business at 254 2nd Street NE, Valley City, North Dakota 58072.
2. Employee is willing to be employed by the Employer and Employer is willing to employ Employee on the terms, covenants and conditions hereinafter set forth.
3. The Employee has a pending claim against the City, based upon a grievance, and the parties herein wish and desire to resolve this pending claim as well as to provide for a continued employment relationship between the parties, as more fully set forth below.

For the reasons set forth above, and in consideration of the mutual promises and agreements hereinafter set forth, Employer and Employee agree as follows:

### AGREEMENT

**1. Employment.** Employer hereby employs, engages, and hires Employee as a full time City Administrator of the municipal corporation, with general supervision over all its operations and other related services and finances, and duties as may be reasonably assigned to him from time to time by Employer and as more fully set forth by ordinance.

Employee hereby warrants that he is under no contractual or other restrictions or obligations that will in any way limit his activities on behalf of Employer, and accepts and agrees to such hiring, engagement and employment subject to the general supervision and pursuant to the orders, advice and direction of the City Commission. The Employee will report to and be directly responsible to the City Commission.

**2. Term of Employment.** Except as set forth in paragraph 3 herein, the term of this Agreement shall be for an initial period of three (3) years, commencing on the 07 day of MARCH, 2017. This Agreement shall thereafter automatically be renewed on its anniversary date for successive one (1) year terms unless notice that the agreement shall terminate is given at least six (6) months before the expiration date of the initial term or at least three (3) months before the expiration date of any annual renewal.

**3. Compensation.** Employer shall pay Employee and Employee shall accept from Employer in payment for Employee's services hereunder, annual compensation of Ninety Thousand

(\$90,000.00) Dollars, payable at regular payroll periods, as per the policy of the Employer. Any changes in compensation shall be as mutually agreed upon in writing between the parties hereto. The Commission reserves the right to adjust the Administrator's compensation as they see fit annually.

**4. Settlement of Claim – Release from Liability.** In consideration of a payment in the amount of \$ 6,489.94 as compensation for the payment of legal fees and expenses incurred by the Employee as the result of a grievance, the Employee hereby releases, remises, and forever discharges the Employer from all claims, suits, actions, charges, demands, judgments, costs, and executions, present and future, known or unknown which may have arisen out of such grievance. The parties acknowledge that in executing this settlement agreement and mutual release, they have carefully reviewed and had the opportunity to review the terms of this settlement agreement and mutual release, with counsel of their choice and are fully aware of the extent of their rights and obligations under this Agreement. This settlement agreement and mutual release shall not constitute an admission of any of the allegations against the other and shall not be considered as an admission of liability, wrongdoing, or anything improper.

**5. Employment Benefits.** Employee shall be provided and be subject to all benefits and obligations of the Employer's Employee Policy and Procedure Manual, as made available to Employee documenting the same. Life insurance is included at double the employee's annual salary with a cap of One Hundred Fifty Thousand and No/100 (\$150,000.00) Dollars.

**6. Duties and Position.** The Employer hires the Employee in the capacity of City Administrator with the duties, responsibilities and obligations as set forth in the job description attached hereto and incorporated herein by reference. Employee's duties may be reasonably modified at the Employer's discretion from time to time.

**7. Employee to Devote Full Time to Employer.** Employee is an exempt employee for purposes of Federal Wage and Hour Laws. The duties of City Administrator will require some evening or weekend engagements for purposes of conducting the business of Employer. As such, Employee shall devote full time, attention, and energies to the business of the Employer, and during this employment, shall not engage in any other business activity which will interfere with carrying out the prescribed duties of this position. Employee is not prohibited from making personal investments in any businesses or engaging in outside activities provided they do not create a conflict of interest.

Employee agrees that he will at all times faithfully, industriously and to the best of his ability, experience and talents, perform all of the duties that may be reasonably required of and from him pursuant to the express and implicit terms hereof, to the reasonable satisfaction of the Employer.

**8. Reimbursement of Expenses.** The Employee may incur reasonable expenses as previously budgeted and approved by Employer, for furthering the Employer's business, including expenses for travel, and similar items. Employer shall reimburse Employee for all reasonable, budgeted and approved business expenses pursuant to Employer's Employee Policy and Procedure Manual. The Employee shall receive a vehicle allowance of Two Thousand One Hundred and

No/100 (\$2,100.00) per year, payable monthly, plus mileage for any out of town travel. The Commission reserves the right to adjust the reimbursement as they see fit annually.

**9. Vacation and Sick Leave.** The Employee shall accrue sick leave on an annual basis at an established rate by the Employee Manual. Employee shall be entitled to four (4) weeks of vacation time annually.

**10. Termination of Agreement by Employer.** The Employer and the Employee agree that Employee may only have his employment terminated for just cause pursuant to Section 40-15-07 of the North Dakota Century Code, including but not limited to: gross misconduct, willful disobedience of Employer's lawful orders, misfeasance, malfeasance, or habitual neglect of duties.

In the event of such involuntary termination, Employer shall pay Employee from the effective date of termination six (6) months of severance salary with benefits.

**11. Termination of Agreement by Employee.** The Employee may voluntarily terminate employment at any time. In the event of such voluntary termination, Employer shall pay Employee from the effective date of termination, six (6) months of severance salary with benefits which shall be payable to the Employee. The salary and benefits shall be capped at the salary and benefits level at the time of the signing of this contract.

**12. Assistance in Litigation.** Employee shall upon reasonable notice, furnish such information and proper assistance to the Employer as it may reasonably require in connection with any litigation in which it is, or may become, a party either during or after employment. This provision shall survive the expiration or termination of this Agreement.

**13. Indemnification.** The Employer is insured through the North Dakota Insurance Reserve Fund and said insurance coverage provides for payment of legal representation and payment of losses incurred by the Employee in conjunction with the performance of his duties except for specified causes of action for which a defense will be provided but payment of loss will not be covered.

**14. 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:

City:                               Avis Richter, City Auditor, 254 2nd Avenue N.E., P. O. Box 390, Valley City, North Dakota 58072.

Administrator:               David C. Schelkoph, 804 Chautauqua Blvd. Valley City ND 58072

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.

**15. Effect of Agreement.** This Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Employee of a kind elsewhere provided to Employees and not expressly provided in this Agreement.



**16. Settlement by Arbitration.** Upon agreement by both parties, any claim or controversy that arises out of or relates to this Agreement, or the breach of it, may be settled by arbitration in accordance with the rules of the American Arbitration Association, at the cost of the Employer. The arbitrator shall be chosen by agreement of both parties. Judgment upon the award rendered may be entered in any court with jurisdiction.

**17. Limited Effect of Waiver by Employer.** Should Employer waive breach of any provision of this Agreement by the Employee, that waiver will not operate or be construed as a waiver of further breach by the Employee.

**18. Choice of Law.** This Agreement shall be governed by the laws of the State of North Dakota.

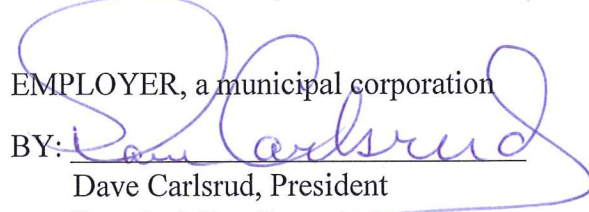
**19. Severability.** If, for any reason, any provision of this Agreement is held invalid, all other provisions of this Agreement shall remain in effect.


**20. Successors and Assignees Bound.** This Agreement shall incur to the benefit of and be binding upon Employer, its successors and assigns. All obligations of Employer arising under this Agreement shall survive the termination of the agreement and shall be binding upon his heirs, personal representatives, executors and administrators.

**21. Entire Agreement.** This Agreement supersedes all prior agreements, written or oral, between the Employee and the Employer, as of the date of the commencement of employment hereunder and shall constitute the only agreement relating to the Employee's employment between the parties for the period of employment hereunder. No provisions of this Agreement shall be changed or modified, nor shall this Agreement be discharged, in whole or in part, except by an agreement in writing signed by the party against whom such change, modification or discharge is claimed or sought to be enforced.

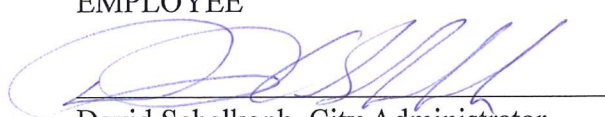
IN WITNESS WHEREOF, The Employer has caused this Agreement to be executed by its authorized officers, and the Employee has executed this Agreement this 07 day of MARCH, 2017.

EMPLOYER, a municipal corporation

BY:   
Dave Carlsrud, President  
Board of City Commissioners

  
Avis Richter, City Auditor

EMPLOYEE

  
David Schelkoph, City Administrator