CITY OF MUSCATINE
EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of July, 2007, by and between the City of Muscatine, Iowa, a municipal corporation hereinafter called the "City", as party of the first part, and A.J. Johnson hereinafter called "Employee" as party of the second part both of whom understand as follows:

WITNESSETH

WHEREAS, the City desires to employ the services of A.J. Johnson as City Administrator of the City of Muscatine, as provided by Title I, Chapter 8 of the City Code; and

WHEREAS, it is the desire of the City Council to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS, Employee desires to accept employment as City Administrator of said City;

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

Section 1. Duties

City hereby agrees to employ A.J. Johnson as City Administrator of Muscatine to perform the functions and duties specified in the City Code, and to perform such legally permissible and proper duties and function as the City Council shall from time to time assign.

Section 2. Term

A. The term of this Employment Agreement shall commence on the first day of July 2007 and continue thereafter until terminated by the City or the Employee as hereinafter provided, it being understood that this is an open ended agreement with an annual evaluation and review by the City Council at least thirty (30) days prior to July 1, 2008 and the 1st day of July each year thereafter.

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

C. Nothing in this agreement shall prevent, limit 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 C, of this agreement.

Section 3. Termination and Severance Pay

A. In the event Employee is terminated by the City during the agreement and during such time that Employee is willing and able to perform the duties of City Administrator, then in that event the City agrees to pay Employee a lump sum cash payment equal to six (6) months aggregate salary and provide to the employee at no cost to the employee up to six (6) months of family coverage health insurance, provided, however, that in the event Employee is terminated because of his conviction of any illegal act involving personal gain to him, then, in that event, city shall have no obligation to pay the aggregate severance sum designated in this paragraph.

B. In the event the City at any time during the employment term reduces the salary or other financial benefits of Employee in a greater percentage than an applicable across-the-board reduction for all City employees, or in the event the City refuses, following written notice, to comply with any other provision benefiting Employee herein, or the Employee resigns following a suggestion, whether formal or informal, by the City Council that he resign, then, in that event, Employee may at his option, be deemed to be "terminated" at the date of such reduction or such refusal to comply within the meaning and context of the herein severance pay provision.

C. In the event Employee voluntarily resigns his position with the City before expiration of the agreement, then Employee shall give the City forty-five (45) days notice in advance.

Section 4. Salary

City agrees to pay Employee for his services rendered pursuant hereto an annual base salary of $106,588.65, payable in installments at the same time as other employees of the City are paid.

In addition, City agrees to increase said base salary and/or other benefits of Employee in such amounts and to such an extent as the City Council may determine it is desirable to do so on the basis of a salary review of said Employee made at the same time as similar consideration is given other employees.

Section 5. Automobile

Employee will be paid a car allowance of two hundred ($200) dollars per month to compensate him for all City driving on City business within a distance of 150 miles one way from the City of Muscatine, and the Employee may submit travel reimbursement based upon the City's current mileage reimbursement policy if required to travel on City business beyond a distance of 150 miles one way from the City of Muscatine.

Section 6. Dues and Subscriptions

City agrees to budget and to pay the 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 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 functions for City, including but not limited to the Annual Conference of the International City Management Association, the state league of municipalities, and such other national, regional, state, or local governmental groups and committees which Employee serves as a member.

B. City also agrees to 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.

Section 8. General Expenses

City recognizes that certain expenses of a non-personal and job-affiliated nature are incurred by Employee, and hereby agrees to reimburse or to pay said general expenses, subject to Council approval.

Section 9. Vacation and Sick Leave

The City agrees to grant four (4) weeks of vacation as of March 1, 2000, to Employee and Employees shall be entitled to acquire sick leave at the same rate as other supervisory employees.

Section 10. Health and Life Coverage

A. City agrees to put into force and to make required premium payments for Employee and dependents for health and dental insurance coverage in accordance with the same policy as for other Supervisory employees of the City.

B. City agrees to purchase and to pay the required premiums on a life insurance policy equal to 1 ½ times the annual gross salary of Employee, with beneficiary named by Employee.

C. Employee is eligible to participate in the RHS program upon termination of employment.

Section 11. Retirement

City agrees to continue the agreement provided by the ICMA retirement plan.

The City agrees to pay an amount equal to 6% of Employee's salary as stated in Section 4 into the ICMA program. This amount shall be in addition to Employee's salary. The City shall not contribute to the IPERS retirement system for the Employee. The ICMA plan is in lieu of the IPERS program. In addition, effective July 1, 2007, the City Administrator will receive an additional $1,000 cash contribution from the City to the 457 Deferred Compensation Retirement Program for a total of $2,500.

Section 12. Other Terms and Conditions of Employment.

A. The City Council shall fix 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 agreement, the City Code, or any other law.

B. All provisions, regulations and rules of the City relating to holidays, and other fringe benefits and working conditions as they now exist or hereafter may be amended, shall apply to Employee as they would to other supervisory employees of the City, in addition to said benefits enumerated specifically in this agreement for the benefit of Employee.

C. The Employee shall submit to an annual physical examination by a medical doctor selected by the City at the City's expense.

D. The Employee shall be provided a cellular telephone that shall be paid for by the City of Muscatine.

Section 13. General Provisions

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

B. This agreement shall be binding upon and inure to the benefit of the heirs at law and executor of Employee.

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

IN WITNESS WHEREOF, the City of Muscatine has caused this agreement to be signed and executed on its behalf by its Mayor, and duly attested to by the Director of Administrative Services, and the Employee has signed and executed this agreement, both in duplicate, the day and year first written above.

Richard W. O'Brien

Richard W. O'Brien, Mayor

ATTEST:

Nancy A. Lueck

Nancy Lueck
Finance Director

APPROVED AS TO FORM:

Harvey G. Allbee Jr.

Harvey G. Allbee Jr., City Attorney

A.J. Johnson

A.J. Johnson, Employee