

## **SECOND AMENDMENT TO VILLAGE MANAGER EMPLOYMENT AGREEMENT**

**THIS SECOND AMENDMENT** is made and entered into as of the \_\_\_\_ day of March, 2016 by and between the **VILLAGE OF GLENCOE**, an Illinois special charter municipal corporation (the "Village"), and **PHILIP A. KIRALY** ("Kiraly").

**WHEREAS**, on November 25, 2013, the Village and Kiraly entered into that certain Village Manager Employment Agreement ("Original Agreement") whereby the Village engaged Kiraly to serve as the Village Manager of the Village pursuant to the terms and conditions set forth in the Original Agreement; and

**WHEREAS**, on March 19, 2015, the Village and Kiraly entered into that certain First Amendment to Village Manager's Employment Agreement ("First Amendment"); and

**WHEREAS**, the Village and Kiraly desire to further amend the Employment Agreement as more fully set forth in this Second Amendment, and

**WHEREAS**, the Village Board of Trustees authorized this Second Amendment by resolution duly adopted at its regular meeting on March 17, 2016.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants set forth in the Original Agreement, the First Amendment and herein, and in accordance with Section 5.C of the Original Agreement, the parties mutually agree as follows:

### **Section 1. Amendment to Section 3: Compensation Base Salary.**

The first sentence of Section 3.A of the Original Agreement, as amended by the First Amendment, shall be and is hereby further amended to provide and read as follows:

- A. Base Salary. Effective March 1, 2016, the Village shall pay Kiraly a base salary at least at the rate of One Hundred Seventy Five Thousand Dollars (\$175,000.00) per year on an annualized basis, payable in installments in accordance with the Village's normal payroll practices.

### **Section 2. Amendment to Section 4: Relocation & Residency.**

Section 4 of the Original Agreement shall be and is hereby deleted in its entirety and is replaced, and shall provide and read, as follows:

#### **Section 4. Relocation & Residency.**

1. Section 2-21 of the Glencoe Village Code currently requires the Village Manager to reside within the Village limits during his term of employment as Village Manager unless waived as a requirement by the Village Board. It is believed that physical residence within the community enables the Village Manager to best perform his full time duties, respond promptly to emergencies and interact with the community effectively.

2. On April 11, 2014, Kiraly satisfied the requirement of Section 2-21 of the Glencoe Village Code by purchasing a house in Glencoe located at 1097 Old Elm Lane (the "Glencoe Property") and commencing residency in Glencoe. The Village and Kiraly agree that Kiraly's continued residency in Glencoe is a condition of employment under this Agreement.

3. In recognition of the expenses involved in residing in Glencoe, the Village hereby provides Kiraly the following:

- (a) A housing allowance salary adjustment of Twelve Hundred Eighty One Dollars and Twenty Five Cents (\$1,281.25) effective as of March 1, 2016. This salary adjustment shall be included as part of Kiraly's bi-monthly salary. The amount of the salary adjustment may be reviewed annually by the Village Board to determine if an adjustment is warranted based on potential changes in net value of the adjustment to Kiraly, but in no case will the adjustment be less than Twelve Hundred Eighty One Dollars and Twenty Five Cents (\$1,281.25) per month.

In the event Kiraly is Terminated and the Village elects to pay severance in accordance with the Section 2 Term and Termination, B. Severance Provisions of the Original Agreement, Kiraly will receive the salary adjustment for a six (6) month period of time following termination, or until such time within the six (6) month period when Kiraly closes on the sale of his Glencoe property, whichever occurs first.

- (b) On April 11, 2014, the Village provided Kiraly with a no-interest loan in the amount of Three Hundred Thousand Dollars (\$300,000.00) (the "Residence Loan") which Kiraly used to assist in the purchase the Glencoe Property. Concurrently, the Village and Kiraly entered into that certain Subordinated Mortgage and Loan Agreement

("Subordinated Mortgage Agreement") providing for the Residence Loan to be secured by a mortgage lien against the Glencoe Property, subordinate to the first mortgage Kiraly secured as part of his purchase of the Glencoe Property. The Subordinated Mortgage Agreement remains in full force and effect.

- (c) In recognition of Kiraly's outstanding performance, and as an additional component of Kiraly's compensation, the Village agrees to provide Kiraly with an annual forgiveness of the Residence Loan in the amount set forth in the attached schedule on December 1 of each year provided that (a) written notice to terminate this Agreement pursuant to Section 2 of the Original Agreement has not been delivered prior to any such December 1 date; (b) Kiraly was employed as the Village Manager pursuant to this Agreement as of midnight on the day before (November 30) any such December 1 date; and (c) the Residence Loan has not been paid in full prior to any such December 1 date. As reflected on the schedule, an initial forgiveness amount shall occur on, and be effective as of, March 1, 2016.
- (d) Notwithstanding any other provision of this Agreement, in the event of the termination of Kiraly's employment, the remaining value of the Residence Loan will become due in full one (1) year after termination.

### **Section 3. Effect of Amendment**

- A. Except as specifically amended in this Second Amendment, all provisions of the Original Agreement and the First Amendment shall remain in full force and effect. The Original Agreement, the First Amendment, and the Second Amendment shall collectively be referred to as the "Agreement."
- B. This instrument represents the full and complete understanding of the Village and Kiraly regarding this Second Amendment to the Village Manager Employment Agreement.
- C. All compensation provisions of this Second Agreement shall be considered retroactive to the start of the Fiscal Year, March 1, 2016.

**IN WITNESS WHEREOF**, the parties hereto have executed this **SECOND AMENDMENT TO VILLAGE MANAGER EMPLOYMENT AGREEMENT** on the date stated in the first paragraph of this Second Amendment.

VILLAGE OF GLENCOE

By: \_\_\_\_\_  
Village President

\_\_\_\_\_  
Philip A. Kiraly

Attest: \_\_\_\_\_  
Deputy Village Clerk

Attest: \_\_\_\_\_

VILLAGE MANAGER RESIDENCE LOAN FORGIVENESS SCHEDULE \$300,000

Start	\$300,000 Remaining	
03/1/2016	\$10,000	\$290,000
12/1/2016	\$10,000	\$280,000
12/1/2017	\$10,000	\$270,000
12/1/2018	\$10,000	\$260,000
12/1/2019	\$10,000	\$250,000
12/1/2020	\$15,000	\$235,000
12/1/2021	\$15,000	\$220,000
12/1/2022	\$15,000	\$205,000
12/1/2023	\$15,000	\$190,000
12/1/2024	\$15,000	\$175,000
12/1/2025	\$15,000	\$160,000
12/1/2026	\$15,000	\$145,000
12/1/2027	\$15,000	\$130,000
12/1/2028	\$15,000	\$115,000
12/1/2029	\$15,000	\$100,000
12/1/2030	\$20,000	\$80,000
12/1/2031	\$20,000	\$60,000
12/1/2032	\$20,000	\$40,000
12/1/2032	\$20,000	\$20,000
12/1/2033	\$20,000	\$0