

VILLAGE OF LAKE ZURICH
VILLAGE MANAGER EMPLOYMENT AGREEMENT
May 1, 2025

This Village Manager Employment Agreement (this "Agreement") is made and entered into by and between the Village of Lake Zurich, an Illinois municipal corporation, (the "Village") and Raymond B. Keller.

WITNESSETH

WHEREAS, the Village wishes to employ Mr. Keller under the terms, provisions, and conditions set forth in this Agreement and as further described in the Lake Zurich Municipal Code; and

WHEREAS, Mr. Keller wishes to be employed by the Village, as its Village Manager and administrator, under the terms, provisions, and conditions set forth in this Agreement and as further described in the Lake Zurich Municipal Code;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, and other good and valuable considerations, the receipt and sufficiency of which are mutually acknowledged by the parties hereto, the Village and Mr. Keller hereby agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into and made a part of this Agreement.

**SECTION 2. EMPLOYMENT AS VILLAGE MANAGER
DUTIES; TERM**

- A. **Employment.** The Board of Trustees of the Village hereby employs Mr. Keller as the Village Manager and administrator, and Mr. Keller accepts that employment and agrees to perform the functions and duties set forth in this Agreement and provided in the Lake Zurich Municipal Code in effect as of the date of this Agreement, and to perform such other legally permissible and proper duties and functions as the Board of Trustees may assign from time to time. The Board of Trustees, in consultation with Mr. Keller, may fix any such other terms of employment as it may determine from time to time relating to the performance of Mr. Keller, so long as those terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Lake Zurich Municipal Code, or any other law.
- B. **Status.** Mr. Keller is a contract employee, employed at the will of the Mayor and Board of Trustees and hereby waives any and all claims or rights to a contract right in employment created by current or any past versions of the Village's Personnel Policy Manual or policies in general.

- C. **Term.** Without limitation on the at-will nature of Mr. Keller's employment as set forth in Section 2, Subsection B, this Agreement will remain in full force and effect from the Effective Date set forth in this Agreement until April 30, 2029, or such date as a new Village Mayor is elected and the new mayor's term has commenced, whichever date is later, subject to the termination and severance provisions set forth in Sections 9 and 10 of this Agreement. For purposes of determining any entitlement to severance hereunder, the provisions of Section 10, par. D-1 shall apply to and govern the timing of such severance and shall extend to the 45-day period following the election of and the date of the qualification for and assumption of the office of mayor by a new mayor. Any extension of the term of this Agreement would be by agreement of Mr. Keller and the Board of Trustees.

SECTION 3. HOURS OF WORK

It is recognized that Mr. Keller must devote a great deal of time outside the normal office hours on business for the Village, and to that end Mr. Keller will be allowed to establish an appropriate work schedule.

SECTION 4. SOLE EMPLOYMENT AS VILLAGE MANAGER

The employment provided for by this Agreement shall be Mr. Keller's sole employment.

SECTION 5. COMPENSATION; BENEFITS

- A. **Base Salary.** The Village agrees to pay Mr. Keller an annual base salary of \$242,112 payable in installments at the same time that the other management employees of the Village are paid. Annual increases in Mr. Keller's salary under this Agreement shall be based on the annual cost of living increase as determined each budget cycle.
- B. **Vacation.** Mr. Keller is entitled to accrue 25 vacation days per year. The 25 vacation days per year will continue accruing per the payroll system. Unused vacation days may be carried over to succeeding years, but only in the manner and to the extent provided in the Village's approved personnel rules and policies. At no point in time, however, may the total unused vacation time exceed the equivalent of two years' accumulation without the express written approval of the Board of Trustees.
- C. **Personal Days.** Mr. Keller is entitled to four personal days per calendar year. Unused personal days may not be carried over to succeeding years.
- D. **Holidays.** Mr. Keller is entitled to all paid holidays per calendar year as defined in the employee handbook or Village policy.
- E. **Sick Days.** Mr. Keller is entitled to accrue 12 sick days per year. One sick day per month will begin accruing on the first day of employment. Sick days may be carried over to succeeding years only as provided in the Village's approved personnel rules

and policies. No compensation will be paid to Mr. Keller for any unused sick days, except in accordance with the Village's sick days' buy-back policy.

- F. **Insurance and Retirement Plans.** Mr. Keller is entitled to participate in employee insurance and retirement benefit plans or programs of the Village provided to other Village employees generally to the extent that his position, tenure, salary, age, health, and other qualifications make him eligible to participate, subject to the rules and regulations applicable thereto. The Village reserves the sole and exclusive right to change, modify, or eliminate in their entirety any such benefits, and nothing in this Agreement shall create any property right or other right to a continuation thereof. In the event that Mr. Keller choose to opt out of the Village's group health insurance plan, the Village agrees to contribute \$500.00 in a 401a account for each month that Mr. Keller opts out of the group health insurance plan. If Mr. Keller opts out of the Village's group health insurance plan, Mr. Keller may opt back in to the Village's group health insurance plan during open enrollment period(s) or after a qualifying event.
- G. **Life Insurance.** The Village shall pay, during Mr. Keller's term of employment with the Village, the premiums for one term life insurance policy selected by the Village, in the amount of \$250,000 on Mr. Keller's life, with a beneficiary as designated by Mr. Keller.
- H. **Automobile Allowance.** The Village will pay to Mr. Keller, during the term of this Agreement and in addition to other salary and benefits herein provided, the sum of \$5,000 per year as a vehicle allowance to be used to purchase, lease, or own, operate, and maintain a personal vehicle. Payment regarding this allowance will be made each pay period. Mr. Keller is responsible for paying for liability, property damage, and comprehensive insurance coverage on such vehicle and is responsible for all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle.
- I. **Deferred Compensation.** The Village will contribute \$100 per pay period, not to exceed \$2,600 annually, to a 401a account during the term of this agreement on behalf of Mr. Keller.
- J. **Technology Allowance.** The Village will pay to Mr. Keller, during the term of this agreement an amount equal to \$200 a month to be used for technological needs, such as cell phone and tablet usage fees, for business purposes.
- K. **Bonding.** The Village will pay the full cost of any fidelity or other bonds required of Mr. Keller under any law or ordinance.

SECTION 6. PERFORMANCE EVALUATION

The Board of Trustees shall review and evaluate Mr. Keller's performance at least once annually, but no later than July 1 of each year. That review and evaluation will be in accordance with criteria developed by the Board of Trustees. Any Board failure to timely evaluate shall not create any continued rights in employment.

SECTION 7. GENERAL BUSINESS EXPENSES

- A. **Professional Conferences.** The Village agrees to budget for and to pay for travel, other than automotive, and subsistence expenses of Mr. Keller in connection with his attendance at least one national and one Illinois state conference, in addition to reasonable Chicago metropolitan area managers meetings, lunches, and special events. Reimbursement for additional professional conferences shall be allowed as proposed by Mr. Keller and as determined appropriate and approved by the Board of Trustees.
- B. **General Expenses.** The Village will reimburse Mr. Keller for all necessary and reasonable expenses incurred by him in the performance of his duties, tasks, and responsibilities in his position as Village Manager under this Agreement, including professional association memberships and service club memberships if directed by the Village, subject to the presentation of appropriate vouchers in accordance with all applicable Village rules and policies and subject to review and approval by the Board of Trustees.
- C. The above compensation and reimbursement shall be consistent and in compliance with Village policy and the Local Government Travel Expense Control Act, as applicable.

SECTION 8. CONFIDENTIALITY

Mr. Keller acknowledges that he will have access to confidential information ("Confidential Information") that is not generally known outside the corporation known as the Village of Lake Zurich. Confidential Information does not include public documents or information that would otherwise constitute Confidential Information but that has become public. Mr. Keller covenants and warrants that, both during and after Mr. Keller's term of employment, Mr. Keller will not use, divulge, furnish, or make accessible, whether directly or indirectly, Confidential Information to any person, firm, or corporation other than persons, firms, or corporations employed and/or retained by the Village in a fiduciary capacity without the prior express written authorization of the Board of Trustees, but instead Mr. Keller will keep all Confidential Information strictly and absolutely confidential except as otherwise provided herein.

SECTION 9. TERMINATION

As provided in Section 2 of this Agreement, Mr. Keller is employed at the will of the Board of Trustees and thus may be terminated by the Board of Trustees at any time without cause. Mr. Keller also may be terminated for just cause.

- A. **Termination without Cause.** The Board of Trustees may determine at any time, without cause, that Mr. Keller may no longer serve as the Village Manager. In the event of termination without cause prior to the end of this Agreement, Mr. Keller will be entitled to severance pay and benefits as provided in Section 10 of this Agreement.
- B. **Termination for Just Cause.** The Board of Trustees may determine that there is just cause for termination of Mr. Keller's employment. For purposes of this Agreement, "just cause" means (1) acts of Mr. Keller of misfeasance or malfeasance in office and/or conviction of Mr. Keller for fraud, misappropriation, or embezzlement involving property of the Village, (2) conviction of Mr. Keller of a felony offense, (3) conviction of Mr. Keller of a misdemeanor offense, which conviction results directly from a reduction, through a plea agreement, of a felony charge against Mr. Keller, (4) failure of Mr. Keller to properly perform, or neglect by Mr. Keller of, the duties of the position of Village Manager, or (5) conduct of Mr. Keller that causes substantial harm to the reputation of the Village.

SECTION 10. SEVERANCE

- A. **Severance Payment.** If Mr. Keller is terminated without a determination of just cause pursuant to Section 9 of this Agreement, then the Village will pay Mr. Keller severance in an amount equal to twenty (20) weeks' base salary, health insurance or waiver, life insurance, auto allowance, deferred compensation, and technology allowance at Mr. Keller's then-current rate of pay. The severance will be paid in four equal installments or in one lump sum, whichever is requested by Mr. Keller.
- B. **Severance Following Resignation.** If Mr. Keller voluntarily resigns, and the resignation is not under circumstances in which his resignation is being actively sought by the Board of Trustees, then the Village is not obligated to pay severance under this Agreement.
- C. **Severance if Terminated for Just Cause.** If Mr. Keller is terminated for just cause, no provisions of severance will be provided, excluding any requirements under state and federal law.
- D. **Severance if Agreement is not Renewed.** Mr. Keller shall become entitled to the severance payments set forth herein, under the following conditions:
 - 1. **Twenty Weeks' Notice.** If at any time the Mayor and Board of Trustees determine that the employment agreement with Mr. Keller shall not be renewed, the Village agrees to provide twenty (20) weeks' notice of such

nonrenewal. "Renewal" shall be construed to mean that on or before the 45th day following the election of and the date of the qualification for and assumption of the office of mayor by a new mayor, with the mayor's approval a written renewal or revision of the Agreement is lawfully offered by the Village to Mr. Keller, for a minimum term of one (1) year (365 days) and that all terms and conditions of the new Agreement must, at minimum be equivalent to the then-current terms and conditions, and the amount of the then-current base salary and benefits of Mr. Keller under this Agreement. If the Village provides the full twenty weeks of notice, no severance will be awarded. In the event that twenty weeks of notice has not been provided by the Village, Mr. Keller will be entitled to severance in the amount of twenty (20) weeks base salary and benefits at Mr. Keller's then-current rate of pay and benefits, minus any time length provided by notice. (E.g., if the Village provides Mr. Keller with two months' notice, he would receive two months' severance). Pursuant to the above, if this Agreement is not renewed as provided, Mr. Keller becomes entitled to these severance benefits on the 45th day following the date upon which the new Mayor qualifies for and assumes office.

- E. **Subsequent Employment And Release.** Mr. Keller shall be entitled to the severance benefits of his then-current base salary and benefits for twenty (20) weeks.
- F. **Release of Claims.** In consideration for, and as a condition precedent to the payment of the severance benefits payable under this Section 10, Mr. Keller shall be required to execute a Severance Agreement and Release Of All Claims form releasing the Village from any and all causes of action, claims and demands which Mr. Keller may have against the Village and return the executed document to the Village. A copy of the Resignation and Severance Agreement and Release Of All Claims form is attached hereto as *Exhibit A* and made a part hereof.
- G. **Payment of Benefits Upon Separation.** In the event Mr. Keller is terminated with or without Cause, or if this Agreement is not renewed, Mr. Keller shall retain and receive any employee benefits accrued since the time of his employment, as otherwise provided in this Agreement, but specifically not including any payment for any unused sick days. In the event Mr. Keller is terminated for cause, he shall not be entitled to any of the benefits provided for in this Section 10, or any benefits provided for in the Personnel Policy Manual, except for accrued benefits he may be entitled to under State law. The benefits provided for herein are intended to be the full benefits to which Mr. Keller is entitled unless otherwise mandated by state law. If separation is due to termination without cause or nonrenewal of this contract, the Village agrees to not object to Mr. Keller's application for national or state unemployment benefits that may be available to him as a result of an involuntary termination of employment.

SECTION 11. RESIGNATION

If Mr. Keller voluntarily resigns his position with the Village, then Mr. Keller must provide the Village a minimum of 45 days' notice, unless Mr. Keller and the Village agree otherwise.

SECTION 12. PROPERTY OF THE VILLAGE

All business plans, financial data, reports, memoranda, correspondence, and all other documents pertaining to the current or prospective business of the Village are and will at all times remain the property of the Village. Mr. Keller covenants that, upon the termination of his employment, Mr. Keller will not retain and will return to the Village all of the business plans, financial data, reports, memoranda, correspondence, and all other documents pertaining to the current or prospective business of the Village, except that Mr. Keller may make photocopies of a reasonable number of documents prepared by the Village Manager or by others at his direction to keep and use as models of those types of documents.

This Section does not include personal or professional publications, or other written materials, published and released by Mr. Keller.

SECTION 13. INDEMNIFICATION

To the extent permitted by law, the Village will defend, hold harmless, and indemnify Mr. Keller 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 performance of Mr. Keller's duties and responsibilities as Village Manager or resulting from the exercise of judgment or discretion in connection with the performance of those duties or responsibilities, unless the act or omission involved gross negligence or willful or wanton conduct. The legal representation provided to Mr. Keller by the Village will extend until a final determination of the legal action including any appeals brought by any party. The Village will indemnify Mr. Keller 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 Mr. Keller 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. Any settlement of any claim must be made with prior approval of the Village in order for indemnification, as provided in this Section, to be available. Mr. Keller recognizes that the Village has the right to compromise and settle any claim or suit unless said compromise or settlement is of a personal nature to Mr. Keller and he is party to the suit and may have a legal veto authority over the settlement. Further, the Village agrees to pay all reasonable litigation expenses of Mr. Keller throughout the pendency of any litigation to which Mr. Keller is a party, witness, or advisor to the Village arising out of an alleged act or omission occurring in the performance of Mr. Keller's duties and responsibilities as Village Manager. Such expense payments will continue beyond Mr. Keller's service to the Village as long as litigation is

pending and will include, after the end of Mr. Keller's tenure as Village Manager, reasonable consulting fees and travel expenses.

SECTION 14. NOTICES

Notice pursuant to this Agreement must be given by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows:

If to the Village: Village President
 Village of Lake Zurich
 70 East Main Street
 Lake Zurich, Illinois 60047

If to Mr. Keller: Raymond B. Keller
 Address on file

Alternatively, notice required pursuant to this Agreement may be served personally in the same manner as is applicable to civil judicial practice. Notice will 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.

SECTION 15. GENERAL PROVISIONS

- A. **Integration.** This Agreement constitutes the sole and entire agreement between the Village and Mr. Keller relating to the employment of Mr. Keller by the Village. This Agreement supersedes all prior or contemporaneous agreements, understandings, and representations, oral and written, with respect to the employment of Mr. Keller by the Village. Any prior discussions or representations by or between the parties are rendered null and void by this Agreement.
- B. **Amendments.** The parties by mutual written agreement may amend any provision of this Agreement during the life of the Agreement. Such amendments shall be incorporated and made a part of this Agreement.
- C. **Binding Effect.** This Agreement is binding on the Village and Mr. Keller and on their heirs, assigns, executors, personal representatives, and successors in interest.
- D. **Effective Date.** This Agreement is effective May 1, 2025
- E. **Severability.** The invalidity or partial invalidity of any portion of this Agreement will 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 Village and Mr. Keller have executed this Agreement below.

VILLAGE OF LAKE ZURICH

By: Jim Dayton

Date: 5-5-2025

Ray A B. Keller
RAYMOND B. KELLER

Date: 5/7/25