

demand or other legal action, whether groundless or otherwise, arising out of any alleged act of omission occurring in the course and scope of the performance of City Manager's duties for City, with the exception of actions brought on behalf of the City. City shall pay for any attorney's fees, court costs or other litigation related expenses incurred in connection with the defense of the claim, demand or lawsuit.

9. Bonding: City shall bear the full cost of any fidelity or other bonds required of City Manager under any law or ordinance.

10. Termination:

a. It is expressly understood by the parties to this Agreement that the City Manager holds office and continues his employment at the pleasure of the Hobbs City Commission. The City Commission may terminate this Employment Agreement through a majority vote.

b. Severance shall be paid to City Manager when employment is terminated. If City Manager is terminated, the City shall provide a minimum severance payment equal to one year salary at the current rate of pay. This severance shall be paid in a lump sum unless otherwise agreed to by City Manager and City.

City Manager shall also be compensated for all accrued Paid Time Off, all paid holidays and military leave. City agrees to make a contribution to City Manager's deferred compensation account on the value of this compensation calculated using the rate ordinarily contributed on regular compensation.

For a minimum period of one year following termination, City shall pay the cost to continue the following benefits at the most recent rate:

1. Health insurance for City Manager and all dependents;
2. Life Insurance;
3. Short-term and long-term disability;
4. Car allowance;
5. Any other available benefits.

By reasonable mutual agreement, City Manager shall be entitled to Severance in the event this Employment Agreement is not renewed by City after the initial five (5) years.

If City Manager is terminated because of a conviction of a felony, then City is not obligated to pay Severance under this section.

c. **Resignation:** In the event City Manager voluntarily resigns or retires from his position, City Manager shall give City thirty (30) days written notice in advance, unless the parties otherwise agree. City Manager shall not be entitled to the above Severance upon retirement or resignation unless all or a portion of the severance is specifically approved by City Commission at that time.

11. **No Reduction of Benefits:** City shall not at any time during the term of this Agreement reduce the compensation, salary, or other benefits of City Manager, except to the degree of such a reduction across-the-board for all employees of the City.

12. **Other Terms and Conditions of Employment:**

1. The City Commission, in consultation with City Manager, shall fix any such other reasonable terms and conditions of employment, as it may determine from time to time, relating to the performance of City Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this agreement, the City Charter, the Municipal Code of City or any other law. Any amendment to this agreement shall only be effective when it is in writing and executed and approved by both parties hereto. This Employment Agreement may only be modified or amended through a written agreement signed by the City Manager and the Mayor of the City of Hobbs and approved at a public meeting by the City Commission.
2. All provisions, rules and regulations of the City of Hobbs relating to vacation and personal leave, retirement, pension system contributions, holidays, and other benefits and working conditions as they now exist or hereafter may be amended, also apply to City Manager as they would to other employees of the City, in addition to the benefits enumerated specifically for the benefit of City Manager, except as otherwise provided for herein.
3. City Manager shall be entitled to military reserve leave time pursuant to federal and state law and the City of Hobbs Personnel Policies. In the event City Manager's military reserve leave time is not sufficient to cover time City Manager is away on reserve duty, City Manager shall utilize his paid time off. Any time above military reserve leave time and paid time off shall be treated as leave without pay.

City Manager

Mayor