TERMS AND CONDITIONS OF EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into this 27th day of January 2026, by and between the City of Peoria, Arizona, an Arizona municipal corporation, hereinafter called "City" or "City Council," and Michael Faust, hereinafter called "Employee" or "City Manager", both of whom understand as follows:

WHEREAS, the Mayor and Council of the City have entered into a Terms and Conditions of Employment Agreement with the City Manager dated January 27, 2026, (hereinafter "Agreement") for the provision of those duties and function of the City Manager, as provided under the Peoria City Charter and Code and in accordance with Arizona Revised Statutes, Section 9-271: and

WHEREAS, consistent with Article III, Section 1 of the Peoria City Charter, the City Council desires to enter into a written agreement to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS, Employee desires to enter into a written agreement to be employed as City Manager of the City of Peoria, Arizona;

Therefore, the parties in consideration of the covenants and conditions to be performed by the City Manager set forth in the Agreement dated January 27th, 2026, the Parties agree to the Agreement as follows:

SECTION 1. Powers and Duties of the City Manager.

The City Council hereby agrees to employ said Employee as City Manager of the City of Peoria, Arizona, to perform the functions and duties specified in the City Charter and Codes, and to perform other legally permissible and proper duties and functions as the City Council shall from time to time assign, subject to this Agreement.

Neither the City Council nor any of its members shall direct or request the appointment of any person to, or removal from office by the City Manager or any of their subordinates, or in any manner take part in the appointment or removal of officers and employees in the service of the City, except where expressly provided for by City Charter or state law. The City Council and its members shall deal with employees of the City solely through the City Manager, and neither the City Council nor any member thereof shall give orders to any subordinate of the City Manager, either publicly or privately.

SECTION 2. Term.

A. The City Manager serves at the pleasure of the City Council, and nothing herein shall be taken to prevent, limit, or otherwise interfere with the right of the City Council to terminate the services of the City Manager at any time, subject only to the provisions of Section 3 of this Agreement.

B. In the event Employee voluntarily resigns as City Manager, then Employee shall give the City Council at least sixty (60) days advance notice, unless the parties agree otherwise.

C. Employee agrees to remain in the exclusive employ of the City of Peoria during the term of this Agreement. The term "employed," however, shall not be construed to include occasional teaching, writing, speaking, or consulting performed on Employee's time off, even if outside compensation is provided for such services. Said activities are expressly allowed, provided that in no case is any activity allowed which would present a conflict of interest with the City of Peoria.

SECTION 3. Suspension, Termination and Severance Pay.

A. Pursuant to City Code Section 2-61(b), should the Council by majority vote suspend or place the City Manager on administrative leave, then the Council shall provide the City Manager in writing within one business day the reason for suspension or administrative leave. The duration of suspension or administrative leave shall not exceed 30 calendar days. On or before the 30th calendar day, the Council by majority vote shall vote to reinstate the City Manager with backpay or vote to terminate the City Manager in accordance with Section 3 of this agreement.

B. In the event the City Manager is terminated by the City Council during the time that Employee is willing and able to perform the duties of City Manager, the City Council agrees to pay Employee a lump sum cash payment in full settlement of any causes of action, claims, damages, attorneys fees and costs arising out of the termination in the amount of the employee's monthly salary at the time of such termination multiplied by the difference between thirty-six months and the total months served as the City Manager.

C. Employee shall also be compensated for all earned sick leave, vacation, holidays, compensatory time, and other accrued benefits to date, calculated at the rate of pay in effect upon termination and in accordance with City policies. The lump sum cash payment plus accrued benefits together shall be referred to as the "Settlement Amount." The City Council and Employee agree that the Settlement Amount may be amended from time to time. City Council and Employee acknowledge that Employee's receipt of the Settlement Amount would not constitute a waiver by Employee of any· claims arising out of intentional acts of misconduct committed by City Council members or claims arising under Arizona or Federal law pertaining to equal employment opportunity, age discrimination, or discrimination on basis of disability. City and Employee agree that the Settlement Amount shall be paid within seven (7) working days after the termination of the City Manager. However, in the event Employee is terminated because of their conviction of any illegal act, City shall have no obligation to pay the Settlement Amount.

D. For purposes of complying with this Section, appropriations held as unencumbered fund balances in any fund or account of the City shall be deemed to be available and authorized for transfer to the appropriate salary and benefit expenditure accounts to ensure fulfillment of this provision of the Agreement.

E. The parties agree that from time to time after a facilitated goal setting the Settlement Amount may be adjusted by a written agreement signed by both parties.

SECTION 4. Salary.

A. City agrees to pay Employee for their services rendered pursuant hereto as City Manager an annual base salary of $325,000, payable in installments at the same time as other employees of the City of Peoria, Arizona are paid.

B. City agrees to adjust the City Manager compensation equivalent to the average increase, inclusive of Cost-of-Living (COLA) and merit, provided to all other regular status employee groups (Non-Represented, AFSCME, PFFA and PPOA). The adjustment shall be effective the first full pay period in July of each year.

SECTION 5. Deferred Compensation.

Both the City and the City Manager agree to contribute seven percent (7%) of the employees' annual salary on a bi-weekly basis to the City Manager's retirement savings plan. Said deferred compensation contributions shall be paid as follows. First, such amount shall be paid up to the maximum amount permitted under the Internal Revenue Code of 1986, as amended, into the City's Section 401 (a) savings plan with the Nationwide Retirement Solutions or any other retirement fund or funds designated by the City Manager, in the same manner as that with other employees. City agrees to transfer ownership of said plan or retirement fund to succeeding employers of Employee, if any and as requested by Employee, upon Employee's resignation or discharge in accordance with the provisions of the Internal Revenue Code of 1986. The City may adjust these amounts with the agreement of the City Manager in order to comply with the provisions of the Internal Revenue Code of 1986, as amended.

Any remaining amount shall be paid into the City's Section 457 Deferred Compensation Plan for the City Manager. The City Manager may elect to contribute additional amounts to the Section 457 Deferred Compensation Plan, pursuant to provisions of such plan and in conformance with the provisions of the Internal Revenue Code of 1986 as amended.

SECTION 6. Retirement Benefits.

The City Manager shall be covered and governed by the same retirement system as all other non-public safety City employees.

SECTION 7. Insurance Coverages.

A. The City Manager may participate in the same health and dental plans available to all other City employees. The City agrees to provide additional insurance to Employee as follows:

- Life insurance coverage in the amount of two and one half times the City Manager annual base salary to next highest thousand-dollar amount.
- Short-term disability insurance.

City and Employee agree that upon termination of the Employee for any reason other than conviction of any illegal act, the City shall pay the cost for continuation of existing health, dental and life insurance, for employee and all eligible dependents for a period of twelve (12) months. In the event Employee becomes reemployed and obtains coverage under another group insurance program, City's obligations under this provision shall terminate. City Manager shall be subject to such changes as the City may make from time to time in its insurance coverages applicable to all employees of the City.

SECTION 8. Automobile and Related Allowances.

City shall provide a vehicle allowance of $600.00 per month to the City Manager, payable on or about the first day of each month. In return for the car allowance, the City Manager is expected to use their personal vehicle for all City business. All travel outside of Maricopa County shall be reimbursed at the mileage rate established by Internal Revenue Service.

SECTION 9. Other Benefits.

A. All provisions of the City Charter, rules and regulations of City relating to benefits and working conditions as they now exist or hereafter may be amended, shall also apply to the City Manager as they would to all other employees of City, in addition to said benefits enumerated specifically for the benefit of the City Manager herein.

B. The City Manager shall be allowed to accrue vacation and sick leave at the rate set forth as follows:

1. Vacation to be accrued at the rate of 240 hours per year. The maximum accrual shall be 480 hours as of January 1 each year. Accrued hours above 480 as of January 1 each year will be forfeited, with up to 120 hours paid to the employee.

   Upon request, the City Manager may receive payments of their unused accrued vacation leave. The payment may not exceed 120 hours and may not reduce the vacation accrual balance of the City Manager below 120 hours.

2. Sick leave to be accrued at the rate of 180 hours per year. The accrual limits for non-represented City employees shall apply.

C. City shall bear the full cost of any fidelity, umbrella insurance coverage premium, or other bonds required of the City Manager under any law or ordinance.

D. The benefits provided to the City Manager under this Agreement shall not be reduced or eliminated unless the City Council reduces such benefits for all similarly situated City employees.

SECTION 10. Hours of Work.

It is recognized that the City Manager must devote a great deal of time outside normal office hours to the business of the City. Employee will be allowed to adjust their office hours as he shall deem appropriate so long as he is available and the management of the City is not harmed.

SECTION 11. Professional Development.

A. City agrees to budget for and to pay the professional dues, subscriptions, travel and subsistence expenses of the City Manager for professional participation and travel, meetings, and occasions adequate to continue their professional development and to adequately pursue necessary official functions of the City. The City Manager shall be eligible for education reimbursement in accordance with City policy.

B. City also agrees to budget and to pay for the travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for their professional development and for the good of the City.

C. Additionally, City encourages the City Manager to attain positions of leadership in national, state, regional and local associations and organizations relevant to their profession. City agrees to budget and pay for travel and subsistence expenses necessary for such official functions, including, but not limited to membership in the International City-County Management Association (ICMA) and the Arizona City-County Management Association (ACMA). City also agrees to support those activities necessary for City Manager to continue ICMA credentials.

SECTION 12. Residence.

Employee agrees to maintain residence within the corporate boundaries of the City of Peoria, Arizona during their tenure as City Manager.

SECTION 13. Performance Evaluation.

The City Council shall review and evaluate the performance of the City Manager no later than thirty (30) days following the appointment anniversary date. Said review shall be in accordance with the requirements of City's Charter and Code and with specific criteria developed jointly by the City Council and the City Manager. Said criteria may be added to or deleted from as the City Council may from time to time determine, in consultation with the City Manager.

Annually, the City Council and the City Manager shall jointly define such goals and performance objectives that they determine necessary for the proper operation of the City of Peoria, Arizona, and in the attainment of the City Council's policy objectives and shall further establish a relative priority among those various goals and objectives; said goals and objectives to be reduced to writing. It is during this review that the City Council may determine specific priority items and criteria in which additional pay for performance considerations may be made.

SECTION 14. 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 executors of the Employee.

C. City and the City Manager agree that the items covered by this agreement shall become effective March 2, 2026, following Council approval January 27, 2026. This Agreement shall become effective upon adoption and approval by the City Council of the City of Peoria, Arizona and execution by both parties.

City and City Manager agree that except solely as modified above, changed and amended, the terms, conditions, and provisions of the Agreement and subsequent amendments thereto, shall continue in full forth and effect and shall apply to, and shall govern, this amendment of the Agreement.

D. If any provisions, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall not be affected and shall remain in full force and effect.

IN WITNESS THEREOF, the City of Peoria has caused this Agreement to be signed and executed in its behalf by its Mayor and duly attested by its City Clerk, and the City Manager has signed and executed this Agreement, both in duplicate, the day and year first written above.

CITY OF PEORIA	CITY MANAGER
_____	_____
Mayor	City Manager
ATTEST:	APPROVED AS TO FORM:
_____	_____
City Clerk	City Attorney