

EMPLOYMENT AGREEMENT

This Village Administrator Employment Agreement ("**Agreement**") is made and entered into as of the 22nd day of October, 2007 ("**Effective Date**"), by and between the Village of Lake Bluff, an Illinois home rule municipal corporation ("**Village**") and R. Drew Irvin ("**Employee**").

W I T N E S S E T H:

WHEREAS, the Village desires to employ the services of the Employee as Village Administrator and the Employee desires to accept employment as Village Administrator pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, the Village and the Employee intend that this Agreement sets forth their entire understanding regarding the terms and conditions of the employment of Employee as Village Administrator of the Village of Lake Bluff;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, and for other good and valuable considerations, the receipt and sufficiency of which are mutually acknowledged by the parties to this Agreement, the Village and the Employee agree as follows:

Section 1. Recitals.

The recitals above are incorporated into and are deemed to be an integral part of this Agreement.

Section 2. Appointment; Village Administrator Position.

A. General. The Village agrees to employ the Employee as Village Administrator. The Employee accepts the employment as Village Administrator and agrees to perform the functions and duties set forth in this Agreement and as further required and provided in the Municipal Code of the Village of Lake Bluff, as amended ("**Village Code**"), including, without limitation, Chapter 6B of Title I of the Village Code, and to otherwise perform the additional legally permissible and proper duties and functions as the Village shall from time to time assign.

The Code of Ethics promulgated by the International City/County Management Association ("**ICMA**") attached as **Exhibit A**, is incorporated into this Agreement and made a part of this Agreement. It is agreed that the ICMA Code of Ethics shall furnish additional principles to govern the Employee's and the Village's conduct and actions with regard to the Village Administrator.

B. Specific Duties and Responsibilities. The Employee shall perform all reasonable duties and activities commonly associated with the Village Administrator position, including, without limitation, the direction, supervision, and coordination of the administration of all departments, offices, and agencies of the Village, except as otherwise provided by law, and such duties as may be established by Village ordinance from time-to-time, including specifically Chapter 6B of Title I of the Village Code. The Employee shall engage in any and all other reasonable activities and shall perform the other legal, permissible, and proper tasks that may be assigned to the Employee by the Village. All duties, activities, and additional or other assigned activities and tasks shall be consistent with the Employee's background, training, and qualifications and within the range of tasks normally considered incidental to or implied by the Village Administrator position. The Employee shall report directly to the Village President and the Village Board. The Employee shall attend all Village Board meetings and other meetings as directed by the Village.

C. Conflict of Interest. In no event shall the Employee engage in any outside interest or income-producing endeavor that constitutes a conflict-of-interest under any applicable federal, state, or local statute, law, code, order, ordinance, rule, or regulation.

D. Abide By Policies. The Employee will abide by all legally permissible and proper policies and decisions of the Village, whether now or hereafter existing.

Section 3. Commencement; Term; Termination; Resignation; Severance Pay

A. Commencement. Employee shall begin his employment as Village Administrator under this Agreement on January 1, 2008 ("**Commencement Date**").

B. General Nature of Employment. The Employee shall serve at the pleasure of the Village. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Village to terminate the employment of the Employee at any time, subject only to the provisions set forth in this Agreement. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Employee to resign at any time his position as Village Administrator, subject only to the provisions set forth in this Agreement.

C. Termination Without Cause; Severance Payment. In the event that the Village, without cause, fails to reappoint or otherwise terminates the employment of the Employee, the Village shall pay the Employee a severance payment equal to 180 days of the Employee's then-annual base salary ("**Severance Payment**"). The Village shall provide the Employee with 45 days written notice of termination under this Subsection. The Severance Payment shall be paid in the manner requested by the Employee. If it shall be determined by the Employee that it would be beneficial from a retirement benefits standpoint to remain on the payroll of the Village during the 180-day period from the date of termination under this Subsection ("**Severance Period**") or for any portion of the Severance Period, the Employee may so choose. All health insurance benefits provided pursuant to this Agreement will continue during the Severance Period.

D. Termination For Cause. For purposes of this Agreement, "cause" shall exist (i) upon conviction or a plea of *nolo contendere* of an offense damaging the integrity or reputation of the Village; (ii) upon a finding by a court or by any administrative agency with competent jurisdiction of any malfeasance of office, moral turpitude, or misconduct under the statutes and laws of the State of Illinois regardless of whether the conduct requires removal from office; or (iii) upon the Employee's substantial and material failure to perform the Employee's duties under this Agreement and under the applicable provisions of the Village Code and the Illinois Compiled Statutes ("**Failure to Perform**"). No Severance Payment shall be due to the Employee if termination of Employee's employment is for cause, as defined in this Subsection.

E. Notice of Failure to Perform. The Village shall provide the Employee written notice of the Village's intent to terminate the employment of the Employee under this Agreement as a result of a Failure to Perform under Paragraph 3.D(iii) of this Agreement. The notice shall provide the Employee with not less than seven calendar days ("**Notice Period**") to request a meeting with the Village (represented, as designated by the Village, by the Village President, the Village Board, a committee of the Village Board, and/or any other representatives designated by the Village). The meeting, if requested, shall take place within 14 calendar days immediately after the date of the notice. The meeting, if requested, shall provide the Employee an opportunity to respond to the Failure to Perform identified by the Village as grounds for termination. ~~The Village may, but shall in no way be obligated to, provide the Employee an~~ opportunity to cure the Failure to Perform. The Village shall have the absolute right to terminate the employment of the Employee under this Subsection at any time after the Notice Period, if no meeting is requested, or at any time after the meeting.

F. Resignation. In the event that the Employee voluntarily resigns his position with the Village, the Employee shall provide a minimum of 60 days notice unless the Village and the Employee agree otherwise. No Severance Payment shall be due to the Employee if termination of Employee's employment is as a result of the Employee's resignation as provided in this Subsection.

G. Disability. If the Employee is permanently disabled or is otherwise unable to perform the Village Administrator duties as required under this Agreement due to personal sickness, accident, injury, mental incapacity, or health status for a period of three successive weeks, or for 15 business days over a 30 business day period, beyond any accrued sick leave, the Village shall have the right to immediately terminate the Employee's employment under this Agreement, subject to the Severance Payment obligations set forth in Subsection C of this Section; provided, however, that the Village shall have no obligation to make that portion of any required Severance Payment that is covered by benefits provided to the Employee under any

plan sponsored or paid for by the Village as a result of the Employee's medical condition meeting the applicable qualifications of that plan for long term disability benefits.

H. Accrued and Unused Benefits. In the event that the Employee's employment is terminated as provided in this Agreement, the Employee shall be compensated for any accrued and unused sick leave, vacation leave, holidays and other accrued benefits as provided in the Village of Lake Bluff Personnel Manual ("**Personnel Manual**").

Section 4. Compensation.

A. Base Salary; Annual Review. The Village will pay the Employee an annual base salary of \$142,500, payable in installments at the same time that the other management level employees of the Village are paid. ~~The Employee's compensation shall be adjusted from~~ time to time as the Village and the Employee may agree. Consideration for these adjustments shall be given by the Village no less than on an annual basis during the annual budget process so that adjustments can be made, if any, as of May 1 of each year during this Agreement. As part of consideration of increases or changes to the Employee's compensation under this Subsection, the Village shall provide the Employee with an annual performance review utilizing reasonably objective and defined standards to be established by the Village.

B. Deferred Compensation. The Village agrees to execute all necessary agreements provided by the ICMA Retirement Corporation (ICMA-RC) or other qualified Section 457 deferred compensation plan for the Employee's continued participation in a supplementary retirement plan. In addition to the base salary paid by the Village to the Employee under Subsection 4A of this Agreement, the Village will pay \$5,000 into the designated plan on the Employee's behalf, in equal proportionate amounts each pay period. The Village and the Employee will fully disclose to each other the financial impact of any amendments to the terms of the Employee's retirement benefit.

Section 5. Housing Assistance.

A. Relocation. Within a reasonable period of time after the Commencement Date, but in no event later than January 2, 2009, the Employee shall establish his place of residence within the corporate boundaries of Lake Bluff, Illinois. The Employee shall thereafter reside within the Village during his term of Employment as Village Administrator.

B. Moving Expenses. Upon submittal by the Employee of receipts and other documents reasonably requested by the Village, the Village will reimburse the Employee up to \$10,000 for reasonable and necessary moving-related expenses actually incurred by the Employee in establishing his new residence in Lake Bluff.

~~**C. Village Residence.**~~

1. Loan, Note, and Mortgage. The Village will provide a loan ("**Loan**") to the Employee in the amount of \$200,000 for a portion of the purchase price of a residence purchased by the Employee in Lake Bluff ("**Lake Bluff Residence**"). Except as provided in Paragraph 4 of this Subsection, the Loan will be without interest. The Village will pay this sum as directed by the Employee on the date of closing of the Lake Bluff Residence. The Loan will be evidenced by a promissory note that will be in substantially the form of **Exhibit B** to this Agreement ("**Note**"). The Note will be made by the Employee and any co-owner of the Lake Bluff Residence ("**Makers**"). The Note will be secured by a second mortgage on the Lake Bluff Residence ("**Second Mortgage**"). The Second Mortgage will be in substantially the form of **Exhibit C** to this Agreement. The Employee will provide the Village with evidence of the actual purchase price of the Lake Bluff Residence.

2. No Default. The Employee will not suffer or permit any first or prior mortgage on the Lake Bluff Residence to be in default.

3. Loan Payoff. The Loan will be due and payable upon the earlier of (a) the date of closing on the sale or other transfer by the Makers of any of their interest in the Lake Bluff Residence or (b) the date that is 180 days after the date of termination of the Employee's

employment as Village Administrator under this Agreement, whether voluntary or involuntary, with or without cause.

4. Interest. The Loan will not bear interest except in the event of any default by the Makers, individually or collectively, under the Note or the Second Mortgage. In the event of a default, the then-existing principal amount of the Loan will bear interest at the rate of nine percent per annum from the date of the default. In the event of a default, the Employee will pay the Village's cost of collection, including reasonable attorneys' fees.

5. Forgiveness. If the Employee remains employed by the Village as Village Administrator continuously for three years, then upon the third anniversary date of this Agreement (January 2, 2011), and each anniversary thereafter (so long as the Employee remains continuously employed by the Village as Village Administrator under this Agreement), \$5,000 of the original Loan value shall be forgiven by the Village and the Loan value reduced by that same amount.

6. Survival of Terms. The provisions of this Subsection shall survive the expiration or termination of this Agreement.

Section 6. Insurance and Leave Benefits.

A. Insurance.

1. General. Except as otherwise provided in this Agreement, the Village agrees to provide the Employee with all employee benefits and privileges (including health, dental, vision, and life insurance, Illinois Municipal Retirement Plan, vacations, sick leave) equivalent to that which is provided to all other management level employees of the Village of Lake Bluff under the Personnel Manual.

2. Timing of Group Health Insurance. The Employee's group health insurance coverage shall commence on the Commencement Date.

3. Life Insurance Amount. The amount of life insurance provided to the Employee by the Employer will be three times the Employee's annual base salary, which

insurance amount shall be adjusted to match any adjustments to the Employee's annual base salary as provided in Subsection 4.A of this Agreement.

4. Dependent Coverages. At the Employee's option, the Employee shall pay 20 percent of the total premium for dependent health, dental, and vision insurance coverage under the Village's benefits plan. The Village reserves the right to maintain or institute cost containment measures relative to insurance coverage so long as the level of insurance benefits remain substantially the same.

5. Section 125 Plan. The Village will contribute \$300 per year to the Employee's health care reimbursement account under the Village's benefit plan maintained by the Village pursuant to Section 125 of the Internal Revenue Code.

B. Leave.

1. General. The Employee shall be entitled to the normal terms and amounts of paid vacation leave per calendar year of employment as provided in the Personnel Manual, except that the Employee will be deemed to have accrued an initial 120 hours of paid vacation as of the Commencement Date.

2. Personal Days. The Employee shall receive and accrue four personal days per year.

3. Sick Leave. The Employee shall be entitled to the normal terms and amount of sick leave per calendar year of employment as provided in the Personnel Manual, including payout options upon termination of employment as Village Administrator, except that the Employee will be deemed to have accrued an initial five days of paid sick leave as of the Commencement Date.

4. Holidays. The Employee will not be required to work on federal and state of Illinois holidays, and the Village and the Employee acknowledge and agree that the number of paid Holidays shall be no less than eight days per year.

Section 7. Automobile.

The Village will pay to the Employee, during the term of this Agreement and in addition to other salary and benefits provided pursuant to this Agreement, \$400 per month as a vehicle allowance to be used to purchase, lease, or own, and operate and maintain a vehicle. The Employee is responsible for paying for liability, property damage, and comprehensive insurance coverage on the vehicle and for all expenses related to the purchase, operation, maintenance, repair, and regular replacement of the vehicle. The Employer will reimburse the Employee at the IRS standard mileage rate for any business use of the vehicle beyond the "greater Lake Bluff area." "The greater Lake Bluff area" is defined as locations within a 50 mile radius of the Lake-Bluff-Village-Hall.

Section 8. General Business Expenses.

The Village shall reimburse the Employee for all necessary and reasonable expenses incurred by the Employee in the performance of his professional duties and responsibilities as required pursuant to this Agreement, subject to the presentation of appropriate expense vouchers and supporting materials in accordance with the Village's applicable rules and policies and subject to review and approval by the Village. In addition to automobile expenses as provided in Section 6 of this Agreement, reimbursement under this Section shall include, without limitation, reimbursement for the reasonable cost and expense of travel related to Village business in accordance with the Village's policy for management employees. In order to maintain the Employee's professional standing and continued education, the Village agrees to pay the reasonable cost of the Employee's dues in professional city management associations and other reasonable and mutually agreed expenses of professional development ("**Professional Development Expenses**"). Professional Development Expenses shall include travel and other reasonable expenses necessarily incurred by the Employee in attending one in-state and one out-of-state professional development conference per year, in addition to

standard professional development lunches, meetings, and related activities within the greater Lake Bluff area.

Section 9. Outside Activities; Education.

A. **Outside Activities.** The employment provided pursuant to this Agreement shall be the Employee's sole employment. Recognizing that certain outside consulting or teaching opportunities may provide indirect benefits to the Village and the community, the Employee may elect to accept limited teaching, consulting or other business opportunities with the understanding that these arrangements will not interfere or conflict with the Employee's responsibilities under this Agreement and upon the Village's advance approval.

~~B. **Education.** The Village and the Employee acknowledge that the Employee is currently undertaking to complete the requirements to obtain a Masters in Public Policy Administration from the University of Missouri – St. Louis. On or before January 2, 2009, the Employee will complete all papers and other submittals necessary to satisfy the University's requirements for the Masters degree. The Employee will keep the Village apprised of the Employee's progress with regard to the obtaining Masters degree.~~

Section 10. Confidentiality

The Employee acknowledges that the Employee has had and will have access to confidential information ("**Confidential Information**") which is not generally known outside the corporation known as the Village of Lake Bluff. Confidential Information shall not include public documents or information that would otherwise constitute Confidential Information but which has become public. During his term of employment, and for two years following the termination of employment, the Employee covenants and warrants that, without the prior written authorization of the Village, the Employee will not directly or indirectly use, divulge, furnish, or make accessible 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, but instead will

keep all Confidential Information strictly and absolutely confidential except as otherwise provided in this Agreement.

Section 11. 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 shall at all times remain the property of the Village. The Employee covenants that, upon the termination of employment, the Employee shall not retain and shall return to the Village all of the business plans, financial data or reports, memoranda, correspondence and all other documents pertaining to the current or prospective business of the Village.

Section 12. Miscellaneous Provisions.

A. Notice. Any notice required or permitted to be given pursuant to this Agreement will be in writing and will be deemed given upon delivery of the notice in person or on the second day after posting by certified mail with postage prepaid and with return receipt requested, addressed as follows to the party to whom the notice is given, unless modified in any notice subsequently given by that party:

If to the Village:

Village of Lake Bluff -- Village President
40 East Center Avenue
Lake Bluff, Illinois 60044

If to the Employee:

Mr. R. Drew Irvin
317 North Catherine Ave.
LaGrange Park, Illinois 60526

B. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the Village Administrator employment and supersedes all prior written and oral agreements and understandings pertaining to the Village Administrator employment.

C. Amendments. No amendments, changes, modifications, alterations, or waivers of any provision of this Agreement will be valid unless made in writing and signed by the parties.

D. No Waiver. Any failure in the exercise of either party to enforce any provision of this Agreement shall not prejudice the party's right to demand strict performance or enforcement of any future performance required under this Agreement.

E. Assignment. This Agreement with respect to the Employee is personal in nature and the Employee will not assign this Agreement or any of the Employee's rights or obligations under this Agreement without the written consent of the Village.

F. Binding Effect. This Agreement is binding on the Employee and, pursuant to Illinois state statutes, this Agreement is binding on the Village and its successors and assigns.

G. Governing Law. The execution, validity, construction, interpretation, performance, and enforcement of this Agreement is governed by the internal laws, but not the conflict of laws rules, of the State of Illinois. Nothing in this Agreement is intended to abrogate the Employee's obligations under Illinois law.

H. Severability. In the event that any term of this Agreement is held unconstitutional, illegal, invalid, or unenforceable, in whole or in part, by a court of competent jurisdiction, neither the validity of the remaining part of the term, nor the validity of any other terms of this Agreement will in any way be affected.

I. Acknowledgements. The parties mutually acknowledge that they have entered into this Agreement voluntarily and have had an opportunity to have this Agreement reviewed by counsel of their choosing.

J. Effective Date. This Agreement shall be effective as of October 22, 2007.

Agreed to by Village:
Village of Lake Bluff, Illinois

By: 
Christine Letchinger, Village President

ATTEST:

By: 
Village Clerk

4851617_v4

Agreed to by Employee:


By: 
R. Drew Irvin, Village Administrator

EXHIBIT A

ICMA CODE OF ETHICS

ICMA Code of Ethics With Guidelines

The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in May 1998. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in July 2004.

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

Guideline

Advice to Officials of Other Local Governments. When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

Guidelines

Public Confidence. Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

Impression of Influence. Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

Appointment Commitment. Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of a member considering several offers or seeking several positions at the same time, but once a *bona fide* offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

Credentials. An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

Professional Respect. Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

Reporting Ethics Violations. When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

Confidentiality. Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

Seeking Employment. Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

Guideline

Length of Service. A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments concerning conditions of

employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

Guideline

Conflicting Roles. Members who serve multiple roles--working as both city attorney and city manager for the same community, for example--should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

Guidelines

Elections of the Governing Body. Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not engage in active participation in the election campaign on behalf of or in opposition to candidates for the governing body.

Elections of Elected Executives. Members should not engage in the election campaign of any candidate for mayor or elected county executive.

Running for Office. Members shall not run for elected office or become involved in political activities related to running for elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

Elections. Members share with their fellow citizens the right and responsibility to vote and to voice their opinion on public issues. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or

participate in fund-raising activities for individuals seeking or holding elected office.

Elections on the Council-Manager Plan. Members may assist in preparing and presenting materials that explain the council-manager form of government to the public prior to an election on the use of the plan. If assistance is required by another community, members may respond. All activities regarding ballot issues should be conducted within local regulations and in a professional manner.

Presentation of Issues. Members may assist the governing body in presenting issues involved in referenda such as bond issues, annexations, and similar matters.

8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

Guidelines

Self-Assessment. Each member should assess his or her professional skills and abilities on a periodic basis.

Professional Development. Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.
10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

Guideline

Information Sharing. The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions pertaining to appointments, pay adjustments, promotions, and discipline.

Guideline

Equal Opportunity. All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

12. Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.

Guidelines

Gifts. Members should not directly or indirectly solicit any gift or accept or receive any gift—whether it be money, services, loan, travel, entertainment, hospitality, promise, or any other form—under the following circumstances: (1) it could be reasonably inferred or expected that the gift was intended to influence them in the performance of their official duties; or (2) the gift was intended to serve as a reward for any official action on their part.

It is important that the prohibition of unsolicited gifts be limited to circumstances related to improper influence. In *de minimus* situations, such as meal checks, some modest maximum dollar value should be determined by the member as a guideline. The guideline is not intended to isolate members from normal social practices where gifts among friends, associates, and relatives are appropriate for certain occasions.

Investments in Conflict with Official Duties. Member should not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.

In the case of real estate, the potential use of confidential information and knowledge to further a member's personal interest requires special consideration. This guideline recognizes that members' official actions and decisions can be influenced if there is a conflict with personal investments. Purchases and sales which might be interpreted as speculation for quick profit ought to be avoided (see the guideline on "Confidential Information").

Because personal investments may prejudice or may appear to influence official actions and decisions, members may, in concert with their governing body, provide for disclosure of such investments prior to accepting their position as local government administrator or prior to any official action by the governing body that may affect such investments.

Personal Relationships. Members should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

Confidential Information. Members should not disclose to others, or use to further their personal interest, confidential information acquired by them in the course of their official duties.

Private Employment. Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior notification of the appointing authority is appropriate in all cases of outside employment.

Representation. Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

Endorsements. Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, whether or not for compensation. Members may, however, agree to endorse the following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by nonprofit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.

EXHIBIT B

NOTE

DRAFT
PROMISSORY NOTE

Lake Bluff, Illinois

_____, 2008

FOR VALUE RECEIVED, the undersigned makers of this Promissory Note, R. Drew Irvin ("Irvin") and _____ (collectively, "Maker"), hereby jointly and severally unconditionally promise to pay to the order of the Village of Lake Bluff, Illinois (the "Village") at its Village Hall located at 40 East Center Avenue, Lake Bluff, Illinois 60044 or such other place as designated by the Village in writing to Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of the greater of \$_____, for purpose of purchasing the property known as _____ and described on Exhibit A attached hereto (the "Secured Property"), pursuant to Section 5C of the Employment Agreement entered into between R. Drew Irvin and the Village dated October 22, 2007.

The indebtedness evidenced by this Promissory Note is secured by a Second Mortgage on the Secured Property, which mortgage is dated the same date as this Note and recorded in the office of the Recorder of Deeds for Lake County, Illinois (the "Second Mortgage").

The principal amount of this Promissory Note shall not bear interest except in the event of a default under this Promissory Note or the Second Mortgage, in which event the principal amount shall bear interest at a rate of nine percent per annum from the date of the default. Said principal amount shall be due and payable upon the earlier of 180 days after the date of the date of termination of Irvin's employment as Village Administrator under the Employment Agreement, whether voluntary or involuntary, or the date of closing on the sale or other transfer by Maker of their interest in the Secured Property.

In the event of a default by Maker under the Second Mortgage, the indebtedness evidence by this Note shall become immediately due and payable at the place of payment aforesaid and without prior notice.

To further secure the payment of said amount, Maker hereby authorizes, irrevocably, the Village's attorney to appear for Maker in any court of record, at any time after maturity, and confess a judgment, without process, in favor of the holder of this Promissory Note, for such amount as may be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

Maker hereby waives presentment for payment, notice of dishonor and protest.

This Promissory Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

MAKER:

R. Drew Irvin

Exhibit A

Legal Description of Secured Property

EXHIBIT C
MORTGAGE

4851617_v4

CAUTION: Consult a lawyer before using or acting under this form. Neither the publisher nor the seller of this form makes any warranty with respect thereto, including any warranty of merchantability or fitness for a particular purpose.

as Trustee, and to his successors in trust hereinafter named, the following described real estate, with the improvements thereon, including all heating, air-conditioning, gas and plumbing apparatus and fixtures, and everything appurtenant thereto, together with all rents, issues and profits of said premises, situated in the County of Lake and State of Illinois, to-wit:

Hereby releasing and waiving all rights under and by virtue of the homestead exemption laws of the State of Illinois.

Permanent Real Estate Index Number(s):

Address(es) of premises:

WHEREAS, The Grantor is justly indebted upon the principal promissory note bearing even date herewith, payable

upon the earlier of the following events: 180 days after the date of any notice of termination of Mr. Street's employment as the Village Administrator of the Village of Lake Bluff, whether voluntary or involuntary, the date of closing on the sale of the Premises, or Grantor's default under this agreement or the promissory note secured by this agreement.

THE GRANTOR covenants and agrees as follows: (1) To pay said indebtedness, and the interest thereon, herein and in said note or notes provided, or according to any agreement extending time of payment; (2) to pay when due in each year, or less, all assessments against said premises, and in demand; (3) to maintain, repair, rebuild, and keep in good condition, and to insure, all buildings or improvements on said premises that may have been destroyed, damaged, or destroyed; (4) that waste to said premises shall not be committed or suffered; (5) to keep all buildings now or at any time on said premises insured in companies to be selected by the grantee herein, who is hereby authorized to place such insurance in companies acceptable to the holder of the first mortgage indebtedness, with loss clause attached payable to the first Trustee or Mortgagee, and second, to the Trustee herein as their interests may appear, which policies shall be left and remain with said first Mortgagee or Trustee until the indebtedness is fully paid; (6) to pay all prior incumbrances, and the interest thereon, at the time or times when the same shall become due and payable; and

paid; (6) to pay all prior incumbrances, and the interest thereon, at the time or times when the same shall become due and payable; and (7) in the event of failure so to insure, or pay taxes or assessments, or the prior incumbrances or the interest thereon when due, the grantor or the holder of said indebtedness, may procure such insurance, or pay such taxes or assessments, or discharge or purchase any tax lien or file affecting said premises or pay all prior incumbrances and the interest thereon from time to time, and all money so paid, the Grantor agrees to repay immediately without demand, and the same with interest thereon from the date of payment at _____ per cent per annum shall be so much additional indebtedness secured hereby.

IN THE EVENT of a breach of any of the aforesaid covenants or agreements, the whole of said indebtedness, including principal and all earned interest, shall, at the option of the legal holder thereof, without notice, become immediately due and payable, and with interest thereon from time of such breach at the rate of 20% per annum shall be recoverable by foreclosure thereof, or by suit at law, or both, the same as if all of said indebtedness had then matured by express terms.

that the said GRANTOR has agreed to pay and discharge all expenses and disbursements paid or incurred in behalf of plaintiff in connection with the foreclosure hereof - including reasonable attorney's fees, outlays for documents, evidence, stenographer's charges, cost of procuring or completing abstract showing the whole title of said premises embracing foreclosure decree - shall be paid by the Grantor; and the like expenses and disbursements, occasioned by any suit or proceeding wherein the grantee or any holder of the part of said Indebtedness, as such, may be a party, shall also be paid by the Grantor. All such expenses and disbursements shall be an additional lien upon said premises, shall be taxed as costs and included in any decree that may be rendered in such foreclosure proceedings; which proceeding, when the decree of sale shall have been entered or not, shall not be dismissed, nor release hereof given, until all such expenses and disbursements, and the principal sum, including attorney's fees, have been paid: The Grantor for the Grantor and for the heirs, assigns and assigns of the said GRANTOR, do hereby ratify and confirm the above proceedings, and agree that upon the filing of the said complaint to foreclose this Trust Debt, the court in which such complaint is filed, may at once and without notice to the Grantor, or to any party claiming under the Grantor, appoint a receiver to take possession or charge of said premises with power to collect the rents, issues and profits of the said premises.

The name of a record owner is:

[illegible]

Witness the hand S. J. [Signature] and seal S. J. [Signature] of the Grantor this 10 day of February 1914.

(SEAL)

Please print or type name(s)
below signature(s)

Kent S. Street

(5EAL)

This instrument was prepared by Steven M. Elrod, Burke, Bosselman & Weaver, 55 West
Monroe Street (NAME AND ADDRESS) Suite 800, Chicago, IL 60603

SAMPLE FORM ON

✓ (7) To comply with the terms of the Employment Agreement entered into between Mr. Street and the Trustee dated _____, 1993.

STATE OF _____ }
COUNTY OF _____ } ss.

I, _____, a Notary Public in and for said County, in the
State aforesaid, DO HEREBY CERTIFY that _____

personally known to me to be the same person... whose name... subscribed to the foregoing instrument,
appeared before me this day in person and acknowledged that _____ signed, sealed and delivered the said
instrument as _____ free and voluntary act, for the uses and purposes therein set forth, including the release and
waiver of the right of homestead.

Given under my hand and official seal this _____ day of _____, 19_____.

(Impress Seal Here)

Notary Public

Commission Expires _____

BOX No. _____
SECOND MORTGAGE
Trust Deed

TO

GEORGE E. COLE
LEGAL FORMS