

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into effective as of the 5th day of August, 2010 ("Effective Date"), by and between the TOWN OF CAVE CREEK, ARIZONA, an Arizona municipal corporation ("Employer" or "Town"), and USAMA ABUJBARAH ("Town Manager" or "Employee").

RECITALS:

A. Employer is an Arizona municipal corporation and Employee is the current Town Manager of Town. Employee is a member of the International City/County Management Association ("ICMA") and is subject to the ICMA Code of Ethics.

B. Employer desires to continue to employ Employee as, and Employee desires to accept continued employment as, Town Manager of the Town of Cave Creek, Arizona, upon the terms and conditions set forth in this Agreement.

AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Employer and Employee (collectively, the "Parties," each a "Party") agree as follows:

1. Employment. Employer hereby employs Employee as Town Manager and Employee hereby accepts such employment from Employer upon the terms and conditions set forth below.

2. Services and Duties.

2.1 Employee's duties as Town Manager shall consist of those duties and obligations imposed upon the Town Manager by the Town Code, ordinances and regulations of Employer and those other duties and responsibilities delegated or assigned by the Town Council, from time to time, to Employee. Without limiting the foregoing, Employee's duties shall include the performance of all acts necessary and proper to attain the Town's policy objectives as established from time to time by the Town Council within the time limitations, if any, specified by the Town Council and within the constraints imposed by the Town's annual operating budget, capital budget, and periodic appropriations.

2.2 Employee shall faithfully, completely and accurately carry out and perform his duties in accordance with the highest professional and ethical standards of his profession and shall comply with all ordinances, rules, policies and regulations established or adopted by Employer from time to time.

2.3 Employee shall retain his membership in the ICMA for the term of this Agreement, and shall at all times govern himself in accordance with the ICMA Code of Ethics.

2.4 Hours of Work. It is recognized by the Parties that the duties of Town Manager require work outside of normal office hours and Employee agrees to devote the amount of time and energy necessary to carry out those duties with the highest degree of professionalism possible.

2.5 Outside Activities. Employee shall not engage in any non-Town connected business activity during the normal business hours of Town, except while on vacation, without the prior written approval of the Town's Mayor or direction of the Town Council. Employer agrees that occasional teaching, writing, or consulting work may be performed by Employee on Employee's time off, provided that such non-Town connected activities do not interfere with Employee's ability to faithfully, promptly and to the best of Employee's ability, experience and talent, perform all of his obligations under this Agreement, express or implied, to the satisfaction of Employer, in its reasonable discretion; and, provided further, that (i) no such activity shall involve a project, development or other activity which requires, or is likely to require at any time, review or approval by the Town Council or by any officer, agency, board or commission of the Town; and (ii) no such activity shall create a conflict of interest with the Town or create or give rise to a reasonable perception of such a conflict.

2.3 Other Terms and Conditions of Employment. Employer shall have the right to fix such other terms and conditions of employment relating to the performance of Employee as Employer may determine from time to time, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Town Code or any other applicable law.

3. Term; Termination. The term of this Agreement shall be for a period commencing on the Effective Date, and ending on the 4th day of August, 2012, subject to early termination or extension pursuant to the provisions in this Section 3 (the "Term"). As used herein, the term "Termination Date" means the date on which Employee's employment by Employer terminates under any provision of this Section 3.

3.1 Early Termination by Employer.

(a) Employee is employed at the will of Employer and nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employer to terminate Employee and this Agreement at any time, without cause, by delivery of written notice of such termination to Employee not less than ninety (90) days in advance of the Termination Date set forth in the notice, unless the Parties otherwise agree.

(b) In the event Employee is terminated pursuant to this Section 3.1 (i) Employer shall pay to Employee, in full and complete payment of all compensation due to Employee under this Agreement, (a) Employee's regular pay and benefits through the Termination Date, paid on the regular paydays of Employer, plus (b) an amount equivalent to five (5) months of Base Salary (as defined below) as severance pay, paid as a lump sum and conditioned upon Employee's execution of a release as provided below; plus (c) payment for all accrued vacation and one third (1/3) of Employee's accrued sick leave not used at the Termination Date.

(c) Contemporaneously with the delivery of the severance payment provided for in Section 3.1(b) of this Agreement, and as a condition to Employee's receipt of such severance payment,

(d) Employee agrees to execute and deliver to Employer a release (provided by Employer and in form and content acceptable to Employer), effective as of the Termination Date, releasing Town, its Town Council, officers, employees and agents of all claims that Employee may have against Town, its Town Council, officers, employees and agents, including, without limitation, claims arising out of alleged intentional acts or other misconduct committed by Town Council members and claims arising under Arizona or Federal law pertaining to equal employment opportunity, age discrimination, and discrimination on basis of disability. To the extent permitted by law, Employee hereby grants and delivers such release to the Town.

3.2 Early Termination by Employee. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from his position with Employer by delivery of written notice of such termination to Employer not less than ninety (90) days in advance of the Termination Date set forth in the notice, unless the parties otherwise agree in writing. If this Agreement is terminated pursuant to this Section 3.2, Employer shall pay to Employee, in full and complete payment of compensation due to Employee under this Agreement, Employee's regular pay and benefits through the Termination Date, on the regular paydays of Employer, and any accrued and unpaid expense reimbursement earned and attributable to any period prior to the Termination Date; provided, however, that notwithstanding any purported early termination by Employee, Employer may terminate Employee for cause at any time prior to the Termination Date specified by Employee, in which case Employee shall be entitled only to the compensation specified in Section 3.1 of this Agreement.

3.3 Early Termination Due to Death or Incapacity. This Agreement shall terminate upon the occurrence of the following events: (i) Employee's death occurring any time during the Term, in which event the Termination Date shall be Employee's date of death; or (ii) the permanent disability of Employee occurring at any time during the Term. For purposes of the foregoing, Employee shall be deemed to be permanently disabled if, by reason of any physical or mental condition, Employee is unable, in the judgment of the Town Council, to perform the essential functions of his duties under this Agreement, with or without reasonable accommodations. In the event this Agreement shall terminate pursuant to the provisions of this Section 3.3, Employer shall pay to Employee (or to Employee's estate or legal representative) in full and complete payment of all compensation due to Employee under this Agreement, the pro rata portion of any unpaid Base Salary through the Termination Date, any accrued and unpaid expense reimbursement and accrued vacation, and one third (1/3) of Employee's accrued sick leave not used prior to the Termination Date.

3.4 Extension of Term. The Town Council elected and sworn in at its first meeting in June, 2009 or any time thereafter may ratify this agreement and shall retain the authority to alter or change any of the provisions thereto.

3.5 Suspension. Employer may suspend Employee with or without full pay and benefits at any time during the Term, if, but only if, such suspension is permitted by law and:

a. Employer and Employee agree; or

b. A majority of the Town Council in attendance at a public meeting of the Council called to consider the issue or, at Employer's option, an executive session of the Town Council if permitted by law, vote to suspend Employee for just cause; provided that Employee shall have been given written notice setting forth the basis for any such prospective suspension at least ten (10) days prior to such hearing.

4. Compensation. For all services to be rendered by Employee under this Agreement, Employer will pay or cause to be paid or delivered to Employee only the following compensation and benefits:

4.1 Salary. Employer agrees to pay Employee an annual salary of \$112,500.00 (the "Base Salary"), payable in equal installments at the same time as other employees of the Employer are paid. Employer may (but is not obligated to) increase the Base Salary and/or other benefits of Employee in such amounts and to such extent as Employer may determine, from time to time, in its sole discretion, to be desirable on the basis of periodic performance reviews of Employee. Employee's annual salary shall be increased by the exact amount of any cost of living adjustment approved by Employer so long as said adjustment is applicable to all other Town employees.

4.2 Performance Review. Employer, prior to March 31st of each even numbered year, year shall review and evaluate the performance of Employee and shall conduct such a review and advise Employee of the results of that review in advance of any renewal of this Agreement. Employer's review and evaluation shall be in accordance with specific criteria developed by Employer, from time to time, in its sole discretion.

4.3 Automobile. Employee is required to be on call for twenty-four (24) hours service and must have access to a vehicle for Town business. Employer shall provide Employee with a suitable vehicle to which Employee shall have exclusive use for any and all Town business purposes. Employer shall be solely responsible for purchase, maintenance, insurance, taxes, fuel, and any other costs of operating or maintaining said vehicle, except for maintenance and repair expenses which are not covered by insurance and are caused by Employee's negligence, recklessness or intentional act or omission.

4.4 Personal Leave and Other Benefits.

4.4.1 Personal Leave. Employee shall be entitled to personal leave in accordance with Section 9.4 of the Town of Cave Creek Personnel Policy Manual, and in addition thereto on the 1st day of May, each year this Agreement is in effect, the Employee shall receive an additional twelve (12) days personal days (96 hours); provided, however, that Employee shall only take such personal days at such time or times that shall be approved in advance by the Mayor of Cave Creek and that shall not affect his duties under this Agreement or

the quality of services rendered pursuant to this Agreement. Employee shall accrue vacation in the same manner and at the same rate as other administrative employees of the Town.

4.4.2 Benefit Plans. Except as expressly provided herein, Employer will provide benefits to Employee in accordance with the Town's compensation and benefit plans as they now exist or are hereafter adopted or amended. Such benefits and compensation plans may, in the sole discretion of the Town, be changed or revoked at any time.

4.5 Insurance. Employee shall be provided full coverage for health insurance for Employee and family, to be paid in full by Employer, or at Employee's written request, Employer shall pay to Employee the amount that would otherwise be paid by both Employer and Employee so that Employee may secure his own health insurance (to meet Employee's needs). The Employer shall also provide to the Employee a term life insurance policy in the amount of \$100,000 during the course of employment.

4.6 Dues and Subscriptions. Employer agrees to budget and to pay a reasonable amount for the professional dues and subscriptions of Employee necessary for his continued full participation in any national, regional, state and local associations and organizations deemed necessary and desirable by Employer for the effective and professional performance of Employee's duties under this Agreement. Such organizations shall include, without limitation, the ICMA.

4.7 Expenses.

4.7.1. General Business Expenses. Employer will reimburse Employee upon submission of appropriate invoices, receipts, bills or other evidence of payment, for all ordinary and necessary business expenses directly incurred and paid by Employee in discharging his duties under this Agreement, if prior approval was given by Employer for such expenses.

4.7.2 Expenses for Professional Development. Employer agrees to budget for and to pay the travel and subsistence expenses of Employee for: (i) short courses and seminars deemed necessary or desirable by Employer for the effective and professional performance of Employee's duties under this Agreement, if prior approval was given by Employer for such expenses; (ii) professional and official travel expenses for meetings and other necessary functions for the benefit, or as representative, of the Town, including but not limited to, the annual conferences of the International City/County Management Association, the Arizona City Management Association, and such other national, regional, state and local governmental groups and committees on which Employee serves as a member, if prior approval was given by Employer for such expenses.

4.7.3 Records. Employee shall keep receipts and accurate records of all expenses and charges claimed to be reimbursable under this Agreement, which records shall be suitable in form and content both for Employer's records and for Internal Revenue Service purposes.

4.8 Tax Withholding. All amounts of Base Salary and other compensation, if any, payable to Employee under this Agreement shall be reduced by any amounts that Employer

is required to withhold with respect to such payments under the then applicable provision of any state, federal or local income or other tax laws, the so-called "FICA" laws, regulations or statutes of a like nature or any and all other state, federal or local laws of any kind or nature.

4.9 No Reduction of Benefits. Employer shall not at any time during the Term reduce the salary, compensation, or other financial benefits of Employee, except to the extent of a reduction across-the-board for all administrative employees of the Employer, which reduction Employer shall have the right to make, in its sole discretion, notwithstanding any provision in this Agreement to the contrary; provided, however, that in no event shall Employee's Base Salary be reduced during the Term.

5. Residency Requirement. During the Term, residency requirements shall be applied to and satisfied by Employee pursuant to the conditions stated in the Town Code, § 31.25 (A) (2).

6. Indemnification. In addition to any requirements imposed by state and/or local law, Employer shall defend, hold harmless, and indemnify Employee 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 Employee's duties as Town Manager, except to the extent caused by Employee's gross negligence, recklessness or intentional misconduct. Employer shall have the right to select and employ counsel to defend any such action and to compromise and settle any such claim or suit and shall pay (directly or through insurance) the amount of any settlement or judgment rendered with respect to such action.

7. Bonding. Employer shall bear the full cost of any fidelity or other bonds required of Employee under any law, ordinance or Town Council requirement. Employee shall complete all necessary applications and otherwise cooperate with Employer in applying for and obtaining such bond.

8. Return of Property. On the Termination Date, regardless of how or why this Agreement is terminated, or whenever otherwise reasonably requested by Employer, Employee shall immediately return to Employer any or all of Employer's property, tangible or intangible, real, personal or mixed, including, but not limited to, any such property that is in Employee's possession or under his control or which is used, produced or created by Employee in rendering services under this Agreement or otherwise, all of which Employee hereby acknowledges and agrees is and shall be the property of Employer.

9. Remedies. Except as expressly provided herein, the event of a breach of this Agreement by either party, the non-breaching party shall have all rights and remedies available at law, in equity or under the terms of this Agreement; provided, however, that in no event shall Employee have any right to punitive, exemplary consequential or multiple damages against Employer, except for treble damages which may be available to Employee under A.R.S. § 23-355 relating to the failure to pay wages when due.

10. General Provisions.

10.1 Employer Policies. To the extent not inconsistent with the Agreement, Employee acknowledges and agrees that he is bound by all of the Employer's employment policies applying generally to employees, as they may be adopted and/or modified by Employer from time to time in its sole discretion. In the event of an inconsistency between the Employer's employment policies applying generally to employees, and any provision of this Agreement, the terms of this Agreement shall control.

10.2 Binding Nature of Agreement; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors and permitted assigns. Employee acknowledges that the services to be rendered by Employee pursuant to this Agreement are unique and personal. Accordingly, Employee may not assign or transfer any of his rights or obligations under this Agreement without the prior written consent of Employer (which consent may be withheld by Employer in its sole discretion) and any purported assignment of Employee's rights or obligations without such consent shall be void and of no force or effect. This Agreement is made for the sole benefit of the Parties and their respective heirs, personal representatives, successors and permitted assigns and the persons identified in the release provision of Section 3.1 of this Agreement. Except as expressly provided in this Agreement, no other person or entity is intended to or shall have any rights or benefits under this Agreement, whether as third party beneficiaries or otherwise.

10.2 Entire Agreement; Amendment. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supercedes all prior and contemporaneous agreements, understandings, inducements and conditions express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by both Parties.

10.3 Governing Law; Choice of Forum. This Agreement is executed, delivered and will be performed in the State of Arizona and the substantive laws of the State of Arizona (without reference to choice of law principles) shall govern its interpretation and enforcement. Any action brought to interpret or enforce any provisions of this Agreement, or otherwise relating to or arising from this Agreement, shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa and each of the Parties irrevocably consents to jurisdiction and venue in such Court for such purposes.

10.4 Relationship Created. The relationship created by this Agreement shall be deemed and construed to be, and shall be, solely that of employer and employee and not of any other type or nature.

10.5 Attorneys' Fees. Should any proceeding or litigation be commenced between the Parties concerning the terms of this Agreement, or the rights and duties of the Parties under this Agreement, the prevailing Party in such proceeding or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for the prevailing Party's attorneys' fees, to be determined by the court, and not by the jury.

10.6 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, effective during the Term, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable, and this Agreement shall be reformed accordingly.

10.7 Further Assurances. Employee shall execute and deliver all other instruments and documents and shall take all other actions as Employer may reasonable request from time to time, before or after the execution of this Agreement, in order to effectuate the transactions provided for in this Agreement.

10.8 Construction. This Agreement is intended to express the intent of both Parties, and irrespective of the identity of the Party or counsel who prepared this Agreement or any draft of this Agreement, no rule of strict construction shall be applied against any Party. All words used in this Agreement shall refer to the appropriate number or gender, regardless of the number or gender stated.

10.9 Indulgences Not Waivers. Neither the failure nor any delay on the part of a Party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such rights, remedies, powers or privileges with respect to any other occurrence.

10.10 Costs and Expenses. Each Party shall bear its own costs, including counsel fees and accounting fees, incurred in connection with the negotiation, drafting and consummation of this Agreement and all matters incident to this Agreement.

10.11 Headings. The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

10.12 Recitals. The Recitals made and stated above are hereby incorporated by reference into, and made a part of, this Agreement.

10.13 Notice. Any notice, request, demand and other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when hand-delivered to the Party to whom it is addressed or upon the date noted upon the receipt for registered or certified mail, first class postage prepaid, return receipt requested, addressed as set forth below:

If to Town:

Town Council of Cave Creek
Attention: Mayor
37622 N. Cave Creek Road
Cave Creek, AZ 85331

With a copy to:

Mariscal, Weeks, McIntyre & Friedlander, P.A.
2901 North Central Avenue, Suite 200
Phoenix, Arizona 85012
Attention: Cave Creek Town Attorneys

If to Employee:

Usama Abujbarah
5785 E. Azure Hills Drive
Cave Creek AZ 85331

Any Party may alter the address or addresses to which communications or copies are to be sent to such Party by giving notice of such change of address in conformity with the provisions of this Section 10.13 for the giving of notice.

10.14 Prior Approvals. Unless otherwise required by law or expressly stated in this Agreement, in any case where the prior approval of Employer is required to authorize the incurrence of a job-related expense by Employee, the written approval of the Mayor of Cave Creek shall constitute approval by Employer.

10.15 Conflict of Interest. This Agreement is subject to, and may be terminated by Town in accordance with, the provisions of A.R.S. § 38-511.

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IN WITNESS WHEREOF, the Mayor, as duly authorized by the Town Council and on behalf of the Town, has signed and executed this Agreement and Employee has signed and executed this Agreement, both in duplicate as of the Effective Date.

TOWN COUNCIL OF CAVE CREEK, ARIZONA:

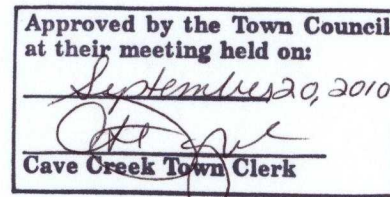
By: Vincent Francia
Vincent Francia, Mayor
Date: _____

TOWN MANAGER:

Usama Abujbarah
Usama Abujbarah
Date: 9/28/2010

ATTEST:

Carrie A. Dyrek
Carrie A. Dyrek, Town Clerk



APPROVED AS TO FORM:

MARISCAL, WEEKS, MCINTYRE AND
FRIEDLANDER, P.A.,

By: Maureen A. Pontelli
Town Attorneys