STATE OF NORTH CAROLINA

AGREEMENT

COUNTY OF BUNCOMBE

THIS AGREEMENT is made and entered into as of this 9th day of June, 2005, by and between the City of Asheville, a municipal corporation of the State of North Carolina (herein "Employer"), and Gary W. Jackson (herein "Employee").

W I T N E S S E T H :

WHEREAS, Employer desires to employ the services of Gary W. Jackson, as City Manager of the City of Asheville as provided by N.C.G.S. 160A-147 and in Section 19 of the Charter of the City of Asheville; and

WHEREAS, it is the desire of both parties to establish certain terms and conditions of employment and to set working conditions of said Employee; and

WHEREAS, it is the desire of the Council to (1) secure and retain the services of Employee and to provide inducement for him to remain in such employment, (2) make possible full work productivity by assuring Employee's morale and peace of mind with respect to future security, (3) act as a deterrent against malfeasance or dishonesty for personal gain on the part of Employee, and (4) provide a just means for terminating Employee's services at such time as he may be unable fully to discharge his duties due to age or disability or when Employer may otherwise desire to terminate his employment;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

I. DUTIES. Employer hereby agrees to employ said Gary W. Jackson as City Manager of said Employer to perform the functions and duties specified in said General Statutes of the State of North Carolina, the Charter and ordinances of the City of Asheville, and by policies heretofore and hereafter adopted by said City, and to perform other legally permissible and proper duties and functions as may be assigned by the City Council.

II. TERM.

A. Employee shall begin his employment with Employer on or before June 27, 2005.

B. The Employee shall serve at the pleasure of the City Council, and nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Council to terminate the services of Employee at any time, with or without cause, subject only to the provisions set forth in Section III of this Agreement.

B. 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, subject only to the provisions set forth in Section III of this Agreement.

III. TERMINATION AND SEVERANCE PAY

A. In the event Employee is terminated or discharged by the City Council and during such time the Employee is willing and able to perform his duties under this Agreement, then, and in that event, the Employer shall continue to pay to the Employee his then-existing salary, together with all other benefits on the regular payroll schedule of the Employer (i) until the expiration of 180 days from the date of termination or (ii) until such time as Employee accepts and commences employment with any other employer. Fringe and other benefits shall not be payable by the Employer to the Employee once Employee accepts and commences employment with any other employer.

Provided, however, that the Employer shall have no obligation to pay severance pay to the Employee so long as the Employer provides the Employee with at least six months prior notice of the Employee's termination. In the event that the Employer provides the Employee with less than six months notice, the responsibility of the Employer for severance pay shall be limited to the difference between six months and the amount of time for which notice is actually given.

The foregoing two paragraphs shall not be effective until 180 days from the date of beginning of Employee's employment.

Notwithstanding the above, in the event the Employee is terminated because of his conviction of any illegal act involving personal gain to him, a felony, or a misdemeanor which involves moral turpitude, then, and in that event, the Employer shall have no obligation to pay the severance sums designated in this Paragraph.

B. The Employee shall give the Employer sixty (60) days notice in advance in the event the Employee voluntarily resigns his position and appointment with the Employer, unless the parties mutually otherwise agree.

IV. SALARY AND BENEFITS

A. Employer agrees to pay Employee for his services rendered pursuant to hereto an initial base salary of One Hundred Forty Thousand Dollars ($140,000), payable in installments at the same time as other employees of the Employer are paid.

B. Employer agrees to contribute to an additional supplemental retirement plan such as a 401(k) Plan for the benefit of the Employee a sum equal to 5% of the Employee's base salary per year (or a pro-rated amount for any partial year of employment).

C. Employer agrees to provide Employee three weeks (15 days) paid vacation per year, said vacation leave to be prorated for any partial year of employment. Sick leave and other types of leave shall be as provided for City employees in the City's personnel policies.

D. Employer agrees to provide Employee with such other fringe benefits as other City employees receive, including paid holidays, medical and dental insurance, and participation in the North Carolina Local Government Employees Retirement System.

E. In addition, Employer agrees to increase said base salary and/or other benefits of Employee in such amount and to such extent as the City Council may determine that it is desirable to do so on the basis of an annual salary review of said Employee made at the anniversary date of his employment, or such other annual review date as may be agreed upon.

F. The Employee shall be responsible for all federal and state income taxes coming due by virtue of all salary and benefits paid pursuant to this Agreement.

V. PERFORMANCE EVALUATION

A. The Council shall review and evaluate the performance of the Employee at least once annually in advance of the adoption of the annual operating budget. Said review and evaluation shall be in accordance with specific criteria developed jointly by Employer and Employee. Said criteria may be added to or deleted from as the Council may from time to time determine, in consultation with the Employee. The Council shall provide the Employee an adequate opportunity for the Employee to discuss his evaluation with the Council.

B. In effecting the provisions of this Section, the Council and Employee mutually agree to abide by the provisions of applicable law.

VI. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

A. The Council shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the City Charter or any other law.

B. Employee shall relocate his residence to the City of Asheville within 60 days of beginning employment, and shall thereafter during his employment maintain his residence within the City.

VII. TRANSPORTATION. The Employee shall use his own private automobile for all local travel required to conduct City business. Employee shall be paid, in equal monthly installments, a monthly automobile allowance of $600. The amount of the automobile allowance may be adjusted annually by the City Council. Except as set forth hereinbefore, the Employee will not be reimbursed or otherwise compensated for costs of travel within Buncombe County.

VIII. ANNUAL PHYSICAL EXAMINATION. Employer agrees to reimburse Employee for the costs of an annual physical examination, to be performed by a physician of Employee's choice, provided said physician is an approved provider under the City's health plan, in an amount not to exceed $1000.00, to the extent that said expense is not covered by the City's health plan.

IX. DUES AND SUBSCRIPTIONS. Employer agrees to budget and to pay for the professional dues and subscriptions of Employee necessary for his continuation and full participation in national, regional, state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the Employer.

X. TRAVEL AND SUBSISTENCE.

A. To the extent not covered in Sec. VII, above, Employer hereby agrees to budget for and to pay the travel and subsistence expenses of Employee for professional and official travel, meetings, and occasions adequate to continue the professional development of Employee and to adequately pursue necessary official and other functions for Employer.

B. Whenever Employee intends to travel out of Buncombe County on City business overnight, he shall confer with the Mayor prior to such travel.

XI. INDEMNIFICATION. Employer shall, to the extent allowed by North Carolina law, and consistent with City policy, defend, save 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 City Manager, unless the conduct which results in such claim, demand or legal action arises outside the course and scope of the Employee's employment.

XII. BONDING. Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

XIII. INSURANCE; OTHER

A. Disability. To the extent not provided by Employer's health plan, Employer agrees to pay for a policy of general disability insurance sufficient to provide Employee with sixty percent (60%) of his base salary, in the event of a disability that continues for longer than 90 consecutive days.

B. Life insurance. To the extent not provided for by Employer or otherwise available to Employee as a City employee benefit, Employer agrees to pay for a policy of term life insurance with a death benefit amount of $140,000.

XIV. MOVING AND LIVING EXPENSES.

A. Employer agrees to reimburse Employee for all reasonable expenses associated with the move of the Employee's household furnishings and personal possessions from Fort Worth, TX, to Asheville, North Carolina upon submission to Employer by Employee of receipts for expenses so incurred, including one "house hunting" trip with his wife and children, not to exceed one week in duration.

B. Until such time as Employee has sold his home in Fort Worth, TX, the Employer shall pay to the Employee a housing allowance of $1,000.00 per month. Provided, however, that said housing allowance shall not be paid for more than a period of six months.

XV. 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 Employee.

C. This Agreement shall become effective commencing June 9, 2005.

D. As required by City policy as a condition of employment, Employee must, within 24 hours of execution of this Agreement, present himself for a pre-employment drug screen procedure to be conducted in accordance with the City's standards, at a place to be designated by Employer in the Fort Worth, TX, area. Satisfactory completion of this procedure, including negative results for screened substances, is required as a condition of employment. The results of said procedure shall be confidential pursuant to N.C.G.S. 160A-168.

E. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this

agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

F. This Agreement was executed under the laws of the State of North Carolina and shall be construed in accordance therewith.

G. This Agreement is not final, and Employee's appointment is not effective, until final action appointing Employee it taken by the Asheville City Council at an open meeting of the City Council.

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

Attest:

Magdalen Burleson

Magdalen Burleson, City Clerk
(official seal)

CITY OF ASHEVILLE

By: Charles R. Worley

Charles R. Worley, Mayor

Approved as to form:

Robert W. Oast, Jr., City Attorney

EMPLOYEE

Gary W. Jackson