

CITY MANAGER AGREEMENT

City of Horseshoe Bay

THIS CITY MANAGER AGREEMENT ("Agreement") is made and entered into effective the 15th day of October 2024, by and between the City of Horseshoe Bay, Texas, a Texas municipal corporation (the "City") and Jeffrey A. Koska (the "Manager").

WITNESSETH:

WHEREAS, the City and Manager entered into that certain City Manager Agreement dated October 15, 2024 whereby the Manager was employed by the City as its city manager;

WHEREAS, the Council, on behalf of the City, desires to continue to employ the services of the Manager, as the City Manager of the City ("City Manager"), pursuant to the terms, conditions and provisions of this Agreement;

WHEREAS, the Manager has agreed to accept continued employment as the City Manager, subject to the terms, conditions and provisions of this Agreement.

NOW, THEREFORE, the City and the Manager, for and in consideration of the terms, conditions and provisions hereinafter established have agreed, and do hereby agree as follows:

I. LEFT BLANK INTENTIONALLY

II. TERM

TERM. The term of this Agreement shall be for a period beginning on October 15, 2024 ("Commencement Date") and ending on October 15, 2027, unless terminated earlier pursuant to Part VII hereof.

2.2 EXTENSION. The City may, by written action of the Council, and with the consent and approval of the Manager, extend the term of this Agreement.

III. EMPLOYMENT

3.1 CHIEF ADMINISTRATIVE AND EXECUTIVE OFFICER. The Manager is the chief administrative and executive officer of the City and shall faithfully perform the duties of the City Manager as prescribed in the Home Rule Charter, job description, and City ordinances and, as may be lawfully assigned by the Council (collectively the "City Manager's Duties"). Further, the Manager shall comply with: state and federal law; all City policies, rules, regulations and ordinances as they exist or may hereinafter be amended; and, all lawful Council directives. All duties assigned to the Manager by the Council shall be appropriate to and consistent with the professional role and responsibility of the City Manager position.

3.2 DUTIES. The Council does hereby employ Manager as City Manager to perform the City Manager's Duties in accordance with the Home Rule Charter, ordinances and policies of the City and pursuant to all applicable laws and authorities. The Manager shall perform such other duties and responsibilities as the Council and/or the Mayor may direct. The Manager shall perform the City Manager's Duties with reasonable care, diligence, skill and expertise.

3.3 REASSIGNMENT. The Manager cannot be reassigned from the position of City Manager to another position without the Manager's prior express written consent.

3.4 INDEMNIFICATION. To the extent it is permitted by applicable law, the City agrees to defend, hold harmless, and indemnify Manager from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Manager in the Manager's individual or official capacity as an employee and as City Manager, but not including any acts committed by Manager outside the scope of his employment, acts constituting official misconduct, willful or wrongful acts or omissions, acts of gross negligence, or acts committed in bad faith.

3.5 HOURS OF WORK. The Manager acknowledges the proper performance of the City Manager's Duties require the Manager to observe normal business hours and to perform services outside of normal business hours. The Manager agrees to devote such additional time as is necessary for the full and proper performance of his duties and that the compensation herein provided includes compensation for the performance of all such services. The Manager shall remain in the exclusive employ of the City during the term of this Agreement; provided that, with the prior consent of the Council, he may accept outside professional employment which does not interfere with his duties hereunder. The term "outside professional employment" means professional services provided to third parties for which the Manager is compensated and which are performed on the Manager's time off.

IV. COMPENSATION

4.1 SALARY. The City shall provide the Manager with a gross annual salary in the sum of one hundred eighty-five thousand dollars (\$185,000). This annual salary rate shall be paid to the Manager in equal installments on the schedule as other City employees and shall be paid net of any applicable withholding or deductions required by applicable laws and authorities.

4.2 SALARY ADJUSTMENTS. At any time during the term of this Agreement, the Council may, in its discretion, review and adjust the salary of the Manager, but in no event shall the Manager be paid less than the salary set forth in Paragraph 4.1 of this Agreement, except by mutual agreement of the two parties.

4.3 PAID LEAVES - VACATION, SICK/PERSONAL AND HOLIDAYS. The Manager may take, at his choice, one hundred sixty (160) hours of vacation leave per year, either in a single period (not to exceed two consecutive weeks without the prior consent of the Mayor) or at different times. The vacation leave taken by the Manager will be taken at such time or times that will least interfere with the performance of his duties. The Manager is hereby granted the same sick/personal leave benefits and legal holidays authorized by Council policies for administrative employees.

4.4 BENEFITS - GENERAL. Unless expressly provided otherwise in this Agreement, in addition to those benefits specifically set forth herein, the Manager shall be entitled to the same benefits that are enjoyed by administrative employees of the City.

4.5 INSURANCE - HEALTH. The City agrees to pay the premiums for health, hospitalization, vision, dental and comprehensive medical insurance for the Manager and 65% of the cost for dependents pursuant to the group health care plan provided by the City for its administrative employees.

4.6 RETIREMENT BENEFIT. The City agrees to enroll the Manager in the City's retirement plan and to make the same level of contributions for the Manager or on his behalf as the City does for its administrative employees.

4.7 EXPENSES. The City shall pay or reimburse the Manager for reasonable expenses incurred by the Manager in the continuing performance of his duties under this Agreement, including actual and incidental costs incurred by the Manager for travel, hotels and accommodations, meals, mileage, rental car, and other normal and reasonable expenses incurred in the performance of the business of the City. The Manager shall comply with all procedures and documentation requirements and policies of the City.

4.8 BONDS. The City shall bear the full cost of any fidelity or other bonds required of the Manager under any law or ordinance.

4.9 CIVIC ACTIVITIES. The Manager is encouraged to participate in community and civic organizations and activities. The cost of his participation in such activities, when approved by the Council, shall be borne by the City.

4.10 CAR ALLOWANCE. The Manager shall receive a car allowance of \$600 per month paid with the last paycheck of the month.

4.11 LIFE INSURANCE. The City shall acquire and maintain a life insurance policy on the life of the Manager in the amount of \$150,000 with the beneficiary as designated by the Manager.

V. PROFESSIONAL GROWTH

5.1 PROFESSIONAL DUES AND SUBSCRIPTIONS. The City agrees to budget for and to pay for professional dues and subscriptions of the Manager necessary for continuation and full participation in state, regional, and local associations and organizations as necessary and/or desirable for the good of the City through the Manager's continued professional participation, growth and advancement.

5.2 PROFESSIONAL DEVELOPMENT TRAVEL. The City agrees to budget for and to pay for travel and subsistence expenses of the Manager for professional and official travel and meetings to adequately continue the professional development of the Manager and to pursue necessary official functions for the City.

5.3 PROFESSIONAL CONTINUING EDUCATION. The City also agrees to budget for and to pay for travel and subsistence expenses of Manager for short courses, institutes, and seminars that are necessary and/or desirable for the good of the City through the Manager's professional development.

5.4 PRIOR APPROVAL OF CITY COUNCIL. The Manager shall identify and obtain prior approval of the City Council for the specific dues, subscriptions, travel, education courses, seminars and similar professional growth expenses either by inclusion in the City's Annual Budget or by inclusion of same on a meeting agenda of the Council.

VI. PERFORMANCE EVALUATION

6.1 EVALUATION PROCESS. The Council shall review the Manager's job performance at least once annually, concurrent with the performance review schedule set for all City employees unless the parties agree otherwise. The annual performance reviews and evaluations shall be in writing and abide by the same grading scale as set for all City employees. The Council shall provide the Manager a reasonable and adequate opportunity to discuss with the Council and/or respond to the Manager's evaluation.

6.2 CONFIDENTIALITY. Unless the Manager expressly requests otherwise in writing, except to the extent prohibited by or in material conflict with applicable laws and authorities, the evaluation of the Manager shall at all times be conducted in closed session of the Council and shall be considered confidential to the maximum and full extent permitted by law. Nothing herein shall prohibit the Council or the Manager from sharing the content of the Manager's evaluation with their respective legal counsels,

VII. TERMINATION

7.1 TERMINATION EVENTS. This Agreement shall terminate upon any of the following:

- a. Mutual agreement of the Council and Manager in writing and signed by them;
- b. Retirement, resignation or death of the Manager;
- c. Termination of Manager's Employment for "good cause" (as defined in Paragraph 7.2 below);
- d. A Unilateral Severance (as defined and set forth in Section 7.3 below); or,
- e. Expiration of the term of this Agreement (see 7.4).

7.2 "GOOD CAUSE." For purposes of this Agreement the term "good cause" is defined as follows:

- a. Any willful, knowing, grossly negligent, or negligent breach, disregard or habitual neglect of any provision of this Agreement, or any willful, knowing, grossly negligent, or negligent breach, disregard or habitual neglect of any duty or obligation required to be performed by Manager under this Agreement, ordinances, policies of the City and/or the laws of the United States or the State of Texas, or the disregard or refusal of a specific direction of a majority of the City Council delivered to the Manager at a public meeting.

- b. Any misconduct of the Manager involving an act of moral turpitude, criminal illegality (excepting minor traffic violations), or habitual violations of the traffic laws, whether or not related to Manager's official duties hereunder.
- c. Any willful, knowing, grossly negligent, or negligent misapplication or misuse, direct or indirect, by the Manager of public or other funds or other property, real, personal, or mixed, owned by or entrusted to the City, any agency or corporation thereof, or the Manager in his official capacity.

7.3 UNILATERAL SEVERANCE. As the Termination Event identified in Part 7.1 d above, the Council may terminate the employment relationship and terminate this Agreement, at the pleasure of a majority of the Council, without good cause, upon giving the Manager at least seven (7) days written notice and payment to the Manager of the Severance Amount, Severance Benefits, and the Current Obligations described below.

The "Severance Amount" shall be equal to three months of the Manager's then current salary. The Severance Amount shall also include the value of any accrued but unused vacation computed on an hourly basis determined by dividing the Manager's then current annual salary by 2080 hours.

The "Severance Benefits" means, at the City's expense, continued health insurance benefit pursuant to Paragraph 4.5 of the Agreement, for a period of two months or if sooner, until the Manager obtains other full time employment and coverage through a group health insurance plan from the Manager's new employer.

The "Current Obligations" includes all salary and benefits under this Agreement payable or otherwise owing by City to Manager through and including the Severance Effective Date, which shall be the date specified in the written notice of termination.

Conditioned upon the City fulfilling its obligations to pay the Severance Amount, the Severance Benefits and the Current Obligations, upon a Unilateral Severance, the Manager waives and releases the Manager's rights to continued employment with the City and the parties waive and release the right to any appeal, mediation or arbitration hearing on the issue of good cause. In the event of a Unilateral Severance, the parties agree not to make disparaging comments or statements about each other.

7.4 EXPIRATION OF AGREEMENT. In the event this Agreement is not extended by the City and the Manager beyond October 15, 2027, the Agreement will expire with payment to the Manager of the Severance Amount and the Current Obligations.

The "Severance Amount" means three months of the Manager's then current salary. Such Severance Amount shall also include the value of any accrued but unused vacation computed on an hourly basis determined by dividing the Manager's then current annual salary by 2080 hours.

The "Current Obligations" includes all salary and benefits under this Agreement payable or otherwise owing by City to Manager through and including the expiration date.

VIII. GENERAL PROVISIONS

8.1 COMPLETE AGREEMENT. This Agreement sets forth and establishes the entire understanding between the City and the Manager relating to the employment of the Manager by the City. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written signed agreement may amend any provision of this Agreement during the term of this Agreement; such amendments shall be incorporated and made a part of this Agreement.

8.2 BINDING EFFECT. This Agreement shall be binding on the City and the Manager as well as their heirs, assigns, executors, personal representatives and successors in interest.

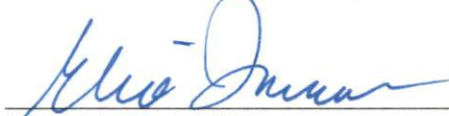
8.3 SAVINGS CLAUSE. If any term or provision of this Agreement, as applied to any party or to any circumstance, is declared by a court of competent jurisdiction hereof to be illegal, unenforceable or void in any situation and in any jurisdiction, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending provision in any other situation or in any other jurisdiction. The parties agree that the court or arbitrator making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases or to replace any illegal, unenforceable or void term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

8.4 CONFLICTS. In the event of any conflict between the terms, conditions and provisions of this Agreement and the applicable laws and authorities, then, unless otherwise prohibited by law, the terms of this Agreement shall take precedence over the contrary provisions of the Applicable Laws and Authorities during the term of this Agreement.

8.5 CONTROLLING LAW AND VENUE. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas and shall be performable in Llano and Burnet Counties, Texas, unless otherwise provided by law. Venue of legal matters shall be in Llano County, Texas.

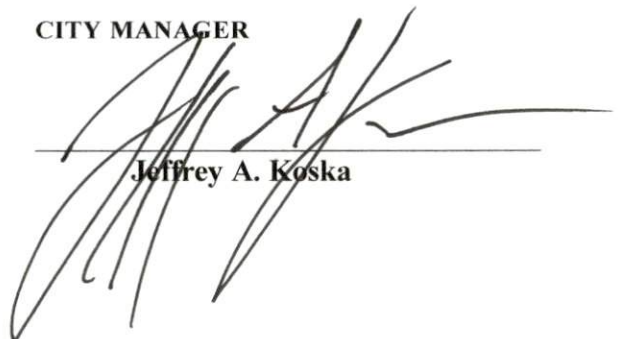
Executed effective the 15th day of October 2024.

CITY OF HORSESHOE BAY, TEXAS



Elsie Thurman, Mayor

CITY MANAGER



Jeffrey A. Koska