

**SEVERANCE AGREEMENT
(Stephanie L. Reyes, City Manager)**

This severance agreement (hereinafter referred to as the "Agreement") is made and entered to be effective August 19, 2025 (the "Effective Date"), by and between the City of San Marcos, Texas, a Texas home-rule municipality (hereinafter referred to as the "City"); and Stephanie, L. Reyes, City Manager (hereinafter referred to as "Employee"), both of which parties hereto understand and agree as follows:

WHEREAS, on the Effective Date, the City and Employee entered into a Restated Employment Agreement concerning the services of Employee (hereinafter referred to as the "Employment Agreement"); and

WHEREAS, the City Council of the City, finds it is in the best interest of the City to address any severance payment provided to Employee in the event the City decides to terminate Employee's employment during such time Employee is willing and able to continue performing the duties of the Employee pursuant to the Employment Agreement.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Employee agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of the Effective Date of this Agreement, and shall continue thereafter through the term of the Employment Agreement unless terminated sooner under the provisions hereof.

SECTION 3. AFFIRMATIVE OBLIGATIONS.

The City and Employee covenant and agree that while this Agreement is in effect, it shall comply with the following terms and conditions:

A. Termination without cause:

1. The City will pay Employee a lump sum cash payment for all base salary earned, earned unused vacation (the same as general employees), earned unused sick leave (up to 45 days), and other benefits that were earned but unused as of the last day of active employment.

2. The City will pay the Employee a lump sum cash payment equal to twelve (12) months' base salary.

3. City shall provide medical, dental, life and vision insurance at the same rate offered current active city employees for a maximum of five years, after which time the employee would then be offered benefits in accordance with all other retired employees.

4. The payments outlined above are contingent upon a waiver and release of all claims against the City in a form acceptable to the City.

B. Termination for cause: In the event Employee is terminated for cause as defined below, the City shall have no obligation to pay the severance pay and severance benefits designated in this

Agreement, with the exception of earned unused vacation (same as general employees), earned unused sick leave (up to 45 days), and other benefits that were earned but unused as the last day of active employment.

1. For purposes of this Agreement, "cause" shall include, without limitation, the following:

a. Misconduct in connection with the performance of any of Employee's duties, including, without limitation, misappropriation of funds or property of the City, securing or attempting to secure any personal profit or commercial advantage in connection with any transaction entered into by the City, any falsification or misrepresentation of fact, or any violation of law or regulation to which the City is subject; or

b. Conviction of a felony offense, or of a misdemeanor involving moral turpitude, whether committed within or outside the scope of Employee's employment hereunder.

C. Resignation by Employee:

1. The City will pay Employee a lump sum cash payment for all salary earned, earned unused vacation (the same as general employees), earned unused sick leave (up to 45 days), and other benefits that were earned but unused as of the last day of active employment.

2. City shall provide medical, dental, life and vision insurance at the same rate offered current active city employees for a maximum of five years, after which time the Employee would then be offered benefits in accordance with all other retired employees.

SECTION 4. TERMINATION.

This Agreement shall terminate automatically without further notice to Employee or City upon:

1. termination of the Employment Agreement; and/or
2. payment of the severance pay as provided in Section 3 of this Agreement by City to Employee, and consistent with the terms of the Employment Agreement.

SECTION 5. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

A. Amendments. This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment. No changes to the salary, benefits or terms in the Employment Agreement constitute an amendment to this Agreement.

B. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hays County, Texas. Venue for any action arising under this Agreement shall lie in the state courts of Hays County, Texas.

C. Assignment. This Agreement may not be assigned without the express written consent of the other party.

D. Caption Headings. Caption headings in this Agreement are for convenience

purposes only and are not to be used to interpret or define the provisions of the Agreement.

E. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.

F. Entire Agreement. This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

G. Severability. The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Agreement is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been included.

EXECUTED as of the Effective Date first stated above.

CITY:

EMPLOYEE:

By:

Jane Hughson, Mayor

Stephanie L. Reyes