

ADDENDUM

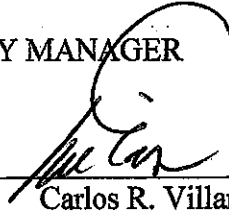
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CITY OF LAREDO CITY COUNCIL (the "City"), and CARLOS R. VILLARREAL (the "City Manager") hereby enter into this Addendum to the City Manager's Employment Contract ("City Manager's Contract") entered on April 2nd, 2013 as follows:

Paragraph 11 of the City Manager's Contract shall be amended and the following shall be added as an additional paragraph to Paragraph 11:

In the event that the City Manager is unable to retire or resign from employment because of his death during the term of employment with the City, the City shall pay all retirement benefits, including prorated and earned salary, accrued or credited sick and annual leave, earned employment retention incentive payment, and any job-related expenses (incurred but not paid to the City Manager) to the City Manager's spouse. If in the event that the City Manager's spouse does not survive the City Manager, then such retirement benefits shall be paid to the City Manager's designated beneficiaries. The City Manager shall submit his designated beneficiaries to the Human Resources department in the manner of written correspondence.

CITY MANAGER

By: 
Carlos R. Villarreal
City Manager

Date: 4/8/14

CITY OF LAREDO

By: 
Raul G. Salinas, Mayor

Date: 4/8/14

ADDENDUM


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Section 5 of the City Manager's Contract shall be amended and the following shall replace Section 5:

- A. Effective April 15, 2013, the City Manager shall be paid an annual base salary of Two Hundred Thirty Thousand Dollars and No Cents (\$230,000.00) in installments at the same time as all other employees of the City of Laredo are paid.

All other provisions of the City Manager's Contract executed on April 2, 2012 remain the same and are enforceable.

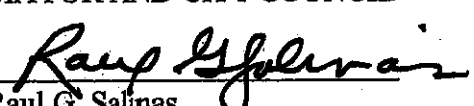
CITY MANAGER:



Carlos R. Villarreal
City Manager

Date: 4/15/13

MAYOR AND CITY COUNCIL



Raul G. Salinas
Mayor

Date: 4/15/13

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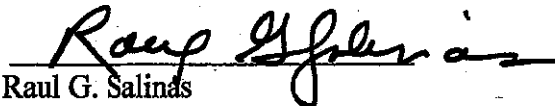
CITY MANAGER:



Carlos R. Villarreal
City Manager

Date: 4/15/13

MAYOR AND CITY COUNCIL



Raul G. Salinas
Mayor

Date: 4/15/13

**AGREEMENT FOR THE TERMS AND CONDITIONS OF EMPLOYMENT
FOR THE CITY MANAGER**

WHEREAS, the City of Laredo City Council ("City") desires to employ the services of Carlos R. Villarreal as City Manager ("City Manager") for an indefinite term as provided by Article III, Section 3.01 of the City Charter; and

WHEREAS, it is the desire of the City to provide certain benefits, establish certain conditions of employment and to set the working conditions of the City Manager; and

WHEREAS, it is the desire of the City to secure and retain the services of Carlos R Villarreal as City Manager and to provide inducement for him to remain in such employment, and make possible full work productivity by assuring his morale and peace of mind with respect to future security; and

WHEREAS, the City of Laredo and Carlos R. Villarreal wish to enter into this Agreement for the Terms and Conditions of Employment for the City Manager, ("Agreement"), as specified below:

Section 1. DUTIES

A. The City hereby employs Carlos R. Villarreal as the City Manager of the City of Laredo to perform the functions and duties specified by the City Charter, this Agreement, and to perform other legally permissible and proper duties and functions as the City Council shall from time to time reasonably assign to the City Manager consistent with the intent of this Agreement.

Section 2. TERM

A. The Term of this Agreement shall be indefinite and this Agreement shall be and remain in full force and effect until terminated by the City Manager or the City as herein provided (the "Term").

B. Nothing herein shall prevent, limit or otherwise interfere with the right of the City to terminate the services of the City Manager at any time, with severance pay as defined under Section 10. Nothing herein shall prevent, limit or otherwise interfere with the right to the City Manager to resign at any time from his position with the City.

Section 2. PERFORMANCE EVALUATION

The City Council shall review and evaluate the performance of the City Manager at least once annually following the adoption of the annual operating budget or at any other time the City Council shall so determine. Said review and evaluation shall be in accordance with specific goals and performance objectives as determined necessary for the proper operation of the City and which achieve the City Council's policy objectives, to be developed annually by the City Council and the City Manager. From time to time, said goals and objectives may be amended as the City Council in consultation with the City Manager may determine.

Both parties to this Agreement shall prioritize the goals and objectives. In the event the City Council deems that the evaluation instrument, format, and/or procedure, its amendments, or any goal is to be modified, such modification must be adopted at least nine (9) months prior to its implementation. Further, the City Council shall provide the City Manager with a written summary statement of the findings of the City Council and provide an opportunity for the City Manager to discuss his evaluation with the City Council.

B. In effecting the provisions of this Section, the City Council and the City Manager will abide by the provisions of all applicable laws.

Section 4. HOURS OF WORK

A. It is recognized that the duties of the City Manager require time outside of normal work hours and it is also recognized that the City Manager is required to devote that amount of time necessary to carry out those duties with the highest amount of professionalism. Further, it is recognized that the City Manager may be called upon twenty four (24) hours a day, seven (7) days of the week to discharge his duties. However, the City intends that City Manager be permitted additional annual leave of 5 days per year, which said days are subject to accumulation and may be carried over from year to year. The compensation herein provided in Section 5 includes compensation for the performance of all such services.

Section 5. SALARY AND ANNUAL SALARY REVIEW

A. The City Manager shall be paid an annual base salary of One Hundred Eighty Three Thousand Seven Hundred Forty Dollars and Forty One Cents (\$183,740.41) in installments at the same time as all other employees of the City of Laredo are paid. The City Manager shall be entitled to receive the same annual salary increase that non-civil service employees are provided by the City Council. The City Council shall pay the City Manager a car allowance of no more than \$500.00 per month, and a cell phone allowance of \$100.00 per month, and the City Manager may, at his option, request that such allowances be paid as salary. The City Manager shall be responsible for the purchase, maintenance, monthly payments, and all other costs associated with his vehicle or cell phone.

B. The City will increase the base salary and benefits of the City Manager in such amount and to such extent as the City Council may determine is desirable on the basis of an annual salary review, which said review shall occur at the same meeting when the City Manager is evaluated.

C. The term "annual aggregate salary" when referred to in this Agreement shall incorporate the City Manager's base salary, as reflected in Section 5A and the City Manager's car and cell phone allowance, if the City Manager opts to include such allowances as part of his salary within one (1) year of the date of this Agreement. The notice is sufficient if addressed and delivered to the Director of Human Resources Department.

Section 6. INSURANCE AND ANNUAL PHYSICAL

A. Health Insurance. The City Manager shall be covered by the same health plan as all other non-civil service employees, or such plans that are available through City and selected by City Manager, except that the City shall pay the employee share of premium/contribution for the City Manager. The term "non civil service city employee" as used throughout this Agreement, is meant to include only those employees who are not beneficiaries of the collective bargaining agreements between the City of Laredo and the police and fire departments. The City Manger may elect to submit to a complete

physical examination once per calendar year, including a cardio-vascular examination by a qualified physician selected by the City Manager, and City shall pay for any of the City Manager's co-pay and deductible to the City's health insurance plans.

B. Life Insurance. Subject to medical underwriting limitations, the City agrees to purchase and pay the required premiums for a life insurance policy for the City Manager in an amount equal to the City Manager's base salary. The City Manager shall designate the beneficiary of such policy.

C. Disability Insurance. Subject to medical underwriting limitations, the City agrees to put in force for the City Manager, and to make the required premium payments for, a disability insurance policy.

Section 7. SICK LEAVE, ANNUAL LEAVE AND HOLIDAYS

The City shall provide the City Manager with the same sick leave, annual leave, holidays and related benefits as those provided to non-civil service City employees. In addition, the City Manager shall earn one (1) additional annual leave day per month up to Twelve (12) days on an annual basis, which may accumulate and can be carried over from year to year if not used by the City Manager during the work year. There will be no cap on the City Manager's leave days, which said days carry over from year to year.

Section 8. DISABILITY AND RETIREMENT BENEFITS

The City shall provide the City Manager with the same retirement benefits as those provided to non-civil service city employees. Retirement contributions shall be covered and governed by the same retirement system as all other employees. The City shall also contribute to the City Manager's Retirement Plan up to the statutory annual deferral limit allowed by the City's 457 Plan (or any substitute plan). The City Manager may elect to pay any "Catch-Up" Limit allowed by the City's 457 Plan (or any substitute plan) out of his own salary provided that such election is made in accordance with the Plan's requirements.

If the City Manager voluntarily or involuntarily retires or is permanently disabled during the Term of the Contract, the City Manager shall be compensated for all sick and annual leave, then accrued or credited to the City Manager, and at the City Manager's option, shall be permitted to continue to participate in the City's health insurance plan at the cost of the City.

Section 9. PROFESSIONAL DEVELOPMENT AND EXPENSES

A. The City will budget and pay for travel and subsistence expenses of the City Manager for Professional and official travel meetings and occasions adequate to continue the professional development of the City Manager and to adequately pursue necessary official functions for the City including but not limited to the ICMA Annual Conference, the state league of municipalities and such other national, regional, state and local government group and committees thereof which he serves as a member.

B. The City will budget and pay for travel and subsistence expenses of the City Manager for courses, institutes and seminars that are necessary for his professional development and for the benefit of the City.

C. The City will budget and pay for the professional dues and subscriptions of the City Manager, necessary for his continued participation in national, region state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement as City Manager and for the benefit of the City.

Section 10. TERMINATION, SEVERANCE PAY, SUSPENSION AND RESIGNATION

A. In the event that the employment of Carlos R. Villarreal is involuntarily terminated by the City, and during such time he is willing and able to perform his duties, the City agrees to pay "Severance Pay" identified in A. (1) below, as well as other benefits comprising the "Severance Package" identified in A. (2)-(5) below, due within sixty (60) calendar days after his termination. Severance Pay as well as the Severance Package shall be paid according to the method detailed in A. (1). Additionally, the Severance Pay and Severance Package (specifically limited to A. (1)-(5)) shall be defined and limited as follows:

- (1) "Severance Pay" is defined as a lump sum cash severance payment in the amount of twelve (12) months of the City Manager's then current base salary and benefits, plus the value of sick and annual leave accrued by, or credited to, the City Manager prior to the termination except that no severance pay as defined herein will be paid by the City in those instances stated in Sections 10. B, C and F below.
- (2) All disability and/or retirement benefits identified under Section 7 above;
- (3) All reimbursement due to mileage already traveled as allowed under Section 12; and
- (4) Continued health benefits for himself, which are included in the City Manager's health plan.

B. In the event that Carlos R. Villarreal is terminated because he has been convicted of a crime, except for minor traffic offenses, the City shall have no obligation to pay the severance lump sum cash payment specified in Section 10. A. (1), above,

C. In the event that Carlos R, Villarreal is indicted or otherwise formally charged with a crime which constitutes a felony, or with a misdemeanor involving moral turpitude, then the City shall have the right to suspend the employment of Carlos R. Villarreal without compensation or benefits of employment and such action shall not constitute a breach of this Agreement by the City. This suspension shall remain in effect until such time as the criminal charges are resolved. The City shall have no obligation to pay the City Manager any compensation or benefits for the period of suspension.

D. For purpose of this paragraph, "involuntary termination" means;

- a. City Manager's discharge or dismissal by the Council upon the vote of majority of the Council;
- b. City Manager's resignation based upon a reduction in City Manager's salary or benefits by the Council;
- c. City Manager's resignation following written notice informing the Council of its failure to comply with any provisions of this Agreement.
- d. City Manager's resignation following a formal or informal suggestion for City Manager to resign or other expression of no confidence by a majority of the Council at a meeting; or

- e. City Manager's resignation following any other act suggesting that City Manager's services are no longer wanted by a majority of the City Council.

D. In the event that the City Manager's son, Carlos Villarreal, Jr., serves as the President of the Laredo Police Officers' Association (the "LPOA") or serves the LPOA in any capacity as Its negotiating agent or representative in matters dealing with the City of Laredo while Carlos Villarreal is the City Manager, the City reserves the right to terminate or reassign Carlos Villarreal and the City shall have no obligation to pay the Severance pay or any part of the Severance Package specified in this section.

Section 11. EMPLOYMENT RETENTION INCENTIVE

Upon the execution of this Agreement, the City Manager shall be entitled to receive a retention incentive upon his voluntary resignation from the City. The City shall pay the City Manager a retention incentive equal to twelve (12) month's salary based upon his current annual salary provided that the City Manager remains employed with the City through December 31, 2012. The City shall pay the City Manager a retention incentive equal to fifteen (15) month's salary based upon his then current salary provided that the City Manager remains employed with the City through December 31, 2013. And, if the City Manager remains employed with the City through December 31, 2014, the City Manager shall receive a retention incentive equal to eighteen (18) month's salary based upon his then current salary. The City Manager will give the City sixty (60) calendar days notice of his voluntarily resignation, unless a medical condition prevents him from doing so.

Section 12. GENERAL EXPENSES

The City recognizes that certain non-personal and job related expenses will be incurred by the City Manager and will budget and pay for said general expenses upon receipts of duly executed expenses or Petty cash vouchers, receipts, statements or personal affidavits. To facilitate such benefit the City shall issue to the City Manager a credit card in his name for his use for Payment of all such allowable expenses, both for himself and for other City employees or officials as he may deem necessary, and in conformance with City of Laredo credit card policies. The City will reimburse the City Manager for mileage travel outside of Webb County City business at the same rate set for other City employees who receive monthly automobile allowances.

Section 13. INDEMNIFICATION

To the extent Permitted under state law, the City shall defend, save harmless, and indemnify Carlos E. Villarreal against any tort, professional liability claim or demand or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Carlos R. Villarreal's duties as the City Manager, and shall obtain and keep in full force and effect liability insurance or risk pool coverage, including errors and omissions coverage on a "per occurrence" basis in sufficient amounts to assure accomplishment of such hold harmless and indemnification; provided that this section shall not be construed as creating any legal right cause of action, or claim of waiver or estoppels for or on behalf of any third party, nor shall it be construed as a waiver or modification of the availability of the defense of governmental immunity or any other legal defense available to either City or the City Manager as to any third party. The City hereby reserves the right to act at its sole discretion to compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon, to the extent permitted by law. This indemnification shall extend beyond and survive the termination of employment and the expiration of this Agreement.

Section 14. BONDING

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

Section 15. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

A. The City, in consultation and agreement with Carlos R. Villarreal, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to his performance provided such terms and conditions are not inconsistent with or in conflict with the City Charter, other law or with this Agreement without the consent in writing of both parties.

B. All provisions of the City Charter, city ordinances, codes, regulations and rules of the City relating to annual leave and sick leave, retirement and pension system contribution, holidays, and other benefits and working conditions as they now exist or hereafter may be amended or enacted, shall also apply to the City Manager as they would to other employees of the City, except to the extent increased or altered for the benefit of the City Manager as provided herein,

Section 16. NOTICES

Notices pursuant to this agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

- 1. EMPLOYER City of Laredo
 c/o Mayor and City Council
 City of Laredo
 1110 Houston Street
 Laredo, Texas 78040
- 2. EMPLOYEE Carlos R. Villarreal
 City of Laredo
 1110 Houston Street
 Laredo, Texas 78040

Alternatively, notices required pursuant to this agreement may be personally served in the same manner as is applicable to civil judicial practice, Notice shall be deemed given as of the date of Personal service or as of the date of deposit of such written notice in the course of transmission in the United State Postal Service.

Section 17. GENERAL PROVISIONS

A. The term "non-civil service City employee" as used throughout this Agreement, is meant to include only those employees who are not beneficiaries of the collective bargaining agreements between the City of Laredo and the police and fire department unions.

B. The text herein shall constitute the entire provision for conditions of employment and compensation for the City Manager.


C. This document shall be binding upon and inure to the benefit of the heirs at law and executors of the City Manager,

D. 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 force and effect.

E. This agreement shall be construed in accordance with and governed by the laws of the State of Texas. Venue shall lie exclusively in Webb County, Texas.

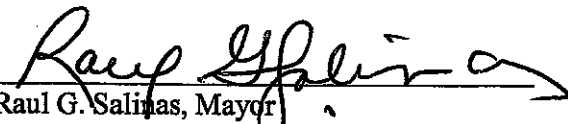
F. This agreement is intended as a full complete expression of, and constitutes the entire agreement between the parties with respect to the subject matter. All prior agreements, Promises, representations, terms and conditions, both oral and written, are merged and incorporated into this agreement, and no oral or written understandings, agreements, promises, representations, terms or conditions not specifically set forth in this agreement shall be binding upon the City and City Manager.

THIS AGREEMENT IS ACCEPTED AND EXECUTED IN DUPLICATE COPIES IN CONSIDERATION OF THE FOREGOING THIS 2d DAY OF APRIL 2012.



Carlos R. Villarreal
City Manager

Mayor and City Council



Raul G. Salinas, Mayor