

**AGREEMENT FOR MANAGEMENT SERVICES  
BETWEEN THE CITY OF SCHERTZ, CITY OF SEGUIN AND  
THE SCHERTZ/SEGUIN LOCAL GOVERNMENT CORPORATION**

**THE STATE OF TEXAS                   X**  
  **X       KNOW ALL MEN BY THESE PRESENTS:**  
**COUNTY OF GUADALUPE           X**

THIS SERVICES AGREEMENT, effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the **City of Schertz**, a municipal corporation, situated in Guadalupe, Comal and Bexar County, Texas, acting by and through its City Manager, (hereinafter referred to as “Schertz”); by and between the **City of Seguin**, a municipal corporation, situated in Guadalupe County, Texas, acting by and through its City Manager, (hereinafter referred to as “Seguin”) and the **Schertz/Seguin Local Government Corporation** (hereinafter referred to as the “SSLGC” or the “Corporation”) acting by and through its President and in accordance with Subchapter D of the Texas Transportation Corporation Act, Chapter 394 of the Texas Local Government Code, and the Texas Non-profit Corporations Act:

**WHEREAS**, a local government corporation may be created to aid and act on behalf of one or more local governments to accomplish any governmental purpose of those local governments; and

**WHEREAS**, the City of Seguin and the City of Schertz created the SSLGC to develop and operate a public water supply system; and

**WHEREAS**, a local government corporation may contract with a political subdivision of this state in the manner and to the same extent as any other corporation; and

**WHEREAS**, a state agency or a political subdivision may contract with a local government corporation to accomplish a governmental purpose of the sponsoring local government; and

**WHEREAS**, in 1999 the City of Seguin, the City of Schertz, and the SSLGC entered into a Regional Water Supply Contract; and

**WHEREAS**, in 2011 the SSLGC, the City of Seguin, the City of Schertz, and the City of San Antonio acting by and through its San Antonio Water System entered into a Mutual Regional Water Supply Contract; and

**WHEREAS**, in 2016 the City of Seguin, the City of Schertz, and the SSLGC entered into a Cost Allocation Agreement Relating to the Guadalupe Project; and

**WHEREAS**, in 2017 the SSLGC, the City of Seguin, the City of Schertz, and the City of San Antonio acting by and through its San Antonio Water System entered into the First Amendment to Mutual Regional Water Supply Contract; and

**WHEREAS**, in 2018 the City of Seguin, the City of Schertz, and the SSLGC entered into

a Tri-Lateral Agreement Relating to Water Sales.

**WHEREAS**, the City of Seguin, the City of Schertz, and the Schertz/Seguin Local Government Corporation desire that the SSLGC contract with the City of Schertz for the services of a General Manager, and an Assistant General Manager, to implement, administer, and carry out the duties required for the operations of the public water systems owned by SSLGC; and, that the SSLGC contract with the City of Seguin for the remainder of the employees utilized by the SSLGC and for administrative services for the SSLGC.

**WITNESSETH:**

That for and in consideration of the covenants, promises, and agreements set forth herein, it is mutually agreed as follows:

**I. PURPOSE**

It is the express purpose of this contract to have the SSLGC General Manager implement, administer, and carry out the duties required for the operations of the public water systems owned by SSLGC. Seguin's and Schertz's services under this agreement are subject to lawful oversight and direction by the SSLGC Board and the SSLGC General Manager. In performing its duties under this agreement, Seguin and Schertz shall act for the lawful benefit of SSLGC and not of any individual participant in the project.

**II. EFFECTIVE DATE AND TERM**

Subject to early termination as provided in Article IX below, this agreement shall be in effect for a period of twenty-one (21) months commencing **January 1, 2021** and ending **SEPTEMBER 30, 2022** unless otherwise renewed or extended at the discretion of both parties.

**III. DUTIES AND RESPONSIBILITIES**

**A. SEGUIN**

Seguin agrees to provide financial, human resource, information technology, and administrative services to SSLGC according to the terms of this Agreement. For the purpose of this contract, the SSLGC General Manager shall be charged with the responsibility of carrying out SSLGC's operations and program as adopted by the Board. Direct services Seguin shall perform for SSLGC shall include, but not be limited to:

1. Providing all necessary accounting and financial management through Seguin's Finance Department for the SSLGC Budget.

2. Providing all personnel administration services for all employees except the General Manager and Assistant General Manager. The General Manager shall be responsible for hiring, evaluation, and/or termination of personnel, who shall be City of Seguin employees; assigned to SSLGC; and subject to all personnel policies thereof. Seguin agrees the General Manager and Assistant General Manager of SSLGC shall be employees of Schertz, however, shall be assigned to SSLGC and shall be charged with the responsibility of carrying out SSLGC's management, operations, and programs as adopted by the SSLGC Board. Seguin agrees the General Manager may be hired/terminated as an employee by a 2/3 majority vote of the entire SSLGC Board, but as long as this Agreement remains in effect, the SSLGC Board shall consult with the Cities of Schertz and Seguin prior to hiring/terminating the General Manager. In addition, the General Manager will receive annual performance evaluations from the SSLGC Board and may be subject to certain disciplinary action directed by the SSLGC Board subject to Schertz administrative process. The General Manager's salary, to include cost of living/merit increases, shall be set by the SSLGC Board and all adjustments approved by the SSLGC Board. The General Manager shall recommend pay scales and salary changes to include but not limited to cost of living/merit increases for all SSLGC positions to the SSLGC Board for approval.

The SSLGC Board shall establish an annual holiday schedule for all positions serving the Corporation.

3. The City of Seguin Finance Department will work with the Staff to keep complete and current books and records of all SSLGC activities and provide SSLGC quarterly reports of its revenues, expenses and fund balance as requested.

The Staff will continue to revise, as needed, the internal tracking system for all of the SSLGC's operating and project contracts to ensure requests for payment are recorded and contract amounts are not exceeded.

4. Providing IT support for SSLGC office and personnel as required.
5. Providing risk management administration services in accordance with the requirements of SSLGC's bond resolution, the water supply agreement with the Cities of Schertz and Seguin, property and liability insurance, terms of this agreement, and directives of the Board.
6. Include the General Manager and Assistant General Manager (City of Schertz employees) on the City of Seguin's authorized purchasing list for SSLGC purchases only.
7. Seguin acknowledges that the SSLGC General Manager is responsible for supervision and leadership of all SSLGC Staff. He/She will develop, with Board approval, an organization chart and lines of responsibility for all leadership positions to include but not be limited to an Assistant General Manager, Operations Manager and Water Superintendent for the efficient and appropriate operations of the Corporation. These positions and/or others not named here shall be filled or left vacant by the General Manager as they see fit with the approval of the SSLGC Board.

8. The General Manager will perform the annual review process of all SSLGC Operations Personnel, be informed of; concur with any personnel actions; and provide for the annual review of the Assistant General Manager, Operations Manager and Administrative Staff.

## **B. SCHERTZ**

Schertz agrees to provide General Manager and Assistant General Manager staffing for administrative and program support (hereinafter referred to as the “Staff”) to the SSLGC as requested by the Board of Directors of the SSLGC (hereinafter referred to as the “Board”). During the term of this Agreement, the General Manager, as retained by Schertz with the consent of SSLGC and the City of Seguin, shall serve as General Manager of SSLGC as described in the SSLGC Bylaws (herein referred to as Bylaws). Direct services Schertz shall perform for SSLGC shall include, but not be limited to:

1. The General Manager will be responsible to implement, administer, and carry out the duties required for the operation of the public water systems owned by the SSLGC. Follow the provisions of the Bylaws, which are incorporated herein by reference, as may be amended from time to time, as closely as possible to ensure the SSLGC’s efforts are in line with the evolving water procurement and conservation needs of the Schertz/Seguin communities and SSLGC customers. Along with the City of Seguin, provide professional development and succession planning training to the General Manager to enable them to provide long term strategic leadership to SSLGC. General Manager services under this agreement are subject to input from Schertz and Seguin regarding appropriate oversight and direction, from the SSLGC Board. All contracts and management decisions affecting SSLGC will require SSLGC approval and will be governed by the terms of this Agreement. In performing its duties under this Agreement, the General Manager shall act for the benefit of SSLGC and not of any individual City.
2. Consistent with the Bylaws, the General Manager of SSLGC shall recommend policies and procedures to the Board for adoption by the Corporation as needed, including financial, accounting, and purchasing policies and procedures. Unless otherwise stipulated, the Staff shall follow the policies and procedures of the City of Seguin’s Department of Finance when conducting SSLGC financial business. The policies and procedures of the SSLGC Purchasing Policy shall be followed as closely as is feasible for any SSLGC project, except in cases where it is more advantageous to follow other permissible state law regarding bids and purchases for local government corporations.
3. The General Manager shall negotiate, administer and monitor all contracts on behalf of SSLGC with any qualified and appropriate person, association, corporation or governmental entity to perform and discharge designated tasks. The City’s Internal Auditor as selected by the SSLGC Board shall conduct an annual review of this Agreement.
4. The General Manager shall prepare a budget for the forthcoming year for review and final approval by the Board and both City Councils.

5. The General Manager will provide sufficient support staff for the operation of SSLGC programs. Schertz shall be responsible for the hiring, evaluation with SSLGC input, and/or termination of personnel, who shall be City of Schertz employees and subject to all personnel policies thereof. Schertz will serve as the employer of record for the General Manager and the Assistant General Manager. The General Manager and Assistant General Manager shall be considered Schertz employees for the purposes of payroll disbursement and all fringe benefits, including retirement, medical and life insurance, vacations, sick leave, holidays, and any other benefits normally extended to Schertz and Seguin employees. Costs incurred by Schertz for these benefits, and all salary for these two positions will be reimbursed by the SSLGC. The foregoing notwithstanding, Schertz may only hire, evaluate and/or terminate the employee who will provide General Manager services under this Agreement with the concurring vote of 2/3 of the entire board of directors of SSLGC.
6. The General Manager shall maintain records of SSLGC activities in accordance with the same state-mandated records retention schedule that is followed by Schertz.
7. The General Manager shall provide information on local, state, and federal permit and licensing requirements and act as a liaison between the SSLGC and other Schertz and Seguin departments.

### **III. COMPENSATION**

- A. Seguin. To compensate Seguin for the costs it will incur to perform the services described in this Agreement, SSLGC will reimburse Seguin the actual expenditures incurred, with the exception of Finance, HR and IT services, which will be a set annual fee paid quarterly, all not to exceed the SSLGC fiscal year 2020-2021 budgeted amounts.
- B. Schertz. To compensate Schertz for the costs it will incur to perform the services described in this Agreement, SSLGC will reimburse Schertz the actual expenditures incurred, all not to exceed the SSLGC fiscal year 2020-2021 budgeted amounts.
- C. Additional funding. Seguin and Schertz will have the right at any time during a fiscal year to seek additional reimbursement if the Cities reasonably determines that the budgeted amount is inadequate to compensate for the costs they incur on behalf of SSLGC in providing services under this agreement. Projected cash shortages resulting from unplanned costs related to the services to be provided under this agreement will be brought to the immediate attention of the SSLGC Board.

### **IV. RIGHT TO AUDIT**

SSLGC Board or General Manager will have the right during normal business hours upon three business days' prior written notice, to audit, examine, or reproduce any or all books and records of Seguin and Schertz related to the performance of its duties under this agreement.

## **V. NOTICE**

**SSLGC**  
**108 W. Mountain Street**  
**Seguin, Texas 78155**  
**(And designated as the location of the SSLGC Administrative Office)**

**CITY OF SEGUIN**  
**205 N River St**  
**Seguin, Texas 78155**

**CITY OF SCHERTZ**  
**1400 Schertz Parkway**  
**Schertz, Texas 78154**

## **VI. TERMINATION**

A. Generally. This Agreement may be terminated by Seguin, Schertz or SSLGC, in whole, or from time to time, in part, whenever such termination is determined by the Board or the Cities' Governing Body, as the case may be, to be in the best interest of SSLGC or the City. Termination will be effective ninety (90) days after delivery of Notice of Termination specifying to what extent performance or work under the Agreement has been terminated and specifying that the Agreement shall be terminated ninety (90) days after receipt by the notified party.

B. After receipt of a Notice of Termination Seguin and/or Schertz shall:

1. Stop work on the date as specified in the Notice of Termination to extent possible.
2. Place no further orders or subcontracts except as may be necessary for completion of the work not terminated.
3. Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination in so far as possible.
4. SSLGC shall pay expenses incurred through the date of termination.

## **VII. DISPUTE RESOLUTION**

If a dispute arises out of or relates to this Agreement or the breach thereof, the Parties shall first in good faith seek to resolve the dispute through negotiation between designated representatives of each respective Party. If such dispute cannot be settled through negotiation, the Parties agree to try in good faith to settle the dispute by mediation under the Commercial Mediation

Rules of the American Arbitration Association before resorting to litigation. Notwithstanding the foregoing, any Party may seek immediate equitable relief, without attempting to settle a dispute through mediation, in any case where such Party is entitled to equitable relief by law, the terms of the Agreement, or otherwise. All costs of mediation shall be assessed equally between the Parties with each party bearing their own costs for attorneys' fees, experts, and other costs of mediation and any ensuing litigation.

### **VIII. LIMITATION OF LIABILITY**

The Cities of Seguin and Schertz shall have no liability whatsoever for the actions of, or failure to act by, any employees, agents, representatives, or assigns of the SSLGC in connection with this Agreement, and the SSLGC covenants and agrees, to the extent permitted by law, that the SSLGC shall be solely responsible, as between the SSLGC and the Cities of Schertz and Seguin for and with respect to any claim or cause of action arising out of or with respect to any act, omission, or failure to act by the SSLGC or its respective contracted employees for whom Schertz is not the employer of record, agents, representatives, or assigns, in connection therewith.

Each Party reserves and does not waive any defense available to it at law or in equity as to any claim or cause of action whatsoever that may arise or result from or in connection with this Agreement. This Agreement shall not be interpreted nor construed to give to any third party the right to any claim or cause of action, and neither City nor the SSLGC shall be held legally liable for any claim or cause of action arising pursuant to or in connection with this Agreement except as specifically provided herein or by law.

Neither Party waives or relinquishes any immunity or defense on behalf of itself, its trustees, councilmembers, officers, employees, and agents as a result of the execution of this Agreement and the performance of the covenants and agreements contained herein.

### **IX. OFFICIALS NOT TO BENEFIT**

No public official of the governing bodies of Seguin; Schertz; or SSLGC who exercises any functions or responsibilities in the review or the approval of the undertaking or carrying out of any project hereunder, shall participate in any decision relating to the Agreement which affects his personal interest, nor shall he have any personal or pecuniary interest direct or indirect in this Agreement or proceeds thereof.

### **X. AGREEMENT:**

**This Agreement shall constitute the sole agreement between the Cities of Seguin, Schertz, and SSLGC relating to the object of this Agreement and correctly sets forth the complete rights, duties, and obligations of each party to the other as of its date. Any prior agreements, promises, negotiations or representations, verbal or otherwise, not expressly set forth in this Agreement are of no force and effect.**

WITNESS our hands to this AGREEMENT this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**SCHERTZ/SEGUIN LOCAL  
GOVERNMENT CORPORATION**  
108 W Mountain St  
Seguin, Texas 78155

**CITY OF SEGUIN, TEXAS**  
205 N River St  
Seguin, Texas 78155

\_\_\_\_\_  
Dudley Wait, President

\_\_\_\_\_  
Steve Parker , City Manager

ATTEST:

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, Secretary/Treasurer

\_\_\_\_\_  
Naomi Manski, City Secretary

**CITY OF SCHERTZ**  
**1400 Schertz Parkway**  
**Schertz, Texas 78154**

\_\_\_\_\_  
Dr. Mark Browne, City Manager

ATTEST:

\_\_\_\_\_  
Brenda Dennis, City Secretary