

STATE OF TEXAS

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SEVERANCE AGREEMENT

COUNTY OF DENTON

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This Severance Agreement (hereinafter referred to as the "Agreement") is made and entered to be effective the 28th day of August, 2025, by and between the City of Lake Dallas, Texas, a Texas home-rule municipality (hereinafter referred to as the "City "); and Luke B. Olson, the City Manager, (hereinafter referred to as "Manager") (collectively the "Parties"), both of which Parties hereto understand and agree as follows:

WHEREAS, on or about July 25, 2024, the City and Manager entered into an employment agreement concerning the services of Manager (hereinafter referred to as the "Employment Agreement"); and

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

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 Manager 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 Manager's Employment with the City, unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Agreement.** The word "Agreement" means this Severance Agreement, together with all exhibits and schedules attached to this Agreement from time to time, if any.
- (b) **City.** The word "City " means the City of Lake Dallas, a Texas home-rule municipality. For the purposes of this Agreement, City's address is 212 Main Street, Lake Dallas, Texas 75065.

- (c) **Effective Date.** The words "Effective Date" mean the date of the latter to execute this Agreement by and between the City and Manager.
- (d) **Employment Agreement.** The words "Employment Agreement" mean the Employment Agreement by and between the City and Manager, as amended.
- (e) **Manager.** The word "Manager" means Luke B. Olson, City Manager of the City of Lake Dallas, Texas.
- (f) **Term.** The word "Term" means the term of this Agreement as specified in Section 2 of this Agreement.

SECTION 4. AFFIRMATIVE OBLIGATIONS.

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

- (a) **Severance Pay.** If Manager is terminated in the first year of employment, as defined in Section 9, the City shall provide a one-time severance payment equal to 6 months' salary at the current rate of pay in return for a full and complete release to the fullest extent permitted by law from Manager in favor of City of any and all claims Manager may have against City. For each subsequent year of employment completed by Manager, the severance payment will increase by one month's salary, up to a maximum of one year's salary. Only after Manager signs and provides a signed release of claims shall severance be paid. The severance may be paid in a lump sum or equal monthly installments.
- (b) Manager shall not be entitled to the severance payment if the Manager is terminated for theft or embezzlement of City property or assets; violations of City's personnel manual; material falsification of expense reports; illegal use of drugs or similar substances, as regulated by the Texas Controlled Substances Act; immorality, which shall include conduct inconsistent with community standards, as determined by the city council; insubordination or failure of Manager to comply with lawful, written Mayoral or City Council directives; or conviction of a crime involving moral turpitude.
- (c) If Manager is terminated because of an arrest for a felony, a Class A or Class B misdemeanor, or a crime involving moral turpitude, then the payment of severance under this section shall be withheld pending final determination of that arrest charge. If the Manager is thereafter acquitted of all such charges (after any appropriate appeals), then City shall make the severance payment of Manager within thirty (30) days' notice of a final resolution of any such charges. If Manager is finally convicted of a felony, a Class A or Class B misdemeanor, or crime involving moral turpitude, then no severance payment will be paid.

SECTION 5. TERMINATION.

This Agreement shall terminate automatically without further notice to Manager or City upon: (1) termination of the Employment Agreement; and/or (2) payment of the severance pay as provided in Section 4(a) of this Agreement by City to Manager, and consistent with the terms of the Employment Agreement.

SECTION 6. 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.
- (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 Denton County, Texas. Venue for any action arising under this Agreement shall lie in the state courts of Denton 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.

SIGNED this the 28th day of August, 2025.

CITY OF LAKE DALLAS, TEXAS,
a Texas Home-Rule Municipality

By: 
Kristy Bleau, Mayor

CITY MANAGER

By: 
Luke B. Olson
4907-4744-4577, v. 1