

**EMPLOYMENT AGREEMENT  
CITY MANAGER, CITY OF HOLLISTER**

This Employment Agreement (“Agreement”) is entered into on \_\_\_\_\_, 202\_\_, by and between the City of Hollister (“City”) and Ana Cortez (“Employee”) (each a “Party,” collectively the “Parties”), with respect to the following Recitals, which are a substantive part of this Agreement:

RECITALS

- A. Employee has been selected by the City Council to serve as the new City Manager.
- B. Employee desires to become the new City Manager and City desires to appoint Employee to the City Manager position, subject to the terms of this Agreement.

NOW, THEREFORE, City and Employee agree as follows:

1. Employment. City employs Employee as the City Manager effective beginning on February 2, 2026. Employee serves at the pleasure of the City Council subject to the terms and conditions set forth below. Employee’s employment with the City as City Manager is at the mutual consent of both Employee and the City. There are no express or implied agreements contrary to the foregoing.

2. Term. This Agreement shall be in effect for a period of four (4) years beginning on February 2, 2026, unless terminated in accordance with Section 7 below. In the event of termination pursuant to Section 7, Employee shall not be entitled to any additional compensation except as provided in Section 7. This Agreement shall automatically rollover each year following the initial term of four (4) years unless Employee receives a written notice of termination one hundred eighty (180) days before the expiration of any extension.

3. Salary. Employee shall receive an annual base salary of Two Hundred Sixty-Five Thousand Dollars and Zero Cents (\$265,000.00). Employee may request a salary increase tied to positive performance as part of the annual evaluation process outlined in paragraph 6. Any such salary increase shall be approved by City Council pursuant to this Agreement and shall not require an amendment to this Agreement to be effective.

4. Duties and Professional Conduct of the City Manager. Employee shall have the powers and shall perform the duties prescribed in the Hollister Municipal Code for the City Manager. Employee shall also perform such additional responsibilities as may be assigned by the City Council. Employee shall adhere to the professional standards of conduct as prescribed by the International City Management Association, which is attached hereto and incorporated herein by reference as Attachment A.

5. Hours of Work. The City Manager is an exempt employee but is expected to engage in those hours of work that are necessary to fulfill the obligations of the City Manager’s position. The City Manager does not have set hours of work as the City Manager is expected to be available at all times. It is recognized that the City Manager must devote a great deal of time to the business of the City outside of the City’s customary office hours, and, to that

end, the City Manager's schedule of work each day and week shall vary in accordance with the work required to be performed. The City Manager shall spend sufficient hours on site to perform the City Manager's duties; however, the City Manager has discretion over the City Manager's work schedule and work location. After July 1, 2026, City Manager shall not spend more than 12 hours per month in teaching, consulting, speaking, or other non-City connected business for which compensation is paid without the express prior consent of the City Council. From the first day of the contract, City Manager shall make City business the priority over all teaching, consulting, speaking, or other non-City connected business.

6. Evaluation. Employee shall receive a performance evaluation in February of each year, beginning in 2027, during the Term of this Agreement, or more often as may be requested by the City Council. It shall be the responsibility of Employee to schedule those evaluations. Failure to evaluate shall have no effect on the rights, duties, and obligations of the Parties herein.

7. Termination and Severance.

a. Termination Without Cause. A three-fifths (3/5) majority of the entire City Council may terminate this Agreement at any time without cause by providing at least thirty (30) days' written notice to Employee. In the event of termination without cause, Employee shall be entitled to six (6) months' severance compensation. The severance will include the payout of all accrued vacation time, all accrued sick time, all accrued administrative leave time, the cash value of six (6) months long-term disability and six (6) months cash value of employer share of health benefits. Severance shall be paid in one lump sum or on the payroll schedule (Employee's preference) and in the same manner as the customary payout of earned benefits.

b. Termination for Cause. A three-fifths (3/5) majority of the entire City Council may terminate this Agreement immediately for cause. If Employee is terminated for cause, Employee shall not be entitled to severance compensation under this Section.

c. For Cause Defined. Cause shall be defined to include, but shall not be limited to, any of the following:

- 1) failure of the City Manager to observe or perform any of her duties and obligations, or failure to carry out a directive of the City Council, if that failure continues for a period of thirty (30) days from the date of her receipt of notice from the City Council specifying the acts or omissions deemed to amount to that failure;
- 2) repeated unexcused absences from the City Manager's office and duties;
- 3) conviction of a felony or a misdemeanor crime involving acts of moral turpitude under California law;

4) continued abuse of non-prescription drugs or alcohol that materially affects the performance of Employee's duties; and

5) breach of this Agreement.

d. Termination Defined. Termination shall mean removal from office or a request that the City Manager resign. Termination shall not mean a reduction of benefits generally applicable to all management employees.

e. Joint Statement. Upon either termination for cause, termination without cause, or resignation, an agreed joint statement shall be issued by the Parties. The City and the Employee agree that no member of the City Council, the City Management staff, nor the Employee, shall make any written, oral, or electronic statement to any member of the public, the press, or any City employee concerning the Employee's termination, except in the form of a joint press release or statement, the content of which is mutually agreeable to the City and the Employee. The joint press release or statement shall not contain any text or information that is disparaging to either Party. Either Party may verbally repeat the substance of the joint press release or statement in response to any inquiry. The sole remedy to any aggrieved Party for a violation of this Section shall be the payment to aggrieved Party by the other Party of One Thousand Dollars (\$1,000.00) per occurrence.

f. Resignation. Employee may choose to resign her office instead of being terminated if a decision by the City Council to terminate has been made in closed session. In such an event, the Joint Statement as provided for in paragraph 7e will note that the Employee has resigned and paragraph 7a will remain applicable.

g. Citywide Reduction in Salaries. The City Council may reduce the City Manager's Base Salary as part of a City-wide reduction in City employee salaries. If the City reduces the Base Salary or any other financial benefit of the City Manager at a percentage that is greater than the average reduction of all employees, such action shall constitute a termination of this Agreement without cause under paragraph 7a of this Agreement, and City Manager shall be entitled to severance.

8. Notice of Resignation. Employee shall provide to City at least thirty (30) days' written notice of her intent to voluntarily resign as the City Manager.

9. Conviction of Crime Involving Abuse of Office. Regardless of the term of this Agreement, if this Agreement is terminated, any cash settlement related to the termination shall be fully reimbursable to City if Employee is convicted of a crime involving an abuse of her office.

10. Benefits and Allowances. During the Term of this Agreement, Employee shall receive the City of Hollister Executive Management Unit Salary and Benefits for PERS retirement, annuities, deferred compensation, life and other insurance, expense and reimbursement allowances, medical, dental and vision plans, sick leave, compensatory time off, workers' compensation, and similar subsequent or replacement benefits, all in accordance with the terms and conditions thereof as adopted or approved by the City Council. The Employee is ineligible for the Cost-of-Living

Adjustment included as part of the City of Hollister Executive Management Unit Salary and Benefits. In addition, Employee shall also receive the following:

a. Employee will be provided with an additional retirement contribution up to two thousand two hundred dollars (\$2,200.00) annually to the Employee's eligible 457/401K account of their choosing. This additional retirement contribution will be the difference between five thousand nine hundred dollars (\$5,900.00) and Employee's surplus Flex Credits pursuant to Section 7C of the City of Hollister Executive Management Unit Salary and Benefits Plan.

b. Vacation will be accrued based on the following years of service:

1<sup>st</sup> through completion of 2<sup>nd</sup> year: 10 days of vacation accrued annually  
3<sup>rd</sup> through completion of 5<sup>th</sup> year: 15 days of vacation accrued annually  
6<sup>th</sup> through completion of 9<sup>th</sup> year: 20 days of vacation accrued annually  
Beginning of the 10<sup>th</sup> year: 25 days of vacation accrued annually

11. Professional Development. The City agrees to budget for and to pay membership fees/dues, conference/meeting registrations, and travel and subsistence expenses of Employee for professional development and official travel, meetings, and occasions adequate to continue her professional development and to adequately pursue necessary official and other functions of the City, including, but not limited to, the annual Conference of the League of California Cities ("LCC"), the LCC Spring City Manager's Department meeting, and annual ICMA Conference. Travel and conference expenses shall be reimbursed for reasonable expenses only and in accordance with the City's policies governing travel and conference expense reimbursement.

12. Expense Reimbursement. City shall reimburse Employee for actual and necessary expenses incurred within the scope of employment in accordance with City's reimbursement schedules and policies.

13. Duties and Professional Conduct of Members of the City Council. The City Council shall abide by the Hollister Municipal Code Chapter 2.04 and shall not unduly interfere with the City Manager's responsibilities as set forth in Municipal Code Chapter 2.08. Failure of any member of the City Council to follow the foregoing shall result in Employee's ability to immediately terminate this Agreement. Upon Employee terminating this Agreement, she shall be entitled to the same severance pay as set forth in paragraph 7a.

14. Indemnification. The City agrees to defend, hold harmless, and indemnify Employee, subject to the provisions and limitations set forth in Government Code section 825 et seq., against any and all claims, liabilities, expenses, or damages of any nature, including reasonable attorney's fees, arising out of or in connection with Employee's performance of the course and scope of this Agreement. The City may decline to defend Employee as permitted in the California Government Code. At its sole discretion, the City may compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered therefrom. The provisions of this Section shall survive the termination of this Agreement.

15. Notices. Any notices required or permitted by this Agreement shall be in writing and shall be personally served or shall be sufficiently given and deemed served upon the other Party if sent by United State Postal Service, first class postage prepaid, and addressed as follows:

TO CITY: City Council  
c/o City Attorney  
Lozano Smith  
733 Marsh Street, Suite 200  
San Luis Obispo, CA 93401

TO EMPLOYEE: Ana Cortz  
City Manager  
City of Hollister  
375 Fifth Street

Notices shall be deemed given as of the date of personal service or upon the date of deposit in the course of transmission with the United States Postal Service.

16. General Provisions.

a. Governing Law and Venue. This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of the State of California. The Parties also agree that, in the event of litigation, venue shall be the state courts located in San Benito County, California.

b. Entire Agreement. This Agreement contains the entire agreement and understanding between Employee and City with respect Employee's employment as City Manager. There are no oral understandings, terms, or conditions, and neither Party has relied upon any representation, express or implied, not contained in this Agreement.

c. No Assignment. Employee may not assign or transfer any rights granted or obligations assumed under this Agreement.

d. Modification. This Agreement cannot be changed or supplemented orally. It may be modified or superseded only by a written instrument executed by both of the Parties.

e. Effect of Waiver. The failure of the other Party to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

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f. Severability. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of the Agreement shall continue in full force and effect.

CITY

CITY MANAGER

\_\_\_\_\_  
Roxanne Stephens, Mayor

\_\_\_\_\_  
Ana Cortez

APPROVED AS TO FORM