

CITY MANAGER EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, made this 5th day of September, 2017, between the City of Laredo, Texas, hereinafter referred to as "City" and Horacio A. De Leon, Jr., hereinafter referred to as "City Manager."

WITNESSETH:

WHEREAS, the City of Laredo through its City Council desires to secure and retain the services of Horacio A. De Leon, Jr. as City Manager; and

WHEREAS, the City Council and Horacio A. De Leon, Jr. have negotiated the terms and conditions for employment as the City Manager for the City of Laredo; and,

WHEREAS, the City Council and the City Manager wish to set forth the terms governing their employment relationship in greater detail herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties agree as follows:

SECTION 1. APPOINTMENT

The City hereby appoints Horacio A. De Leon, Jr. 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

Horacio A. De Leon, Jr. is appointed by the City to serve as the City Manager for an indefinite term. Nothing herein shall prevent, limit, or otherwise interfere with the right of the City to remove the City Manager, or with the right of the City Manager to voluntarily resign. In accordance with the severance provision set forth in **Section 10** of the Agreement.

SECTION 3. PERFORMANCE EVALUATION

The City Council shall review and evaluate the performance and compensation 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's policy objectives, to be developed and agreed to in writing by the City Council and the City Manager. From time to time, said goals and objectives may be amended in writing as the City Council in consultation with the City Manager may determine. Further, the City Council shall provide the City Manager with a written summary statement of their findings and provide an opportunity for the City Manager to discuss his

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

The City Council and City Manager will jointly develop and agree to performance and evaluation metrics by October 8, 2017, and may use these to provide additional feedback on the City Manager's performance and in determining salary increases. Anonymous Employee Feedback Forms shall be prepared and distributed by the Human Resources Department to all Directors, Assistant City Managers, and the Deputy City Manager. One factor that the City Council shall consider in assessing the City Manager's yearly performance is the summary of those completed Employee Feedback Forms that were submitted to the Internal Auditor's Office for collection.

SECTION 4. HOURS OF WORK

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.

SECTION 5. SALARY AND ANNUAL SALARY REVIEW

A. The City Manager shall be paid an annual base salary of **(\$260,000.00)** 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 city employees are provided by the City Council. The City Council shall pay the City Manager a car allowance of no more than **\$1,200.00** per month and a cell phone allowance of **\$150.00** per month, 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 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 BENEFITS

A. Health Insurance.

1) **Health Coverage During Appointment.** For as long as Horacio A. De Leon, Jr, is the City Manager for the City, he shall be covered by the same health plan as all other non-civil

service city 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 Manager 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 co-pay and deductible to the City's health insurance plans.

2) **Health Coverage Following Appointment.** If the City Manager's Employment Agreement *is not* renewed after the first anniversary of his employment date, the City shall pay all costs associated with the Consolidated Omnibus Budget Reconciliation Act (COBRA PLAN) required to provide the City Manager and his dependents with continuous health insurance coverage for twelve (12) additional months. If the City Manager's Employment Agreement *is* renewed after the first anniversary of his employment date for a successive year, the City Manager shall be entitled to receive continuous health insurance coverage for the duration of his life.

B. Additional Insurance.

1) **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 annual aggregate salary. The City Manager shall designate the beneficiary of such policy.

2) **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.

3) **Travel Related Insurance.** The City further agrees to pay the required premiums for any other insurance policy selected by the City Manager in an amount of up to Five Million Dollars (\$5,000,000) if directly related to travel outside the continental United States for City business.

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.

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 that are 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. REMOVAL, RETENTION INCENTIVE PACKAGE, SUSPENSION, AND TERMINATION

A. **Removal.** In the event that Horacio A. De Leon, Jr. is removed from his appointment as City Manager pursuant to any of the provisions below, the City agrees to pay the "**Retention Incentive Package**" identified and defined in **Subsection B**, due within sixty (60) calendar days. For purpose of this section, the term "*remove*" shall be limited to one of the following:

- 1) City Manager's discharge by the Council at any time upon the affirmative vote of five (5) Council Members;
- 2) City Manager's discharge within six (6) months of receiving a notice of separation from the City through the Mayor;
- 3) City Manager's resignation within six (6) months of giving a notice of separation to the City through the Mayor;
- 4) City Manager's resignation at any time following a reduction in City Manager's salary or benefits by City through the City Council;
- 5) City Manager's resignation at any time after giving written notice to the City through the Mayor of its failure to comply with this Agreement;
- 6) 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; or

7) City Manager's involuntary retirement or permanent disability during the term of this Employment Agreement.

B. Retention Incentive Package. The City Manager's Retention Incentive Package shall include all of the following:

1) **Severance Payment.** A lump sum cash severance payment in an amount equal to **thirty-six (36) months' salary** based upon his then current annual aggregate salary if the City Manager is removed **prior to September 1, 2018**. If the City Manager is removed between **September 1, 2018 and August 31, 2019**, the City shall pay the City Manager a lump sum cash severance payment equal to **twenty-four (24) months' salary** based upon his then current aggregate salary. If the City Manager should be removed between **September 1, 2019 and August 31, 2020**, the City shall pay the City Manager a lump sum cash severance payment equal to **twelve (12) months' salary** based upon his then current aggregate salary;

2) **Leave Accrual.** Any and all sick and annual leave accrued by the City Manager prior to the removal; and

3) **Benefits.** All disability and/or retirement benefits identified under **Section 8** above; all reimbursement due to mileage already traveled as allowed under **Section 11** below; and, continued health insurance coverage in accordance with the provisions of **Section 6A2** above.

C. Suspension. In the event that Horacio A. De Leon, Jr. 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 Horacio A. De Leon, Jr. 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. Termination. In the event that Horacio A. De Leon, Jr. is terminated because he has been convicted of a crime, except for minor traffic offenses, the City shall have no obligation to pay the Retention Incentive Package specified in **Section 10B1** above.

SECTION 11. 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 payment of these costs, 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 for City business at rate set for other City employees who receive automobile allowances.

DSECTION 12. INDEMNIFICATION

To the extent permitted under state law, the City shall defend, save harmless, and indemnify Horacio A. De Leon, Jr. against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Horacio A. De Leon, Jr.'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 13. BONDING

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

SECTION 14. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

A. The City, in consultation and Agreement with Horacio A. De Leon, Jr., shall fix any such other term and condition 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 altered for the benefit of the City Manager as provided herein.

SECTION 15. NOTICES

Notices required pursuant to this Agreement 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 States Postal Service, postage prepaid, addressed as follows:

IF TO CITY:

City Council c/o Mayor Pete Saenz
1110 Houston Street
Laredo, Texas 78040

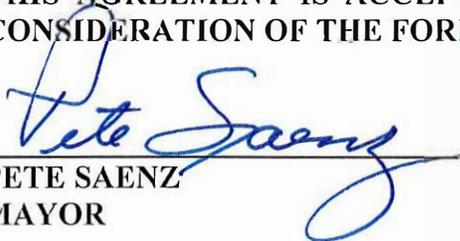
IF TO CITY MANAGER:

Horacio A. De Leon, Jr.
1110 Houston Street
Laredo, Texas 78040

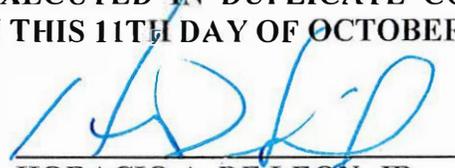
SECTION 16. GENERAL PROVISIONS

- 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 herein shall be binding upon City and City Manager.

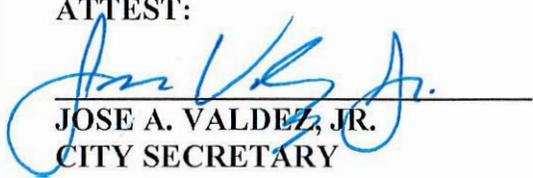
THIS AGREEMENT IS ACCEPTED AND EXECUTED IN DUPLICATE COPIES IN CONSIDERATION OF THE FOREGOING ON THIS 11TH DAY OF OCTOBER, 2017.



PETE SAENZ
MAYOR



HORACIO A. DE LEON, JR.
CITY MANAGER

ATTEST:


JOSE A. VALDEZ, JR.
CITY SECRETARY



APPROVED AS TO FORM:


KRISTINA K. LAUREL HALE
ACTING CITY ATTORNEY