

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON APPROVING AN AMENDED EMPLOYMENT AGREEMENT SETTING THE COMPENSATION AND TERMS FOR THE CITY MANAGER, SARA HENSLEY TO ALLOW FOR INCREASES TO BASE SALARY AND OTHER FINANCIAL AND NON-FINANCIAL COMPONENTS OF COMPENSATION WITHOUT FURTHER AMENDMENT OR RENEWAL OF SAID AGREEMENT; TO ALLOW PAYMENT TO EMPLOYEE IN LIEU OF UNUSED, ACCRUED SICK LEAVE FOR UP TO FIFTEEN (15) DAYS PER YEAR BEGINNING IN THE CURRENT FISCAL YEAR; TO PROVIDE AN ADDITIONAL FIFTEEN (15) DAYS OF PAID VACATION LEAVE TO BE ACCRUED IN THE CURRENT FISCAL YEAR.; AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT; AUTHORIZING THE EXPENDITURE OF FUNDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council appointed Sara Hensley as the City Manager of the City of Denton, Texas on March 1, 2022 in Ordinance Number 22-498, and approved an employment agreement with the City Manager setting the compensation and terms for the appointment (Original Agreement); and

WHEREAS, the City Council desires to amend Section 3 entitled Compensation to allow for increases to base salary and other financial and non-financial components of compensation to be determined annually without amendment or renewal of the Agreement; and

WHEREAS, the City Council desires to amend Section 5 entitled Compensation of the Original Agreement to allow payment in lieu of unused, accrued sick leave up to fifteen (15) days per fiscal year beginning in the current fiscal year.; and

WHEREAS, the City Council finds that the approval of the attached Employment Agreement, as amended, is in the best interest of the City of Denton; NOW, THEREFORE:

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The findings and recitations contained in the preamble of this ordinance are incorporated into the body of this ordinance.

SECTION 2. The City Council approves the amended Employment Agreement attached hereto.

SECTION 3. The City Council hereby authorizes the Mayor to execute the amended Employment Agreement setting forth the compensation and terms for the City Manager on behalf of the City.

SECTION 4. The City expenditures provided for in the Agreement are hereby authorized.

SECTION 5. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this Ordinance was made by [] and seconded by [].

This Ordinance was passed and approved by the following vote [__ – __ – __]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____


PASSED AND APPROVED this the _____ day of _____, 2025.

GERARD HUDSPETH, MAYOR

ATTEST:
LAUREN THODEN, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: _____
 Digitally signed by Susan Keller
Date: 2025.08.14 00:10:31 -05'00'

Employment Agreement

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Employment Agreement

This Employment Agreement (this "Agreement"), made and entered into this the 19th day of August, 2025 (the "Effective Date"), by and between the City of Denton, a Texas municipal corporation (hereinafter called "Employer"), and Sara Hensley (hereinafter called "Employee"), both of whom understand and agree as follows:

Section 1: Term

This Agreement shall remain in full force and effect from the Effective Date until terminated by the Employer or Employee as provided in this Agreement.

Section 2: Duties

- A. Employer employs the Employee as City Manager to perform the duties specified in the City of Denton Charter ("Charter") and City of Denton Code of Ordinances ("Ordinances") and the job description, and to perform other legally permissible and proper duties and functions of the position.
- B. All duties assigned to the Employee by the governing body shall be appropriate to and consistent with the professional role and responsibility of the Employee.

Section 3: Compensation

- A. Base Salary: Employer agrees to pay Employee an annual base salary payable in installments at the same time that the other employees of the Employer are paid. Any increase in base salary or other compensation shall adjust the base salary to the increased amount.
- B. Employee shall receive any salary increases that are provided or required by the Employer's compensation policies to include all salary increases on the same basis as applied to (a) other Council appointees, and (b) cost of living adjustments to full-time non-civil service employees.
- C. In addition, consideration shall be given on an annual basis to an increase in compensation.
- D. The compensation for employee includes both financial and non-financial components, including but not limited to items such as salary, benefit packages, vehicle allowance, paid time off, retirement contributions, professional development, or other similar types of compensation. Employer may add or increase other types of compensation in addition to or in lieu of a base salary increase. Any base salary or other compensation increase shall not require or be considered a new agreement, renewal, or renegotiation of this Agreement.

Section 4: Health, Disability, and Life Insurance and Other Benefits

- A. The Employer agrees to make available medical, vision, dental and other benefits and working conditions for the Employee and his/her dependents on the same basis as which such benefits are made available to other full-time employees of the City of Denton, in addition to any benefits specifically enumerated in this Agreement for the benefit of Employee.
- B. The Employer agrees to provide term life insurance for the Employee on the same basis of base salary percentage as it provides to other City directors and above. The Employee can name the beneficiary of the life insurance policy.

Section 5: Vacation, Sick, and Military Leave

Employee shall accrue sick leave and vacation leave on an annual basis, at a minimum, at the same rate as other regular full-time non-civil service employees of the City of Denton, except that Employee will receive an additional 40 hours of paid vacation leave. There shall be no cap on accruals of either sick leave or vacation leave, and all accrued, unused vacation leave and sick leave shall be paid to Employee at Employee's then-current rate upon separation or retirement. The Employee shall be entitled to military reserve leave time pursuant to applicable law and policy.

Employee may elect to receive payment in lieu of unused, accrued sick leave up to fifteen (15) days per year of employment beginning in the current fiscal year.

Employee shall receive an additional fifteen (15) days of paid vacation leave to be accrued in the current fiscal year.

Section 6: Automobile

The Employer agrees to pay to the Employee, during the term of this Agreement and in addition to other salary and benefits herein provided, the sum of Seven Thousand Two Hundred Dollars (\$7,200) per year, payable monthly, as a vehicle allowance to be used to purchase, lease, or own, operate and maintain a vehicle. The Employee shall be responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle. The Employer shall reimburse the Employee at the IRS standard mileage rate for any business use of the vehicle beyond the greater DFW area. For purposes of this Section, use of the car beyond the greater DFW area is defined as travel to locations outside a fifty (50) mile radius of the City of Denton limits.

Section 7: Retirement

Employee will continue enrollment in the Texas Municipal Retirement System ("TMRS"). Employer agrees to make all TMRS contributions on the Employee's behalf, including the amount normally deducted from the wages of an employee as well as the Employer's share.

In addition to the base salary paid by the Employer to Employee and the amount paid to TMRS on behalf of Employee, Employer agrees to pay an amount (consistent with the IRS regulations) as determined by the Employer, but equal to at least six percent (6%) of Employee's base salary into a retirement plan offered by the City of Denton and designated by the Employee on the Employee's behalf. From time to time, at the Employer's sole discretion as it deems necessary and appropriate (consistent with IRS regulations), the Employer may increase the amount paid into a retirement plan offered by the City. However, if six percent (6%) exceeds the allowable contribution for the Employee under law, the Employer shall contribute an amount that is equal to maximum contribution under law and the remainder shall be paid to the Employee in a lump sum as taxable compensation. The Employer shall adopt a qualified 401(a) defined contribution plan for the Employee. The 401(a) plan shall be established as an employer-paid plan with contributions by the Employer. The 401(a) plan shall be established under a written plan document that meets the requirements of the IRS Code and such document is hereby incorporated herein by reference. The funds for the 401(a) plan shall be invested in such investment vehicles as are allowable under the IRS Code and the Employee shall make the sole determination as to how the funds are invested.

Employee may participate in the 457 deferred compensation plan to the same extent as all other employees.

If Employee retires pursuant to a qualified retirement plan, Employee shall be permitted to continue to participate in the City's health insurance plan on the same basis as other retirees from the City are permitted to do so, or, if such other retirees are not permitted to do so, at the cost of Employee.

Section 8. General Business Expenses

- A. Employer agrees to budget and pay for professional dues and subscriptions of the Employee necessary for continuation and full participation in national, regional, state, and local associations, groups, organizations, and committees necessary and desirable for the Employee's continued professional participation, growth, and advancement, and for the good of the Employer. Employer further agrees to pay reasonable expenses associated with participation at the functions of such organizations.
- B. Employer also agrees to budget and pay for distance learning programs and travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for the Employee's professional development and for the good of the Employer.

- C. Employer recognizes that certain expenses of a non-personal but job-related nature will be incurred by Employee, and agrees to reimburse or to pay for those general expenses. These expenses may include meals where Employer business is being discussed or conducted and participation in social events of various organizations when representing the Employer. These expenditures are subject to annual budget constraints as well as state and Employer ethics and purchasing policies. The finance director is authorized to disburse moneys to pay these expenses as a per- diem amount in accordance with GSA rates or upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits.
- D. The Employer acknowledges the value of having Employee participate and be directly involved in local civic clubs or organizations. Accordingly, Employer shall pay for the reasonable membership fees and/or dues to enable the Employee to become an active member in local civic clubs or organizations.
- E. The Employer shall provide the Employee with all equipment customary and necessary for performance of his or her employment, including computer, internet service, and mobile telephone, at the sole cost and expense of the City. Except for *de minimis* use, Employee may use the equipment only as provided by Employer's applicable policies.

Section 9. Involuntary Termination

A. For the purpose of this Agreement, involuntary termination shall occur when:

- 1. The majority of the governing body votes to terminate the Employee at a properly posted and duly authorized meeting of the governing body.
- 2. If the Employer, citizens or legislature acts to amend any provisions of the Charter pertaining to the role, powers, duties, authority, responsibilities of the Employee's position that substantially changes the form of government or the duties of the Employee, the Employee shall have the right to declare that such amendments constitute involuntary termination.
- 3. If the Employer reduces the base salary, compensation or any other financial benefit of the Employee, unless it is applied in no greater percentage than the average reduction of all employees, such action shall constitute a breach of this Agreement and will be regarded as a termination.
- 4. If the Employee resigns at the request of the Employer, whether formal or informal, then the Employee may declare an involuntary termination as of the date of the request.

B. The Employer may terminate the Employee with or without good cause, at any time. C. For purposes of this Agreement the term "good cause" is defined as follows:

- 1. Conviction of a felony; or
- 2. Knowingly falsifying records or documents related to the Employer's activities.

Section 10. Severance

Employer must pay severance as described below to the Employee when employment is involuntarily terminated without good cause.

- A. Employer shall provide a minimum severance payment equal to all amounts then due and owing to the Employee, plus twelve (12) months' salary at the then-current rate of pay, less customary payroll deductions. This severance shall be paid in a lump sum or in a continuation of salary on the existing biweekly basis, at the Employee's option.
- B. The Employee shall also be compensated for all accrued vacation leave and sick leave.
- C. If Employee elects to receive severance in a continuation of salary, insurance and other benefits set forth in Section 4, leave accruals set forth in Section 5, contribution to retirement in accordance with Section 7 shall continue for the same period that salary is continued.
- D. If Employee elects to receive severance in a lump sum, the Employer agrees to make a contribution to the Employee's deferred compensation account on the value of this compensation calculated using the then current annual salary of Employee at the date of termination divided by two thousand and eighty (2080) hours. If the amount of the contribution under this Section exceeds the limit under the Internal Revenue Code for a contribution to the Deferred Compensation plan, the remainder shall be paid to the Employee in a lump sum as taxable compensation.
- E. If Employee elects to receive severance in a lump sum, for a minimum period of one year following termination, the Employer shall pay the cost to continue the following benefits:
 - 1. Insurance and other benefits for the employee and all dependents as provided in Section 4, after which time, Employee will be provided access to health insurance pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or, if employee is eligible, as a retiree.
 - 2. Any other available benefits to which the Employee is entitled under this Agreement.
- F. If the Employee is terminated for good cause, then the Employer is not obligated to pay severance under this section but may be required to recognize and pay benefits that have vested and to which Employee is entitled under the Employer's personnel policies, state law or federal law.

Section 11. Resignation

Nothing in this Agreement shall prevent, limit or interfere with the right of the Employee to resign at any time. In the event the Employee desires to resign employment, the Employee shall give written notice to the Employer at least thirty (30) days prior to separation. The Employer shall have no obligation to pay Employee any further compensation after the

expiration of the notice period. Upon the effective date of resignation, the Employer shall pay to the Employee all accrued vacation leave and other leave to which Employee is entitled under this Agreement or to which the City Attorney or any senior executive would be entitled if the City Attorney or other senior executive resigned. Failure to give the required thirty-day notice constitutes a waiver and forfeiture of pay for all accrued vacation leave and other leave.

Section 12. Hours of Work

The Employee acknowledges the proper performance of the duties of the Employee will require the Employee to generally observe normal business hours and will also often require the performance of necessary services outside of normal business hours, and to that end Employee shall be allowed to establish an appropriate work schedule. The Employee agrees to devote such time as is necessary for the full and proper performance of the Employee's duties and that the compensation herein provided includes compensation for the performance of all such services. However, the Employer intends that reasonable time off be permitted the Employee, such as is customary for exempt employees so long as the time off does not interfere with the normal conduct of the office of the Employee.

The Employee will devote full time and effort to the performance of the Employee's duties, and shall remain in the exclusive employ of the Employer during the term of this Agreement; provided that, with the prior consent of the Employer, the Employee may accept temporary, outside professional employment which will not in any way interfere with the performance of, or the Employee's availability for the performance of, the Employee's duties hereunder. The term "outside professional employment" means professional services provided to third parties for which the Employee is compensated and which are performed on the Employee's time off. The Employer encourages the Employee to accept invitations to speaking engagements, writing or other opportunities to communicate with the community, to make use of and share data and information with relevant persons and groups, and encourages the Employee to participate in pertinent seminars, groups, associations and organizations, as well as in informational meetings with those individuals whose particular skills, expertise, or backgrounds would serve to improve the capacity of the Employee to perform the Employee's Duties.

Section 13. Ethical Commitments

Employee shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fundraising activities for individuals seeking or holding elected office in the governing body, nor seek or accept any personal enrichment or profit derived from confidential information, or holding office, or misuse of public time. Employer shall support Employee in keeping these commitments by refraining from any order, direction or request that would require Employee to undertake any of the aforementioned activities. Specifically, neither the governing body nor any individual member thereof shall request Employee to endorse any candidate, make any financial contribution, sign or circulate any petition, or participate in any fund-raising activity for individuals seeking or holding elected office, nor to handle any matter involving personnel on a basis other than fairness,

impartiality and merit.

Section 14. Outside Activities

The employment provided for by this Agreement shall be the Employee's primary employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the Employer and the community, the Employee may elect to accept limited teaching, consulting or other business opportunities with the understanding that such arrangements must neither constitute interference with nor a conflict of interest with the Employee's responsibilities under this Agreement. Any outside consulting or business opportunities shall be subject to prior approval by the Employer.

Section 15: Indemnification

Employer shall provide legal defense and indemnification to Employee in accordance with Chapter 2, Article VIII, of the City of Denton Code of Ordinances, as amended.

Section 16: Bonding

Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

Section 17: Other Terms and Conditions of Employment

The Employer, upon agreement with Employee, may fix other terms and conditions of employment, as it may determine from time to time, provided such terms and conditions are not inconsistent with or in conflict with any provisions of law.

Employer has appropriated, set aside, and encumbered, and does hereby agree to budget and appropriate, set aside, and encumber, available and unappropriated funds of the municipality in an amount sufficient to fund and pay all financial obligations of Employer pursuant to this Agreement, including but not limited to the severance, indemnification, and other benefits set forth in this Agreement.

Section 18: General Provisions

A. Merger. This written Agreement contains all the terms and conditions agreed upon by the parties, and no other agreement, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind either of the parties, or to vary any of the terms contained in this Agreement.

- B. Amendments. The Employer and Employee by mutual written agreement may amend this Agreement. Such amendments shall be incorporated into and made a part of this Agreement.
- C. Assignment. This Agreement may not be assigned by either party without the written consent of the other party.
- D. Severability. If this Agreement contains any unlawful provision not an essential part of this Agreement and which shall not appear to have been a controlling or material inducement to the making of this Agreement, the unlawful provision shall be deemed of no effect and shall, upon agreement by the parties, be deemed stricken from this Agreement without affecting the binding force of the remainder.

Section 19. Performance Evaluation

- A Employer should annually review the performance of the Employee during the time set aside each year for the performance review of other Council appointees subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by the Employer and Employee. Annually, the Employer and the Employee shall define such goals and performance objectives which they determine necessary for the proper operation of the Employer's organization in the attainment of the Employer's policy objectives, and the Employer and the Employee shall further establish a relative priority among those various goals and objectives to be reduced to writing. The annual performance reviews and evaluations shall be reasonably related to the Employee's written job description and shall be based, in whole or in part, on goals for the Employee's performance that are jointly developed and adopted by the Employer and the Employee.
- B. Unless the Employee expressly requests otherwise in writing, the evaluation of the Employee shall at all times be conducted in executive session of the governing body, unless Employee requests that the evaluation be open, and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Employer or Employee from sharing the content of the Employee's evaluation with their respective legal counsel.
- C. In the event the Employer determines that the evaluation instrument, format and/or procedure are to be modified by the Employer, such modifications shall be adopted by the Employer at least 9 months before being used to evaluate the Employee's performance.
- D. Employee shall participate with an in-person mid-year review focusing primarily on professional development of the organization's leadership and executive staff.

CITY OF DENTON

By: _____
Gerard Hudspeth, Mayor

EMPLOYEE

DocuSigned by:
By: Sara Hensley
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Sara Hensley