

NORTH CAROLINA

CATAWBA COUNTY

FIRST AMENDMENT TO
EMPLOYMENT CONTRACT
DATED DECEMBER 7, 2021

THIS FIRST AMENDMENT TO THE EMPLOYMENT CONTRACT AGREEMENT dated December 7, 2021, is entered into by and between the City of Newton, a municipal corporation of the State of North Carolina, (City) having an address of 401 North Main Avenue, Newton, NC 28658; and Sean Hovis of Hickory, NC, (Interim City Manager).

WHEREAS, the City Council of the City of Newton and Sean Hovis originally entered into an employment contract agreement dated December 7, 2021; and

WHEREAS, Paragraph 2 in the original document provides that the employment contract may be extended upon the mutual agreement by and between the City and the Interim City Manager until a permanent City Manager has been appointed and assume the responsibility delegated to the City Manager; and

WHEREAS, the City Council of the City of Newton and Interim City Manager wish to enter into such an extension as well as for the provision of other certain items as agreed upon by and between the City and Interim City Manager.

In consideration of the mutual covenants, undertakings and agreements hereinafter set forth, the City and Interim City Manager agree as follows:

1. The term of the original Employment Contract that became effective upon December 29, 2021, and continued for a period of three (3) months up to and including March 30, 2022, is hereby extended under the same terms and conditions as provided in the original Contract dated December 7, 2021, until such time as a permanent City Manager has been appointed and has officially assumed the responsibilities delegated to the City Manager. At the time the Interim City Manager returns to his responsibilities as Assistant City Manager for the City, he shall receive a salary in the amount of One Hundred Twenty-Seven Thousand (\$127,000.00) Dollars.
2. The City of Newton further agrees to provide the Interim City Manager with full credit for time of service earned at previous periods of employment at other governmental units prior to the time that he became an employee of the City of Newton in February of 2013.
3. The City of Newton also agrees to continue to provide a monthly car allowance of \$400.00 per month for use of the Assistant City Manager's personal vehicle for City business.
4. All other provisions of the original Employment Contract dated December 7, 2021, that are not inconsistent with the First Amendment to the Employment Contract dated December 7, 2021, shall remain in full force and effect herein.

IN WITNESS WHEREOF, the Mayor of the City of Newton, having been duly authorized by the City Council of the City of Newton, and Interim City Manager Sean Hovis have set their hands and seals as of the 16th day of March, 2022.



The City of Newton, North Carolina

By: Eddie Haupt
Eddie Haupt, Mayor

ATTEST:

Amy S. Falowski
Amy S. Falowski, City Clerk

Sean A. Hovis
Sean Hovis

This document has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Vickie Thomas
Vickie Thomas, Finance Officer

CATAWBA COUNTY

NORTH CAROLINA

EMPLOYMENT AGREEMENT
BETWEEN
CITY OF NEWTON, NORTH CAROLINA
AND
SEAN HOVIS

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Employment Agreement
between
City of Newton, North Carolina
and
Sean Hovis

Introduction

This Agreement for Employment is made and entered into on this 4th day of April, 2023, by and between the City of Newton, North Carolina, a municipal corporation, (hereinafter called "Employer") and Sean Hovis, (hereinafter called "Employee").

WHEREAS, the City Council of the City of Newton and Sean Hovis wish to enter into an EMPLOYMENT CONTRACT to ensure continuity of the professional administration of City affairs; and

WHEREAS, in order to do so, the City Council of the City of Newton authorizes the Mayor of the City of Newton to enter into the following contract with Sean Hovis.

In consideration of the mutual covenants, undertakings and agreements hereinafter set forth, the City of Newton and Sean Hovis agree as follows:

Section 1: Term

This Agreement shall remain in full force and effect from April 14, 2023, at 5:00 P.M. until terminated by Employer or Employee as provided in Sections 8, 9 or 10 of this agreement or April 13, 2027, whichever occurs sooner. Both parties agree that Employee has been employed by the City of Newton since February 6, 2013.

Section 2: Duties and Authority

Employer agrees to employ Employee as Newton City Manager to perform the functions and duties incident to the Office of the City Manager as specified in North Carolina General Statute 160A-148 and specified in the City Charter and Ordinances of the City of Newton as well as to perform such other legally permissible and proper duties and functions as authorized and directed by the City Council of the City of Newton, North Carolina.

The Newton City Manager shall not be required to accept City's assignment of any duties outside the scope of those customarily performed by persons holding the role of City Manager in the absence of the Manager's express written consent to such assignment. The Newton City Council may not re-assign the Manager to another position in the absence of the Manager's

express written consent to such assignment. The Newton City Council shall not unreasonably interfere with the Manager's performance of duties.

Section 3: Compensation

- A. Base Salary: Employer agrees to pay Employee an annual base salary of \$160,000.00, payable in installments in accordance with the Employer's usual payroll schedule.
- B. Consideration shall be given, on an annual basis, to an increase in compensation which shall constitute, at a minimum, the Employer average merit percentage, upon a positive evaluation result conducted as outlined in Section 11 herein.
- C. Employer shall provide Employee the same cost of living adjustment each year as provided to every other City employee regardless of whether Employee receives a merit increase in salary as reflected in Section 3B as hereinabove referenced.
- D. This agreement shall be automatically amended to reflect any salary adjustments that are authorized by the City Council of the City of Newton.

Section 4: Benefits

As an employee to become City Manager, upon the effective date of this Agreement, Employer will provide the same benefits to the manager as other employees including vacation and sick leave accrual as well as longevity and health insurance.

Section 5: Vehicle Allowance

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 \$500 per month as a vehicle allowance to be used to purchase, lease, or own and to operate and maintain a personal vehicle. This allowance shall be paid in equal payments monthly. The Employee shall be responsible for purchasing and maintaining liability, property damage, and comprehensive insurance coverage upon said vehicle and shall further be responsible for gas, oil and all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle.

Section 6: Retirement

- A. The Employer agrees to enroll the Employee in the North Carolina Local Governmental Employees' Retirement System (LGERS) and to make all the appropriate employer contributions on the Employee's behalf.
- B. Employer shall provide Employee the same matching contribution as it does for all other City employees for 401(k) retirement contributions.

Section 7: General Business Expenses

- A. Employer agrees to pay for professional dues and subscriptions of the Employee necessary for full participation in national, regional, state and local associations and organizations necessary.
- B. Employer agrees to pay for travel and subsistence expenses of Employee for professional and official travel, meetings, and occasions to adequately continue the professional development of Employee and to pursue necessary official functions for Employer, including National League of Cities, NC League of Municipalities, ICMA, NCCMA, ASU Local Government Alumni Association, and such other local, regional, state, and national groups and committees thereof which Manager serves as a member, or which said participation is beneficial to the City.

Section 8: Termination

The Employee shall serve at the pleasure of the City Council and nothing in this Agreement shall prevent, limit or otherwise interfere with the City Council's right to terminate the Employee with or without cause, subject to the provisions set forth in this Agreement.

For the purpose of this Agreement, termination shall occur if:

- A. A majority of the governing body votes to terminate the Employee at a duly authorized public meeting for any reason.
- B. The Employer, citizens or legislature acts to amend any provisions of the charter, code, or enabling legislation pertaining to the role, powers, duties, authority, responsibilities of the Manager's position that substantially changes the form of government, the Employee shall have the right to declare that such amendments constitute termination.
- C. 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 department heads, such action shall constitute a breach of this agreement and will be regarded as a termination.
- D. The Employee resigns following an offer to accept resignation, whether formal or informal, by the City as representative of the majority of the governing body that the Employee resign, then the Employee may declare a termination as of the date of suggestion.
- E. Breach of contract is declared by either party with a 30-day cure period for either Employee or Employer and said breach is not cured within said time frame. Written notice of a breach of contract shall be provided.

Section 9: Severance

Severance shall be paid to the Employee when employment is terminated by Employer for any reason other than "Just Cause."

In the event Employee is terminated for any reason other than "Just Cause" within the first two years of the contract as defined in Sections 8, 9, and 10 of this Agreement, Employee shall be entitled to receive and Employer shall pay to Employee his full salary as well as all benefits, including but not limited to, longevity, health insurance, 401(k) matching contribution, and continuing accrual of vacation and sick leave that Employee is receiving at the time of termination for up to the first two years of the contract or nine months, whichever is greater. All such salary and benefits shall be payable to Employee in a lump sum within 30 days of the termination date. Employer shall also pay Employee the total balance of accumulated vacation hours at the rate of pay at the time of termination but shall not pay Employee for accumulated sick leave or compensatory time.

If the Employee is terminated after the first two years of the Agreement, the Employer shall provide a severance payment equal to nine month's salary, and all other employer-paid benefits. This severance shall be payable in a lump sum within 30 days of the termination date. At the point of termination, the employer shall pay employee for the total balance of accumulated vacation hours at the rate of pay at the time of termination but shall not pay Employee for accumulated sick leave or accumulated compensatory time. Employee shall not accumulate any additional leave during the severance payment period.

If the Employee is terminated for "just cause," the Employer is not obligated to pay severance under this section. "Just Cause" is defined as follows:

- A. Conviction of a felony.
- B. Conviction of a misdemeanor which involves moral turpitude.
- C. Illness or disability which prevents the performance of usual duties in a normal manner.
- D. Breach of this agreement by the Manager.

Severance is not applicable in case of resignation of Employee.

In the event Employer is in breach of this Agreement and within thirty (30) days of notice of such breach does not rectify said breach, Employee may declare the agreement terminated and shall be entitled to receive any and all compensation and benefits as defined in Section 8 and 9 of the Agreement up to and including the expiration of the Agreement which is reflected in Section 1 of the Agreement herein.

Section 10: Resignation

In the event that the Employee voluntarily resigns the City Manager position with the Employer, the Employee shall provide the Employer with not less than 30 days' advance written notice of resignation, unless the parties agree otherwise.

Section 11: Performance Evaluation

- A. Employer shall annually review the performance of the Employee on or before May 1 of each year, subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by the Employer and Employee.
- B. The annual evaluation process, at a minimum, may include the opportunity for both parties to:
 - 1) Conduct a session where the governing body and the Manager meet first to discuss goals and objectives of both the past twelve (12) month performance period as well as the upcoming twelve (12) month performance period;
 - 2) Following that discussion, prepare a written evaluation of goals and objectives for the past and upcoming year;
 - 3) Next meet and discuss the written evaluation of these goals and objectives, and
 - 4) Present a written summary of the evaluation results to the Employee
- C. The final written evaluation should be completed and delivered to the Employee within thirty (30) days of the initial evaluation meeting.
- D. Unless the Employee expressly requests otherwise in writing, the evaluation of the Employee shall at all times be conducted in closed session of the governing body 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 Manager's evaluation with their respective legal counsel.
- E. In the event the Employer deems the evaluation instrument, format, and/or procedure is to be modified by the Employer and such modifications would require new or different performance expectations, then the Employee shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

Section 12: Hours of Work

It is recognized that the Employee must devote a great deal of time outside normal office hours to business for the City, and to that end, the Employee shall be allowed to establish an appropriate work schedule. The schedule shall be appropriate to the needs of the Employer and shall allow the Employee to faithfully perform his assigned duties and responsibilities.

Section 13: Outside Activities

The employment provided for by this Agreement shall be the Employee's sole 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, as long as such arrangements do not interfere with or cause a conflict of interest with Employee's responsibilities pursuant to this Agreement.

Section 14: Other Terms and Conditions of Employment

The Employer, upon agreement with Employee, may provide for such other terms and conditions of employment as it may determine from time to time relating to the performance and duties of the Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, or applicable law.

Section 15: Ethical Commitments

Employee will, at all times, uphold the tenets of the ICMA Code of Ethics, a copy of which is attached hereto and incorporated herein. Specifically, the Employee shall not endorse candidates, make financial contributions, sign, or circulate petitions, or participate in fundraising activities for individuals seeking or holding elected office, nor seek or accept any personal enrichment or profit derived from confidential information or misuse of public time. The Employer shall support the Employee in keeping these commitments by refraining from any order, direction, or request that would require the Employee to violate the ICMA Code of Ethics. Specifically, neither the governing body nor any individual member thereof shall request the Employee to endorse any candidate, make any financial contribution, sign, or circulate any petition, or participate in any fundraising activity for individuals seeking or holding elected office, nor to handle any matter of personnel on a basis other than fairness, impartiality, and merit.

Section 16: Notices

Notice pursuant to this Agreement shall be given by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows:

EMPLOYER:
City of Newton
Attn: City Attorney
P.O. Box 550
Newton, NC 28658

EMPLOYEE:
Sean Hovis

Alternately, notice required pursuant to this Agreement may be personally served in the same manner as is applicable to Rules of Civil Procedure. Notice shall be deemed given as of the date of personal service or as the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 17: General Provisions

- A. Integration. This Agreement sets forth and establishes the final and entire understanding between the Employer and the Employee relating to the employment of the Employee by the Employer. The parties, by mutual written agreement, may amend any provision of this agreement during the life of the agreement. Such amendments shall be incorporated and made a part of this agreement.
- B. Binding Effect. This Agreement shall be binding on the Employer and the Employee as well as their heirs, executors or personal representatives. This Agreement shall not be assigned by either party herein.
- C. Effective Date. This Agreement shall become effective on April 14th, 2023 at 5:00 p.m.
- D. Severability. The invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.

IN WITNESS WHEREOF, the Mayor of the City of Newton, having been duly authorized by the City Council of the City of Newton and City Manager have set their hands and seals as of the 4th day of April, 2023.

The City of Newton, North Carolina

BY: Eddie Haupt

Eddie Haupt, Mayor

ATTEST:

Amy S. Falowski
Amy S. Falowski, City Clerk

Sean A. Hovis
Sean Hovis



Approved as to form:

De H. Craig
City Attorney

Date: 4/4/2023, 2023

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Kim Polin
Finance Director

Date: 4/16/2023, 2023

NORTH CAROLINA

CATAWBA COUNTY

**AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
CITY OF NEWTON, NORTH CAROLINA
AND
SEAN HOVIS**

THIS AMENDMENT TO EMPLOYMENT CONTRACT by and between the **CITY OF NEWTON**, a municipal corporation, hereinafter referred to as "Employer," and **SEAN HOVIS** hereinafter referred to as "Employee;"

This Amendment (hereafter "Amendment") to the Employment Agreement originally dated April 4, 2023, is made this the 4th day of August, 2025. Except as otherwise specifically amended herein, all terms and conditions of the original Employment Contract dated April 4, 2023, shall remain in full force and effect and are re-affirmed hereby.

WITNESSETH:

WHEREAS, Employer and Employee entered into the original Employment Agreement dated April 4, 2023, for the purpose of appointing the Employee to serve as full time City Manager for the City of Newton; and

WHEREAS, the Employer, by and through its City Council, as well as the Employee, wish to amend and enhance the benefits and conditions of City Manager's continued employment with the City.

NOW, THEREFORE, in consideration of these conditions, promises and covenants herein contained, the Employer and the Employee agree as follows:

Section 1 of the original contract, entitled **Term**, is hereby amended as follows:

This Agreement, as amended, shall remain in full force and effect from April 14, 2023, at 5:00 P.M. until terminated by Employer or Employee as provided in Sections 8, 9 or 10 of this agreement, on August 4, 2029, at 5:00 P.M., whichever occurs sooner. Both parties agree that Employee has been employed by the City of Newton since February 6, 2013.

Section 9, entitled **Severance** is amended as follows:

Severance shall be paid to the Employee when employment is terminated by Employer for any reason other than "Just Cause."

In the event Employee is terminated for any reason other than "Just Cause" at any time prior to August 4, 2029, as provided in the Amendment to Employment Agreement as defined in Sections 8, 9, and 10 of this Agreement, Employee shall be entitled to receive and Employer shall pay to Employee his full salary as well as all benefits, including but not limited to, longevity, health insurance, 401(k) matching contribution, and continuing accrual of vacation and sick leave that Employee is receiving at the time of termination up through the expiration date of August 4th, 2029, as provided in the Amendment to Employment Agreement, or nine months, whichever is greater. All such salary and benefits shall be payable to Employee at regular intervals and on schedule with the payment of salary and benefits as all other City employees. Employer shall also pay Employee the total balance of accumulated vacation hours at the rate of pay at the time of termination but shall not pay Employee for accumulated sick leave or compensatory time.

If the Employee is terminated for "just cause," the Employer is not obligated to pay severance under this section. "Just Cause" is defined as follows:

- A. Conviction of a felony.
- B. Conviction of a misdemeanor which involves moral turpitude.
- C. Breach of this agreement by the Manager.

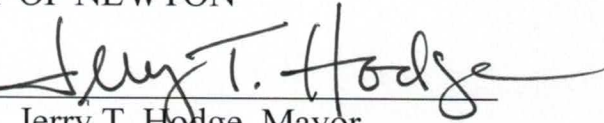
Severance is not applicable in case of resignation of Employee.

In the event Employer is in breach of this Agreement and within thirty (30) days of notice of such breach does not rectify said breach, Employee may declare the agreement terminated and shall be entitled to receive any and all compensation and benefits as defined in Sections 8 and 9 of the Agreement up to and including the expiration of the Agreement which is reflected in Section 1 of the Agreement herein.

All other provisions of this Agreement not specifically modified by this Amendment remain unchanged and are reaffirmed hereby.

This Agreement shall become effective August 4, 2025.

CITY OF NEWTON

BY: 
Jerry T. Hodge, Mayor

ATTEST:


Amy S. Falowski, City Clerk




Sean Hovis
City Manager
City of Newton

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: 8-4-2025


Kimberly Robinson
Chief Financial Officer
City of Newton