

**CHRISTIANSBURG TOWN COUNCIL
CHRISTIANSBURG, MONTGOMERY CO., VA.
MINUTES OF AUGUST 11, 2010 AT 5:30 P.M.**

A SPECIAL MEETING OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA. WAS HELD AT THE CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VA, ON AUGUST 11, 2010 AT 5:30 P.M.

COUNCIL MEMBERS PRESENT: Mayor Richard G. Ballengee; Vice-Mayor Ann H. Carter; D. Michael Barber; Bradford J. Stipes; D. Henry Showalter; James H. Vanhoozier; H. Earnest Wade. ABSENT: None.

ADMINISTRATION PRESENT: Planning Director Randy Wingfield; Town Clerk Michele M. Stipes; Public Relations Officer Becky Wilburn; Finance Director/Treasurer Val Tweedie; Human Resource Director Clay McCoy; Town Attorney Jim Guynn.

MAYOR BALLENGEE stated there was a quorum present of Council Members.

PLEDGE OF ALLEGIANCE.

SPECIAL MEETING

I. CALL TO ORDER – Mayor Ballengee stated that this Special Meeting was called by two Council members in compliance with Town Charter, Chapter 2, Section 2.19. This meeting is not a Public Hearing, but rather a discussion of Council. There will be no public comment permitted.

II. DISCUSSIONS BY MAYOR AND COUNCIL MEMBERS

1. Personnel policies related to retirement benefits – Councilwoman Carter addressed rumors she has recently heard regarding her position on retirement benefits for Town employees. Councilwoman Carter stressed that she is not opposed to the existing retirement benefit policies as previously adopted by Town Council, and provided for in the Employee Handbook. Councilwoman Carter stated she is not suggesting, nor supportive of, changes to those benefits as given. Councilwoman Carter said some of the confusion resulted from her quote in a recent Roanoke Times article in reference to the recent issues surrounding the retirement/resignation of former Town Manager, Lance Terpenny. Councilwoman Carter said she is disappointed that Town Staff did not have more faith in her and she visited with the Town employees to assure them of her support for them and the existing policies governing employee retirement benefits. Councilwoman Carter noted that the service merit benefit offered to retiring employees is not detailed in the Employee Handbook, and she requested that an amendment be made to the handbook reflecting this benefit.

Councilman Showalter reminded Town employees that Councilwoman Carter voted in support of the existing retirement benefit policies in 2006, and that the recent rumors surrounding this matter are untrue. Councilman Showalter clarified that the reason for today's Special meeting is to discuss the severance package offered to former Town Manager, Lance Terpenny, upon his resignation. Councilman Showalter said at this time he has not seen a copy of the severance package as detailed by the Town Attorneys, and has only received an email copy of an outline of the severance package as provided to the Roanoke Times in response to a FOIA request.

Mayor Ballengee provided each Council member with a copy of the severance package as prepared by the Town Attorneys, noting he and Mr. Terpenny signed the document on July 19, 2010. Mayor Ballengee further noted that the wording in the signed severance package states that Mr. Terpenny was asked to resign with one year of salary, and all benefits afforded to retiring Town employees. Also included in the signed severance package are the provisions that Mr. Terpenny may be called to testify on behalf of the Town; that he be responsible for all taxes resulting from severance pay; and that Mr. Terpenny had seventy-two hours in which to change his mind concerning the severance agreement. Mayor Ballengee received this document from Town Attorney Jim Guynn on July 18, 2010.

Councilman Wade questioned if a resignation entitles a person to retirement benefits, and requested legal advice concerning this matter. Town Attorney Guynn responded that a person must retire to be eligible to collect retirement benefits according to Virginia Retirement System (VRS) guidelines.

Council asked Human Resource Director Clay McCoy to address the retirement guidelines provided in the Employee Handbook and the VRS guidelines defining involuntary resignation, retirement, and other areas that were consulted in drawing up the severance package for Mr. Terpenny. Mr. McCoy reviewed the guidelines he used in administering the benefits of an employee who retired from Christiansburg with twenty-one years of service, and who followed VRS retirement guidelines for an adverse separation from his employer.

There was some discussion by Council as to who was responsible for disseminating this information to them during the Closed Meeting held specifically for this discussion. It was noted that Human Resource Director Clay McCoy offered to participate in the Closed Meeting discussion, and to provide Council with information regarding this matter before the Closed Meeting convened, but was not asked by Council to provide information or to participate in the Closed Meeting discussion.

At Council's request, Finance Director/Treasurer Val Tweedie reported that in fiscal year 2009 – 2010 the Town paid to retirees \$67,000 in sick leave divestiture, and \$21,000 in service merit, for a total of \$88,600. During that year, \$100,000 was budgeted for sick leave divestiture and \$25,000 was budgeted for service merit. Mr. McCoy noted that, in 2006, the Town chose the service merit benefit as a more efficient and economical option to paying health insurance for retirees, which would have added additional cost to all employees. The sick leave divestiture is offered as an incentive to employees to not "earn and burn" sick leave.

Councilman Wade said he wants to review the agreement signed by Mayor Ballengee and Mr. Terpenny. The agreement doesn't mention retirement benefits, but indicates that Mr. Terpenny should receive resignation benefits. Town Attorney Guynn said the document was written to reflect the motion made, and includes all benefits Mr. Terpenny is eligible for under Employee Handbook guidelines and VRS guidelines.

While surprised by the number of sick days used to calculate Mr. Terpenny's sick leave divestiture, Council was comfortable that Mr. Terpenny is eligible for this particular benefit under employee guidelines. However, a serious concern of Council is the Town sponsored service merit benefit of \$10/month for each year of service until the age 65 and then \$100/month thereafter until death. Council members questioned Mr. Terpenny's eligibility for this benefit considering the circumstances surrounding his departure. Councilman Stipes commented that he considered the one year salary given to Mr. Terpenny upon his resignation to be a service merit benefit; a benefit not offered to all resigning employees. Mayor Ballengee commented that although Mr. Terpenny was asked to resign by Council, he decided to retire instead, and that the retirement paperwork has already been completed and submitted to VRS for approval. Town Attorney Guynn reminded Council that it chose an adverse separation so that Mr. Terpenny would qualify for retirement benefits. VRS will decide whether or not Mr. Terpenny qualifies for retirement under its guidelines. Mr. McCoy reported that the sick leave divestiture and the Town sponsored service merit are tied to VRS retirement guidelines and that Mr. Terpenny will not receive these benefits until retirement is approved through VRS.

Councilman Wade said that upon further inspection of the signed severance package he noticed that the agreement doesn't mention retirement and he took issue with the potential discrepancy between what the signed agreement states and Mr. Terpenny's actions.

Council thanked Mr. McCoy for providing answers and clarification to concerns it has regarding this matter.

Council also discussed employee compensatory-time accrual, suggesting that the Town consider eliminating this practice for salaried employees. Councilman Showalter stressed that any changes to the handbook should only apply to future employees and have no bearing on existing employees.

Mayor Ballengee assigned Mr. McCoy the task of updating the Employee Handbook, and reviewing the compensatory-time accrual policy for salaried employees with the consideration of eliminating this policy.

At Council's request, Mayor Ballengee directed the Town Attorney to review the service merit benefit included in Mr. Terpenny's severance package, with the intent to disallow this benefit.

ADJOURN:

There being no further business to bring before Council the meeting was adjourned at 6:30 P.M. on motion by Councilman Barber, seconded by Councilwoman Carter. Council voted on the motion as follows: AYES: Barber, Carter, Showalter, Stipes, Vanhoozier, Wade. NAYS: None.

Michele M. Stipes, Clerk of Council

Richard G. Ballengee, Mayor