

Employment Agreement

This Agreement, made and entered into this ____ day of January, 2010, by and between the Town of Windsor of Virginia, a municipal corporation, (hereinafter called "*Employer*") and Michael R. Stallings, Jr., (hereinafter called "*Employee*") an individual who has the education, training and experience in local government management and who, as a member of ICMA, is subject to the ICMA Code of Ethics, both of whom agree as follows:

Section 1: Term

This agreement shall remain in full force in effect from the aforementioned date until terminated by the Employer or Employee as provided herein.

Section 2: Duties and Authorities

Employer agrees to employ Michael R. Stallings, Jr. ("*Employee*") as Town Manager to perform the functions and duties specified in Charter for the Town of Windsor, Virginia and by the Code of the Town of Windsor, Virginia, and to perform other legally permissible and proper duties and functions.

Section 3: Compensation

A. Base Salary:

Employer agrees to pay Employee an annual base salary of \$550,000.00, payable in installments at the same time that the other employees of the Employer are paid.

B. This agreement shall be automatically amended to reflect any salary adjustments that are provided or required by Employer's compensation policies.

C. Employer shall give consideration on an annual basis to increase Employee's compensation. Employer agrees to increase the compensation of Employee dependent upon the results of the performance evaluations conducted under the provisions of Section 12 of this Agreement. Increased compensation can be in the form of a salary increase and/or a bonus.

Section 4: Health, Disability, and Life Insurance

A. Employer agrees to provide for comprehensive health insurance (also known as "medical insurance") for Employee and his dependents equal to that which is provided to all other employees of the Town of Windsor.

B. Both Employer and Employee desire for Employee to have disability insurance in addition to any disability benefits that Employee may qualify for under the Virginia Retirement System. Therefore, Employer agrees to put into force and to make required premium payments

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for additional disability insurance coverage for Employee provided that said premiums shall not exceed \$500.00 per year.

C. Employee shall annually have a complete physical examination, including a cardiovascular examination, by a qualified physician selected by Employee, the cost of which shall be paid by Employer. The physician shall furnish to council a letter as to Employee's general health and note if employee is subject to any employment limitations.

D. In addition to any other life insurance that Employer may offer or provide to Employee, Employee shall take out a life insurance policy on himself in the amount of \$100,000, and Employer shall pay the amount of the annual premiums of a term said policy not to exceed \$500 annually. If Employee should die while serving as Employer's Town Manager, then Employer shall be reimbursed for the amount of premiums paid for said insurance up to the time of Employee's death. Employee shall retain ownership of said policy, and he shall designate its beneficiaries.

Section 5: Vacation, and Sick Leave

A. Upon commencing employment as Town Manager, Employee shall be credited with sick and vacation leave equal to the highest annual accrual provided to all other employees. Employee shall then accrue sick and vacation leave on an annual basis at the highest rate provided to any other employees.

B. Upon commencing employment as Town Manager, Employee shall have access to a bank of 180 sick days to be used in the case of serious medical conditions. Employee shall only use this leave to provide coverage during the waiting period between the onset of illness or disability and the point at which short or long term disability coverage takes effect and shall be renewed after each occurrence.

C. Employee is entitled to accrue all unused leave in accordance with the employee leave policy, and in the event Employee's employment is terminated, either voluntarily or involuntarily, Employer shall compensate Employee for all accrued vacation time, all paid holidays, and other benefits to date.

Section 6: Automobile Allowance

Employer shall pay Employee the sum of \$4,800 per year, payable monthly, as a vehicle allowance to be used to purchase, lease, or own, operate and maintain a vehicle. 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. Employer shall reimburse Employee at 30% of the federal Internal Revenue Service (IRS) standard mileage rate for any business use of the vehicle beyond the boundaries of the greater Hampton Roads area. For purposes of this section, use of the car within the greater Hampton Roads area is defined by the geographic area covered by Hampton Roads Planning District Commission.

Section 7: Retirement

- A. Employer shall enroll Employee into the Virginia Retirement System and make all the appropriate contributions on Employee's behalf, for both Employer's and Employee's share.
- B. In addition to the Employer's payment to the Virginia Retirement System referenced above, Employer agrees to execute all necessary agreements provided by ICMA Retirement Corporation or other Section 457 deferred compensation plan for Employee's participation in said plan and, in addition to the base salary paid by the Employer to Employee, Employer agrees to pay into said plan an amount equal to two percent of Employee's annual base salary when matched by Employee.

Section 8: General Business Expenses

- A. Employer agrees to budget for and to pay for professional dues and subscriptions of Employee necessary for continuation and full participation in national, regional, state, and local associations, and organizations necessary and desirable for Employee's continued professional participation, growth, and advancement, and for the good of Employer.
- B. Employer agrees to budget for and to pay for travel, in accordance with Section 6 above, 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 but not limited to the ICMA Annual Conference, the Virginia Municipal league, Virginia Association of Zoning Officials, and such other national, regional, state, and local governmental groups and committees in which Employee serves as a member.
- C. Employer also agrees to budget for and to pay for travel, in accordance with Section 6 above, and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for Employee's professional development and for the good of Employer.
- D. Employer recognizes that Employee will, from time to time, incur certain expenses of a non-personal but are job related nature; Employer agrees to reimburse or to pay said general expenses upon Employee's submittal to Employer of the receipts, petty cash vouchers, statements or personal affidavits for such expenses.

E. Employer will encourage Employee's academic advancement in pursuant of a Master's Degree in Public Administration. Employee may take no more than one (1) class per semester in pursuit thereof and will be reimbursed tuition costs upon successful completion of each class. Employee may not take more than one(1) class per semester unless given permission by vote of council

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Section 9: Termination by Employer

For the purposes of this agreement, Employer's termination of Employee shall occur when one of the following transpires:

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- A. The majority of the governing body votes to terminate Employee at a duly authorized public meeting.
- B. 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 department heads, then such action shall constitute a breach of this agreement and will be regarded as a termination.
- C. If the Employee resigns following an offer to accept resignation, whether formal or informal, by the Employer 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 the suggestion.

Section 10: Severance

A. Employer shall pay Employee a severance payment when employment is terminated as defined in Section 9. If Employee is terminated, then Employer shall provide Employee a minimum severance payment equal to four (4) months of his then current monthly salary and benefits, per the following graduated scale: Employer agrees to make a contribution to Employee's deferred compensation account on the value of this compensation calculated using the rate ordinarily contributed on regular compensation.

Number of Months of Employment	Amount of Salary and Benefits
Months One through Three	One Month Worth of Salary and Benefits
Months Four through Six	Two Months Worth of Salary and Benefits
Months Seven through Twelve	Three Months Worth of Salary and Benefits
After Twelve Months	Four Months Worth of Salary and Benefits

B. Employee shall also be compensated for all accrued sick leave, and vacation time, ~~and all paid holidays~~ in accordance with Town policy. ~~Employer agrees to make a contribution to Employee's deferred compensation account on the value of this compensation calculated using the rate ordinarily contributed on regular compensation.~~

C. In accordance with paragraph A of Section 10 above, Employer shall pay the cost to continue the following benefits:

- (1) Health insurance for the employee and all dependents as provided in Section 4A
- (2) Life insurance as provided in Section 4D
- (3) Disability insurance as provided in Section 4B

If Employee is terminated because of just cause to include gross negligence of duties or, violation of Town policies, ~~or incompetence~~; because of conviction of a felony; or because of voluntary resignation or cessation of duties; then Employer shall not be obligated to pay Employee any severance payment under this section.

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Section 11: Resignation

In the event that Employee voluntarily resigns his position with Employer, Employee shall provide a minimum of 30 days notice unless the parties agree otherwise.

Section 12: Performance Evaluation

Employer shall annually review the performance of Employee in February subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by Employer and Employee. The process at a minimum shall include the opportunity for both parties to: (1) prepare a written evaluation, (2) meet and discuss the evaluation, and (3) present a written summary of the evaluation results. The final written evaluation should be completed and delivered to Employee within 30 days of the evaluation meeting.

Section 13: Hours of Work

It is recognized that Employee must devote a great deal of his personal time outside the normal office hours on business for Employer, and to that end, Employee shall be allowed to establish an appropriate work schedule, and he shall be able to take compensatory time off as he shall deem appropriate during normal office hours.

Section 14: Indemnification

Beyond that required under Federal, State or Local Law, Employer shall defend, save harmless and indemnify Employee 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 Employee's duties as Town Manager or resulting from the exercise of judgment or discretion in connection with the performance of program duties or responsibilities, unless the act or omission involved willful or wanton conduct. Employee may request and Employer shall not unreasonably refuse to provide independent legal representation at Employer's expense and Employer may not unreasonably withhold approval. Legal representation, provided by Employer for Employee, shall extend until a final determination of the legal action including any appeals brought by either party. Employer shall indemnify employee against any and all losses, damages, judgments, interest, settlements, fines, court costs and other reasonable costs and expenses of legal proceedings including attorneys fees, and any other liabilities incurred by, imposed upon, or suffered by such Employee in connection with or resulting from any claim, action, suit, or proceeding, actual or threatened, arising out of or in connection with the performance of his or her duties. Any settlement of any claim shall be made with prior approval of Employer in order for indemnification, as provided in this Section, to be available.

Employee recognizes Employer shall have the right to compromise and unless the Employee is a party to the suit, in which case Employee shall have a veto authority over the settlement, settle any claim or suit; unless, said compromise or settlement is of a personal nature to Employee. Further, Employer agrees to pay all reasonable litigation expenses of Employee throughout the pendency of any litigation to which Employee is a party, witness or advisor to Employer. Such

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expense payments shall continue beyond Employee's service to Employer as long as litigation is pending. Further, Employer agrees to pay Employee reasonable consulting fees and travel expenses when Employee serves as a witness, advisor or consultant to Employer regarding pending litigation.

Section 15: Bonding

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

Section 16: Other Terms and Conditions of Employment

The Employer, only upon agreement with Employee, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of the Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Charter of the Town of Windsor or any other law.

Section 17: 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: Town of Windsor
 Attention: Marvin A. Crocker, Jr., Mayor
 P. O. Box 307
 Windsor, Virginia 23487

EMPLOYEE: Michael R. Stallings, Jr.
 15030 Bowling Green Road
 Windsor, Virginia 23487

Alternatively, notice required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial practice. 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 18: General Provisions

A. Binding Agreement and Amendments

This Agreement shall inure to the benefit of and be binding upon the parties hereto, and shall constitute the entire understanding and agreement between the parties, and it supersedes and cancels all prior understandings and agreements, oral or written, regarding the Employee's employment 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.

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B. Effective Date.

This Agreement shall become effective on the date first stated above.

C. Severability.

If any provision or provisions of this Employment Agreement shall be deemed invalid or unenforceable either in whole or in part by a court of competent jurisdiction, then the remaining provisions hereof shall remain in full force and effect.

IN WITNESS WHEREOF, the Town of Windsor, Virginia has caused this agreement to be signed and executed on its behalf by its Mayor, and Michael R. Stallings, Jr has signed and executed this agreement, on the date first written above.

TOWN OF WINDSOR

By: _____
Marvin A. Crocker, Jr, Mayor

By: _____
Michael R. Stallings, Jr. Employee

Teste:

Robin L. Hewett
Town Clerk

Approved As To Form:

Joshua Pretlow, Jr.
Town Attorney