



May 23, 2018

Agenda Item 1

**REPORT TO THE COMMISSIONERS**

**FROM:** Gregory Russ, Executive Director/CEO

**SUBJECT: Severance Payment and Settlement and Release Agreement**

**Previous Directives:** Not applicable.

**Resident Association Notification:** Not applicable.

**Budget Impact:** Total amount of severance plus settlement equals \$74,096.41 as a one-time payment.

**Affirmative Action Compliance:** Not applicable.

**Procurement Review:** Not applicable.

**RECOMMENDATION:** It is recommended that the Board of Commissioners approve the Severance and Settlement and Release Agreement for the Director Heritage Park/ Sr. Services Campus as a result of her position elimination associated with an organizational restructure.

**BACKGROUND:**

In 2017 after the retirement of MPHA's Executive Director Cora McCorvey, Mr. Gregory Russ was hired as the new Executive Director on February 13, 2017. Under this new leadership, MPHA began working on an organizational restructure associated with the executive leadership team.

This restructure involved the elimination of the Director Heritage Park/ Sr. Services Campus position which is held by Evelyn LaRue.

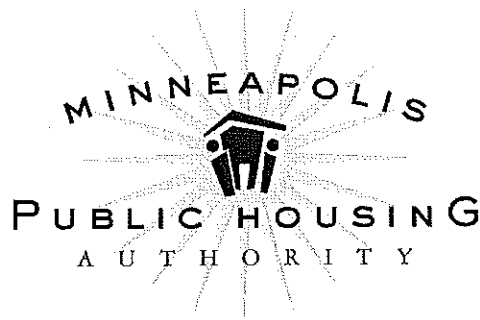
Ms. LaRue was promoted to an MPHA Executive staff position on October 9, 2000. On July 1, 2016 MPHA executed a three-year Employment contract with Ms. LaRue which calls for a severance payment of 50% of her annual salary should she be removed from her position.

On or about November 7, 2017 the Executive Director advised Ms. LaRue that her position would be eliminated. Ms. LaRue will vacate her current position effective June 29, 2018. The amount of severance pursuant to the previously executed contract equals **\$66,960.01**.

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In addition to the severance, MPHA has agreed to make available a monetary consideration in the amount of **\$7,136.40** provided Ms. LaRue agrees to this settlement. To that end, Ms. LaRue has signed the “severance payment and settlement and release agreement reached by the parties. The Agreement is attached to this report.

**This Report was prepared by Robin G. Harris, MPHA’s Director Human Resources. For additional information, please contact Ms. Harris at (612) 342-1484 or [rharris@mplspha.org](mailto:rharris@mplspha.org)**



## **SEVERANCE AGREEMENT AND RELEASE**

**THIS SEVERANCE AGREEMENT AND RELEASE ("Agreement")** is entered into between the Minneapolis Public Housing Authority in and for the City of Minneapolis ("**MPHA**") and Evelyn LaRue ("LaRue"), its executive employee.

**WHEREAS**, LaRue was promoted by MPHA to an Executive staff position on 10/09/2000; and

**WHEREAS**, on or about 07/01/2016, LaRue and MPHA executed an Employment Agreement, hereto attached as Exhibit A;

**WHEREAS**, on or about 11/7/2017, LaRue was informed by Executive Director Gregory Russ that LaRue's position was being eliminated;

**WHEREAS**, MPHA and LaRue negotiated and agreed upon terms and conditions of LaRue's retirement from MPHA, which would include monetary consideration in exchange for a release of potential claims. While MPHA denies that MPHA acted wrongfully in any manner with regard to LaRue's employment with MPHA or the elimination of her position, MPHA and LaRue seek to amicably resolve any claims that might arise out of her separation from employment without the necessity of further proceedings.

**NOW, THEREFORE**, in consideration of the release herein and the mutual promises of the Parties hereto, and to fully and completely resolve the dispute between LaRue and MPHA, the Parties agree as follows:

1. **Severance Compensation.** The parties have agreed that LaRue will separate from employment with MPHA on June 29, 2018. In accordance with the attached Employment Agreement, MPHA agrees to pay LaRue a lump sum payment equal to fifty percent (50%) of her annual salary, that is Sixty-six Thousand Nine Hundred Sixty dollars and 01/cents (\$66,960.01) on or after July 21, 2018 by direct deposit in alignment with MPHA standard payroll calendar. This payment is being made in accordance with the terms and conditions set forth in Exhibit A.
2. **Monetary Consideration.** MPHA shall make payment of Seven Thousand One hundred Thirty-six dollars and 40/cents (\$7136.40) ("Settlement Sum") by check made payable to LaRue. The Settlement Sum shall be made payable with no deductions or withholding. MPHA will issue an IRS Form 1099 (MISC) to record its payment of that portion of the Settlement Sum to LaRue. The Settlement Sum shall

be made by direct deposit 21 days after LaRue executes this agreement or after her last work day whichever is later, provided LaRue has not revoked the Agreement as described in paragraph 7 of this Agreement.

3. **No Representation Regarding Tax Treatment.** LaRue acknowledges and agrees that MPHA has made no representation to her regarding the tax consequences of any amounts received by her under this Severance Payment and Settlement Agreement. LaRue acknowledges that she is solely responsible for all tax obligations which may arise as a consequence of the payments being made under this Agreement. LaRue agrees and understands that MPHA has not made any representations regarding the tax treatment of the sums paid pursuant to this release and agrees that she is responsible for determining the tax consequences of such payment and for paying taxes, if any, that may be owed by her with respect to such payment. LaRue enters into this Agreement only after consulting with her own attorney and or/tax advisor as to the characterization and treatment of such payment. In the event a taxing authority asserts a claim for federal or state income taxes, social security taxes, unemployment taxes, and/or Medicare taxes, LaRue stipulates and agrees that MPHA is not responsible to said taxing authority for payment of that obligation; and LaRue further agrees to indemnify, defend and hold harmless MPHA from those claims, including interest and/or penalties if asserted.
4. **Regulatory Investigations or Inquiries.** LaRue agrees not to affirmatively assert or allege that MPHA is or was in noncompliance with any regulatory, statutory or governmental agency or authority's laws, regulations, guidelines, handbooks or other related duties imposed upon it by virtue of law, regulation or contract. LaRue, if contacted by an appropriate inquiring or investigating governing agency or authority, may cooperate with any investigations or inquiries.
5. **Non-Admission.** Nothing in this Agreement constitutes an admission of any liability, wrongdoing, or violation of any law by either Party. Both Parties expressly affirm that this settlement was agreed upon in good faith and that it does not violate any laws or policies or the rights of either Party.
6. **Release of Claims.** For the consideration called for herein, the sufficiency of which is hereby acknowledged by the Parties, LaRue, on behalf of herself and her agents, employees, successors, and assigns, releases, acquits, and forever discharges MPHA and its agents, employees, commissioners, successors, and assigns from any and all actions, claims, demands, damages, costs, expenses, medical subrogation claims and liens, attorneys fees, or other claims known or unknown, direct, indirect or consequential arising out of her employment and/or the termination thereof, and up to the date she signed this Agreement ("***release of claims***").

The release of claims includes but is not limited to all claims under: a) the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 *et seq.*; b) Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000 *et seq.*; c) the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; d) the Minnesota Human Rights Act, Minn. Stat. Chapter 363;

e) the Minnesota Whistle Blower's Law, Minn. Stat. § 181.932; f) the Family and Medical Leave Act, 29 U.S.C. §§ 2601 *et seq.*; g) the Minnesota Veteran's Preference Act, Minn. Stat. § 197.46(a); h) the Constitution of the State of Minnesota; i) the United States Constitution; j) MPHA's personnel and employment policies; and k) all federal, state, and local civil rights laws based upon any protected class status.

The release of claims also includes but is not limited to all claims for defamation, slander, personal injury, breach of contract, fraud, misrepresentation, intentional or negligent infliction of emotional distress, promissory estoppel, negligence, and breach of duty, wrongful termination of employment, retaliation, harassment, breach of public policy, failure to pay wages or benefits, any unlawful employment practices, punitive or compensatory damages, and other tort claims.

7. **Notice of Rights of Rescission.** LaRue acknowledges that pursuant to the Age Discrimination in Employment Act, she has up to twenty-one (21) days to consider the terms of this Agreement after receiving it.

Further, LaRue may rescind this Agreement within seven (7) calendar days after signing it to reinstate federal claims under the Age Discrimination in Employment Act, and within fifteen (15) calendar days after signing it to reinstate state claims under the Minnesota Human Rights Act. To be effective, any rescission within the relevant time period must be in writing and delivered in person or by mail within the appropriate rescission period to Lisa R. Griebel, MPHA General Counsel, 1001 Washington Avenue North, Minneapolis, MN 55401-1043. If sent by mail, the rescission must be: 1) postmarked within the 7-day or 15-day period; 2) properly addressed to the MPHA; and 3) sent by certified mail, return-receipt requested.

In the event LaRue rescinds this Agreement, or any part of it, the provisions of this Agreement shall be null and void.

8. **Counterparts.** This Agreement may be executed in one or more counterparts and by facsimile and/or email. Each counterpart shall be deemed an original, and all of the counterparts shall constitute one and the same instrument.

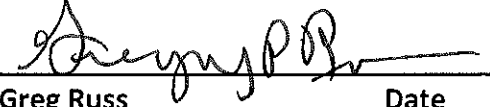
LARUE ACKNOWLEDGES THAT SHE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO IT.

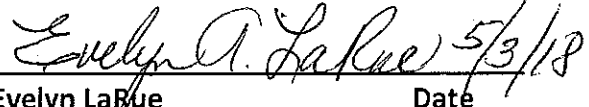
PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

**NOW THEREFORE**, the Parties have caused this Agreement to be executed at Minneapolis, Minnesota on the dates indicated below.

MINNEAPOLIS PUBLIC HOUSING  
AUTHORITY

EVELYN LARUE

 5-17-18  
\_\_\_\_\_  
Greg Russ Date  
Executive Director / CEO

 5/3/18  
\_\_\_\_\_  
Evelyn Larue Date