

MINUTES OF A REGULAR MEETING OF THE COMMISSIONERS  
OF THE  
CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met for a regular session on Monday, February 28, 2011, in the offices of the City of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike, NW, in the City of Roanoke, Virginia.

I. CALL TO ORDER – ROLL CALL

Chairperson Burruss called the meeting to order at 3:01 p.m. and declared that a quorum was present.

PRESENT: Commissioners Burruss, Butler, Garner, Karnes, Smith, Witten

ABSENT: Commissioner Boitnott

OFFICER PRESENT: Glenda Edwards, Secretary-Treasurer

ALSO PRESENT: Earl Saunders, VP of Real Estate Management; Jackie Austin, VP of Finance/CFO; Roger Vest, VP of Real Estate Development; Helen Shampine, HCV Director; Joel Shank, Capital Improvements Director; Gwen Johnson, Resident Services Director; Deborah Davoll, FSS Coordinator; Gloria Charlton, FSS Coordinator; Lydia Fuller, Resident Relations Coordinator; Katie Meyer, Executive Assistant; Nick Conte, Legal Counsel; Mark Loftis, Legal Counsel; Court Rosen, City Council Liaison; other interested citizens

Chairperson Burruss welcomed everyone to today's meeting and stated that she would like to start the meeting by having everyone introduce themselves. All RRHA

staff members and guest introduced themselves.

## II. REPORTS

### 1. Financial Report

Chairperson Burruss asked for the Financial Report.

Ms. Jackie Austin, RRHA VP of Finance/CFO, referred to page 23 of the Monthly Operations Report Finance Section and stated that Public Housing is reporting net income of approximately \$567,000 for the first four months of the 2011 Fiscal Year. Total revenues are showing a favorable variance of \$202,000 mainly due to positive variances in operating subsidies. There continues to be no Resolution with current Fiscal year budget and the Continuing Resolution is set to expire on March 4, 2011. Dwelling rentals are slightly under budget projections by \$12,000. Total expenses are showing a favorable variance of \$328,000 primarily attributable to all expense categories reporting favorable variances. Administrative expenses are \$25,000 under budget due to budget expenses that have not been incurred to date. Utilities expense is under budget \$136,000 due to the actual expenses being less than the budgeted amount and due to the budgeting estimate having been based on anticipated utility rate increases. Ordinary maintenance is reporting a favorable variance of \$41,000 due to costs that have not been incurred at the same level that was budgeted. Several sites have budgeted for replacement of equipment, capital items, betterments and additions from their operating budgets, yet these expenses have not been realized to date.

The Central Office Cost Center (COCC) is reporting a difference in revenue and expense of \$48,000 as shown on page 32. Total revenues are slightly under budget primarily due to property management, asset management and bookkeeping fees that is

slightly behind of budget projections. Total expenses are showing a favorable variance of \$49,000 which is mostly attributable to administrative expenses showing a positive variance of almost \$46,000 due to expenditures that have not been incurred to date.

The Section 8 program is reporting difference in revenues over expenses of approximately \$14,000 as shown on page 33. Total expenses are showing a favorable variance of approximately \$17,000, primarily attributable to administrative expenses being approximately \$18,000 under budget due to positions that have been budgeted to be filled and expenses that have not been incurred during the first four months of the fiscal year. Ms. Austin stated that some of the open positions were filled during the month of December and January.

Ms. Austin asked if there were any questions. There were none.

Chairperson Burruss thanked Ms. Austin for her report.

## 2. Executive Director's Report

Chairperson Burruss asked for the Executive Director's report.

Ms. Edwards, RRHA Executive Director, referred to her written report in the Monthly Operations Report and stated that RRHA is half way through the fiscal year and Congress has failed to finalize a budget. Ms. Edwards stated that there is one proposal in Congress to approve a Continuing Resolution for two weeks and there is a proposal to approve another Continuing Resolution for a month while they negotiate further.

Ms. Edwards stated that the further RRHA proceeds into the year, the harder it will be to handle any reductions in funding that are retroactive for the entire fiscal year for Section 8 and the calendar year for Public Housing which is January 1<sup>st</sup>. Ms. Edwards stated the importance of communicating to our legislators the importance of

finalizing a budget so that programs are not operating with unknown funding amounts resulting in the potential to negatively impact those who are served by RRHA.

Ms. Edwards stated that the Presidents proposed 2012 fiscal year budget includes an off-set of Public Housing operating reserves that would be required to be utilized to fund Public Housing before HUD would fund the Public Housing Program. Ms. Edwards stated that she believes RRHA would be affected by the proposal based on the amounts that have been proposed thus far and that RRHA stands to lose several million dollars in operating reserves that RRHA had planned for developmental and capital improvements. Ms. Edwards stated that notification was received from HUD stating that Public Housing can not use operating reserves for capital improvements and modernization activities. Ms. Edwards stated that RRHA has received additional information from a consulting firm that the restriction of the operating reserves is in conflict with HUD interpretations of allowable uses of the operating reserves in prior times.

Ms. Edwards stated that RRHA senior management, along with other Housing Authorities, sat in on a conference call with regional Administrators from HUD. Ms. Edwards stated that a number of Housing Authority (HA) Representatives expressed dismay at the notion of taking operating reserves and feel that it rewards HA's that have not built an operating reserve and spent all their funds as they were generated while it has a punishing effect on HA's who have managed well and built a reserve.

Ms. Edwards stated that RRHA has needs that have been identified in the Physical Needs Assessment over the next 20 years that will require in excess of 20 million dollars. Ms. Edwards stated that if RRHA proposes to use any operating

reserves it would be brought before the Board to request approval for the use of those funds.

Commissioner Karnes asked if the proposed budget had consideration for the HUD VASH program. Ms. Edwards stated that the proposed 2012 budget that had been shared with RRHA showed the VASH program to be funded at the same level as this year with no increase.

3. Staff Reports

Chairperson Burruss stated there were no staff reports.

4. Committee Reports

Commissioner Karnes stated that the Personnel Committee had met and there are continued discussions about a different retirement plan.

5. Commissioner comments

Chairperson Burruss stated that Commissioner comments section has been added to the Agenda and asked if there were any comments or questions from the Board.

Commissioner Witten asked if everything was settled at Melrose Towers, as a result of the fire, and how it affected RRHA's budget. Ms. Edwards stated that RRHA has not settled with the insurance company and that she anticipates the insurance company will keep the impact to RRHA's budget minimal. Ms. Edwards stated that work is on-going to 14 units that need floor replacement due to asbestos tiles and those tenants will have to be relocated to other units in the complex as the work continues.

Mr. Joel Shank, RRHA Capital Improvements Director, stated that bids for abatement and repair work to the units have been received and once the evaluation has

been completed the contract award will need Board approval. Mr. Vest, RRHA VP of Real Estate Development stated that all residents were back in to the building with no difficulties and Ms. Edwards stated that at the Melrose Towers Community Meeting, staff received positive feedback about the care of residents during the fire incident and they were very thankful.

6. Residents or other community members to address the Board

Chairperson Burruss asked if there were any residents or other community members who would like to address the Board. There were none.

III. CONSENT AGENDA

C-1 Minutes of the Regular Meeting of the Board of Commissioners held Monday, January 24, 2011.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of January 2011

RECOMMENDED ACTION: File as submitted

Vice-Chair Garner introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten Garner, Burruss

NAYS: None

Chairperson Burruss thereupon declared said motion carried as introduced.

IV. **REGULAR AGENDA**

1. Resolution No. 3628

Ms. Edwards stated that both Resolution No. 3628 and Resolution No. 3629 have to do with the retirement age and years of service requirement. Ms. Edwards stated that these actions come before the Board with the support of the Personnel Committee. Ms. Edwards stated that RRHA's current eligibility for retirement is 55 years of age with no years of service. Ms. Edwards stated that the change in policy would be eligibility for retirement at age 55 with 10 years of service or 60 years of age with 5 years of service.

Ms. Edwards asked for approval of Resolution No. 3628 authorizing Amendment No. 1 to the Profit Sharing Plan.

Chairperson Burruss asked if there were any other questions. There were none.

Commissioner Smith introduced Resolution No. 3628 and moved its adoption as introduced:

**RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING AMENDMENT TO THE PROFIT SHARING PLAN**

WHEREAS, effective January 1, 1985, the City of Roanoke Redevelopment and Housing Authority (RRHA) adopted the 401(k) Plan for Employees of the City of Roanoke Redevelopment and Housing Authority (the "401(k) Plan");

WHEREAS, effective April 1, 2004, RRHA amended and restated the 401(k) Plan and merged the Retirement Plan for Employees of the City of Roanoke Redevelopment and Housing Authority with and into the 401(k) Plan with the 401(k) Plan surviving and changing its name to the Profit Sharing Plan for Employees of City of Roanoke Redevelopment and Housing Authority (the "Profit Sharing Plan");

WHEREAS, effective November 17, 2008, RRHA amended and restated the Profit Sharing Plan;

WHEREAS, Section 7.1 of the Profit Sharing Plan authorizes RRHA to amend the plan; and

WHEREAS, upon the advice of counsel, RRHA has determined that an amendment to the Profit Sharing Plan is needed to change the requirements for normal retirement under the Profit Sharing Plan.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. Amendment No. 1 to the Profit Sharing Plan, a copy of which was presented to this meeting, is hereby adopted.
2. The Executive Director be and hereby is authorized and directed to execute the Amendment No. 1 to the Profit Sharing Plan on behalf of the RRHA.
3. If deemed necessary by legal counsel, the Executive Director, or her designee, be and hereby is authorized and directed to apply to the Internal Revenue Service for a determination letter regarding continued qualification of the Profit Sharing Plan.

The motion was seconded by Vice-Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

Chairperson Burruss thereupon declared said motion carried and Resolution No. 3628 adopted as introduced.

2. Resolution No. 3629

Ms. Edwards asked for approval of Resolution No. 3629 approving revisions to personnel policies regarding insurance programs and 401(k) and retirement plans. Ms. Edwards stated that as a result of the increased cost of insurance premium it is necessary to implement changes to retirement benefits and stated that these changes are comparable to other companies in the valley and have the support of the Personnel Committee. Ms. Edwards stated that the reductions to the insurance benefits would be that at 62 years of age and 5 years service RRHA would pay the premium equal to the primary employer share for individual coverage provided to an active employee; 60<62 years of age and 5 years of service RRHA would pay 70% of the premium; 55<60 years of age and 10 years of service RRHA would pay 50% of the premium.

Ms. Edwards stated that the amount paid for insurance not only impacts today's operating budget number but is the Gasby 45 requirement that requires RRHA to carry a liability on our books for the full cost health insurance premium with the assumption that all employee will take retire at the earliest possible opportunity which calculates RRHA's liability to be in excess of 1 million dollars.

Chairperson Burruss asked if there were any questions. There were none.

Commissioner Smith introduced Resolution No. 3629 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING REVISION OF PERSONNEL POLICIES REGARDING INSURANCE PROGRAMS AND 401(k) AND RETIREMENT PLANS

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) allows retirees to continue health insurance under RRHA's health insurance plan; and

WHEREAS, RRHA is amending retirement eligibility requirements effective July 1, 2011; and

WHEREAS, RRHA desires to update Personnel Policy No. 360, 401(k) and Retirement Plans, to reflect amended retirement eligibility requirements effective July 1, 2011; and

WHEREAS, RRHA has determined that it is prudent and in the best interests of RRHA to modify Personnel Policy No. 350, Insurance Programs, to reflect amended primary employer share of premiums available to current and future retirees effective July 1, 2011; and

WHEREAS, the Personnel Committee of the RRHA Board of Commissioners supports and recommends approval of these policy revisions.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The attached revised Personnel Policy No. 350, 401(K) and Retirement Plans, and Personnel Policy No. 360, Insurance Programs, are approved effective July 1, 2011.

The motion was seconded by Vice-Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

Chairperson Burruss thereupon declared said motion carried and Resolution No. 3629 adopted as introduced.

3. Resolution No. 3630

Ms. Edwards stated that Agreement was drafted by Mr. Mark Loftis of Woods Rogers, PLC and was present if the Board had any questions regarding the language of the Agreement.

Mr. Vest asked for approval of Resolution No. 3630 authorizing the execution of a Purchase and Redevelopment Agreement between the Roanoke Redevelopment and Housing Authority and Carilion Clinic Properties LLC. Mr. Vest stated that the property is the last piece of property in the Phase I of the South Jefferson Redevelopment Area.

Chairperson Burruss asked if there were any other questions. There were none.

Commissioner Karnes introduced Resolution No. 3630 and moved its adoption as introduced:

**RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE EXECUTION OF A PURCHASE AND REDEVELOPMENT AGREEMENT BETWEEN THE ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AND CARILION CLINIC PROPERTIES LLC**

WHEREAS, it has been and continues to be found that sections of the City of Roanoke located in the general area of Jefferson Street and Franklin Road, south of I-581 and north of the Roanoke River contain blighted areas which, by reason of dilapidation, obsolescence, faulty arrangement of deleterious land use, obsolete layout and other factors are detrimental to the safety, health, morals or welfare of the residents of the City; and

WHEREAS, pursuant to the South Jefferson Redevelopment Plan adopted by RRHA on March 12, 2001, and by the City Council of the City of Roanoke on March 19, 2001, as amended to date ("Redevelopment Plan"), the City of Roanoke Redevelopment and Housing Authority ("RRHA") filed a Petition for Condemnation seeking to acquire certain real property located in Area 1 of the South Jefferson Redevelopment Area, and known as 217 Reserve Avenue in the City of Roanoke, Virginia (such property being two parcels, one parcel consisting of 1.888 acres, more or less, identified by City of Roanoke Official Tax No. 1032208, and an adjacent parcel consisting of 0.926 acre, more or less, identified by City of Roanoke Official Tax No. 1032209), which property was owned by B&B Holdings LLC and which was designated as property to be acquired as a part of the Redevelopment Plan; and

WHEREAS, on April 26, 2010, the Circuit Court for the City of Roanoke entered a Final Order in the referenced condemnation proceeding which overruled the landowner's exceptions to the Jury Report; confirmed the Jury Report; and granted fee simple ownership of the referenced property to RRHA;

WHEREAS, that Final Order was not appealed; and

WHEREAS, RRHA is the owner of the referenced real property along with all improvements thereon; and

WHEREAS, in order to implement the Redevelopment Plan, the City and RRHA have entered into certain Cooperation Agreements which, *inter alia*, provided funding to RRHA from the City for the purchase by RRHA of the referenced real property (along with other properties located in the redevelopment area) and further provide for the City to allocate funds to RRHA for the purpose of carrying out the Redevelopment Plan; and

WHEREAS, the Cooperation Agreements between the City and RRHA obligate RRHA to convey property which RRHA acquires in Area 1 of the redevelopment area to Carilion on terms acceptable to RRHA and Carilion; and

WHEREAS, RRHA has reached an agreement in principle to convey the property acquired from B&B Holdings LLC to Carilion Medical Center, on terms contained in the Purchase and Redevelopment Agreement attached hereto; and

WHEREAS, the conveyance of the referenced property is consistent with the terms of the Redevelopment Plan and the purchaser has agreed that redevelopment of the property will be subject to the terms of the Redevelopment Plan; the Declaration of Restrictive Covenants for the South Jefferson Redevelopment Area published by RRHA and recorded in the Clerk's Office of the Circuit Court of the City of Roanoke, Virginia; and the Design Guidelines for the South Jefferson Redevelopment Area; and

WHEREAS, the purchase price for the referenced property is based on a written appraisal report prepared by Miller Long & Associates, Inc. dated December 1, 2010; and

WHEREAS, the City of Roanoke has allocated to RRHA funds necessary to fulfill the obligations of RRHA as set forth in the Purchase and Redevelopment Agreement attached hereto;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The Purchase and Redevelopment Agreement attached hereto between RRHA and Carilion Clinic Properties LLC is hereby approved, ratified and confirmed, **subject to** RRHA's receiving evidence that the Purchaser has obtained such board or other corporate approvals as may be required in order for it to enter into the Purchase and Redevelopment Agreement;
2. The Executive Director and other proper officers and employees of RRHA be and the same are hereby authorized and directed to take all such actions as may be necessary, in the opinion of the Executive Director to implement and accomplish the proper purposes of said Purchase and Redevelopment Agreement;
3. The Executive Director be and hereby is authorized and directed to execute all documents necessary to consummate the sale of the referenced property as contemplated in the Purchase and Redevelopment Agreement.

The motion was seconded by Vice-Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

Chairperson Burruss thereupon declared said motion carried and Resolution No. 3630 adopted as introduced.

#### 4. Executive Session

Vice-Chair Garner moved that the Commissioners enter into Executive Session

for the purpose of discussion of specific personnel matters of the RRHA in accordance with Virginia Code Section 2.2-3711 (A)(1).

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

The Board of Commissioners entered into Executive Session at 3:26 p.m.

The Board reconvened into open session at approximately 3:52 p.m.

Commissioner Butler introduced a motion stating the members of the Board of Commissioners hereby certify to the best of their knowledge that only public business matters lawfully exempted from open meeting requirements and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board in the immediately preceding Executive Session.

The motion was seconded by Vice-Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

V. **ADJOURNMENT**

There being no further business to come before the Board, Vice-Chair Garner moved that the meeting be adjourned.

The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Karnes, Smith, Witten, Garner, Burruss

NAYS: None

Chairperson Burruss declared the meeting adjourned at approximately 3:53 p.m.

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Gail Burruss, Chairperson

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Glenda Edwards, Secretary-Treasurer

**AMENDMENT NO. 1 TO THE PROFIT SHARING PLAN  
FOR EMPLOYEES OF  
CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY**

As of July 1, 2011

The following Amendment No. 1 to the Profit Sharing Plan for Employees of City of Roanoke Redevelopment and Housing Authority (the "Plan") is intended to change the requirements for normal retirement under the Plan.

Therefore the Plan is amended as follows:

1. Section 5.1 of the Plan is deleted and replaced with the following:

5.1 Retirement. The normal retirement date of a Participant shall be the first day of the month coinciding with or next following the earlier of (a) the date he attains the age of 55 and has completed 10 years of Credited Service or (b) the date he attains the age of 60 years and has completed 5 years of Credited Service. A Participant reaching his normal retirement date may retire on that date or on the first day of any month thereafter. A Participant may continue in the employ of the Employer beyond his normal retirement date to the extent that such a continuation is permitted under the Employer's employment practices or by law.

Upon the retirement of a Participant in accordance with the preceding provisions of this section, the Employer, at the request of the Participant and in accordance with Section 5.6, shall direct the Trustee to distribute to such Participant the Current Balance of his Individual Account.

In all other respects, the Plan shall remain in full force and effect.

**IN WITNESS WHEREOF**, RRHA has duly executed this Amendment to the Plan this \_\_\_\_\_ day of February, 2011.

CITY OF ROANOKE REDEVELOPMENT  
AND HOUSING AUTHORITY, a  
political subdivision of the  
Commonwealth of Virginia

By: \_\_\_\_\_  
Title: Executive Director

**SUMMARY OF MATERIAL MODIFICATION**  
**THE PROFIT SHARING PLAN**  
**FOR EMPLOYEES OF**  
**CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY**  
**(THE "PLAN")**

Effective July 1, 2011, the Plan was amended to change the requirements for retirement under the Plan. A Participant can qualify for normal retirement under the Plan in the following circumstances:

1. At least fifty-five (55) years of age and have at least ten (10) years of credited service; or
2. At least sixty (60) years of age and have at least five (5) years of credited service.

Prior to these changes, the normal retirement date under the Plan was the earlier of (a) the date the Participant obtains age 55 years or (b) the date the Participant completed 20 years of continuous employment with the City of Roanoke Redevelopment and Housing Authority.

Please keep this Summary of Material Modifications for future reference.

# REVISED POLICIES

Policy No. 350  
 Date: December 20, 1996  
 Revision 4/1/00  
 Revision 2/28/11

### INSURANCE PROGRAMS

- I. **PURPOSE**  
To summarize group insurance and other insurance programs offered by the RRHA.
- II. **SCOPE**  
This policy applies to eligible employees of the RRHA.
- III. **POLICY**  
The RRHA provides comprehensive group insurance programs for regular full-time and part-time employees and retirees. Part-time employees and retirees must meet plan eligibility requirements to qualify for benefits. The RRHA also provides insurance programs as mandated by state and federal regulations for all active employees.

The following are brief summaries of these programs and are not intended to provide complete details of these benefits. For more information regarding specific plans, employees are encouraged to contact their immediate Supervisor or the Human Resources.

- A. Group Medical/Dental Insurance. Eligible employees are given the option of enrolling in the group medical/dental insurance plan at the time of initial employment. Employees are eligible for participation in the group plan on the first day of the month following their employment date. Participants are provided an insurance booklet outlining coverage offered. The employee and the RRHA share premium costs. The portion of premium paid by RRHA, called the primary employer share of premium, is determined annual.

Employees who are retiring may continue health and dental insurance coverage under the RRHA's group plan with a defined primary employer share of premium.

There are three (3) tiers of retirement eligibility and applicable primary employer share of premium for each tier as noted below:

- Full Benefit - 62 years of age plus 5 completed years of service at the time of retirement – RRHA will pay a portion of the premium equal to the primary employer share of premium for individual coverage provided to an active employee
- Reduced Benefit - 60<62 years of age plus 5 completed years of service at the time of retirement – RRHA will pay a portion of the premium equal to 70% of the primary employer share of premium for individual coverage provided to an active employee
- 55<60 years of age plus 10 completed years of service at the time of retirement – RRHA will pay a portion of the premium equal to 50% of the primary employer share of premium for individual coverage provided to an active employee

Dependents and spouse may be covered at the employee's expense. A retiree (and covered spouse and dependents) ceases to be eligible for the RRHA's health benefits when he/she reaches age 65.

- B. Health Insurance Continuation of Coverage. The Consolidated Omnibus Budget Reconciliation Act (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. This coverage, however, is only available when coverage is lost due to certain specific events. COBRA participants pay 100% of the cost of the group health coverage with applicable administrative fees attached.

Qualifying Events for Employees:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in the number of hours of employment

Qualifying Events for Spouses:

- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employee's becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

Qualifying Events for Dependent Children:

- Loss of dependent child status under the plan rules
- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employee's becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

- C. Group Term Life Insurance. Upon an employee's death, this benefit pays 2x his/her annual salary to the assignee, rounded to the next highest \$1,000, not to exceed \$200,000. Life insurance premiums are based on each participant's basic salary at the time coverage begins. Amounts of coverage and premium costs are recalculated based on each participant's gross regular pay as of October 1st of each year. Premium cost is shared by the employee and the RRHA. The plan eligibility requirements include working 30 hours or more per week.
- D. Long-Term Disability Insurance. Eligible employees may enroll the first of the month that follows 3 months of active employment. The cost of the insurance is shared by the employee and the RRHA. Benefits under this policy pay up to 60% of basic monthly earnings at the time of disability, with a maximum monthly benefit of \$6,000. Disability insurance benefit payments are coordinated with benefits received through the Social Security Administration and certain other sources of income. The plan eligibility requirements include working 30 hours or more per week.
- E. Section 125 Flexible Benefit Plan. Eligible employees may elect to use pre-tax dollars to pay for certain benefits (medical, dental, disability insurance, etc.) thus reducing their taxable income and taxes. Employees have the option to purchase additional benefits or receive tax savings in their net pay by participating in this plan.
- F. Social Security. All employees are covered by the Federal Social Security Act. A required percentage of an employee's salary is deducted to pay the

employee's portion of this protection, and the company matches this deduction dollar for dollar. This plan was designed for an employee's future security and that of his or her dependents by providing retirement, disability, death survivor and Medicare benefits.

- G. State Unemployment Insurance. This program is funded entirely by employers in this state. The program provides weekly benefits to employees who become unemployed through no fault of their own or circumstances described in the law.
- H. Worker's Compensation. The RRHA carries insurance to cover the cost of work-related injury or illness. Qualified claims entitle covered employees to indemnity and medical payment benefits. Every regular employee who allegedly incurs injury or illness while in the course of his/her employment must report his/her claim to his/her supervisor immediately or as soon as practicable under the facts and circumstances of the particular case and must adhere to the regulations as relates to the State of Virginia Workers' Compensation law.

Policy No. 360  
Date: December 20, 1996  
Revised 4/1/00  
Revised: 2/28/11

#### **401(K) AND RETIREMENT PLANS**

##### **I. PURPOSE**

To help eligible employees supplement their retirement income.

##### **II. SCOPE**

Regular full-time and regular part-time employees are eligible to participate in the RRHA's Retirement Plan and 401(k) Plan on the first on the month following their employment date. Regular part-time employees must meet the plan eligibility requirement of working 20 hours or more per week.

##### **III. POLICY**

The RRHA contributes to a 401(k) Plan and a Retirement Plan on behalf of each employee. Employees may contribute additional funds to the 401(k) and Retirement Plans, not to exceed limitations set forth under IRS regulations. Voluntary contributions can be made only through withholding from an employee's compensation.

A Participant can qualify for normal retirement under the Plan in the following circumstances:

1. At least fifty-five (55) years of age and have at least ten (10) years of credited service; or
2. At least sixty (60) years of age and have at least five (5) years of credited service.

Upon termination of participation for any reason other than retirement, death or total and permanent disability, a participant shall be entitled to a benefit in accordance with the vesting provisions of the plan.

# CURRENT POLICIES

Policy No. 350  
 Date: December 20, 1996  
 Page 1 of 2  
 Revision 4/1/00

## INSURANCE PROGRAMS

- I. **PURPOSE**  
 To summarize group insurance and other insurance programs offered by the Authority.
- II. **SCOPE**  
 This policy applies to eligible employees of the Authority.
- III. **POLICY**  
 The Authority provides a comprehensive group health program for regular full-time and regular part-time employees. Part-time employees must meet plan eligibility requirements to qualify for benefits. The Authority also provides insurance programs as mandated by state and federal regulations for all employees.

The following are brief summaries of these programs and are not intended to provide complete details of these benefits. For more information regarding specific plans, employees are encouraged to contact their immediate Supervisor or the Human Resources Director.

- A. Group Medical/Dental Insurance. Eligible employees are given the option of enrolling in the group medical/dental insurance plan at the time of initial employment. Employees are eligible for participation in the group plan on the first day of the month following their employment date. Participants are provided an insurance booklet outlining coverage offered and waiting period requirements. The employee and the Authority currently share premium costs. The plan eligibility requirements include working 25 hours or more per week.

Employees who are retiring may begin or continue health and dental insurance coverage under the Authority's group plan. Retirees are eligible to receive the Authority's contribution for single coverage toward the health and dental plan. (See definition for retiree under Policy 360). Dependents and spouse may be covered at the employee's expense. A retiree ceases to be eligible for the Authority's group benefits when they reach age 65. At that time, they are eligible to enroll in a Medicare Supplement Program.

- B. Health Insurance Continuation of Coverage Requirements. Under certain circumstances, continued health insurance may be available to terminated or laid-off employees, employees who lose coverage due to total disability as defined by the Social Security Administration, employees whose hours are reduced below plan minimums, spouses and dependents of former employees, former spouses of employees, spouses of former employees who are eligible for Medicare and dependent children who otherwise become ineligible for coverage under our group medical plan. This coverage is not available to those who are discharged for gross misconduct.

Policy No. 350  
Date: December 20, 1996  
Page 2 of 2  
Revised 4/1/00

- C. Group Term Life Insurance. Upon an employee's death, this benefit pays 2x his/her annual salary to the assignee, rounded to the next highest \$1,000, not to exceed \$200,000. Life insurance premiums are based on each participant's basic salary at the time coverage begins. Amounts of coverage and premium costs are recalculated based on each participant's gross regular pay as of October 1st of each year. Premium cost is shared by the employee and the Authority. The plan eligibility requirements include working 30 hours or more per week.
- D. Long-Term Disability Insurance. Eligible employees may enroll the first of the month that follows 3 months of active employment. The cost of the insurance is shared by the employee and the Authority. Benefits under this policy pay up to 60% of basic monthly earnings at the time of disability, with a maximum monthly benefit of \$6,000. Disability insurance benefit payments are coordinated with benefits received through the Social Security Administration and certain other sources of income. The plan eligibility requirements include working 30 hours or more per week.
- E. Section 125 Flexible Benefit Plan. Eligible employees may elect to use pre-tax dollars to pay for certain benefits (medical, dental, disability insurance, etc.) Thus reducing their taxable income and taxes. Employees have the option to purchase additional benefits or receive tax savings in their net pay by participating in this plan.
- F. Social Security. All employees are covered by the Federal Social Security Act. A required percentage of an employee's salary is deducted to pay the employee's portion of this protection, and the company matches this deduction dollar for dollar. This plan was designed for an employee's future security and that of his or her dependents by providing retirement, disability, death survivor and Medicare benefits.
- G. State Unemployment Insurance. This program is funded entirely by employers in this state. The program provides weekly benefits to employees who become unemployed through no fault of their own or circumstances described in the law.
- H. Worker's Compensation. The Authority carries insurance to cover the cost of work-incurred injury or illness. Benefits help pay for an employee's medical treatment and for part of the income lost while recovering. Specific benefits are prescribed by law depending on the circumstances in each case. To be assured of maximum coverage, all work-related accidents must be reported immediately to Supervisors and the Risk Manager so the Authority can file a timely claim.

Policy No. 360  
Date: December 20, 1996  
Page 1 of 1  
Revised 4/1/00

#### **401(K) AND RETIREMENT PLANS**

##### **I. PURPOSE**

To help eligible employees supplement their retirement income.

##### **II. SCOPE**

Regular full-time and regular part-time employees are eligible to participate in the Authority's Retirement Plan and 401(k) Plan on the first on the month following their employment date. Regular part-time employees must meet the plan eligibility requirement of working 20 hours or more per week.

##### **III. POLICY**

The Authority contributes to a 401(k) Plan and a Retirement Plan on behalf of each employee. The normal voluntary retirement date for a participant shall be the first day of the month coinciding with or next following the earlier of (a) the date he/she attains the age of 55 years, or (b) the date he/she completes 20 years of credited service. Upon termination of participation for any reason other than retirement, death or total and permanent disability, a participant shall be entitled to a benefit in accordance with the vesting provisions of the plan. Employees may contribute additional funds to the 401(k) and Retirement Plans, not to exceed limitations set forth under IRS regulations. Voluntary contributions can be made only through withholding from an employee's compensation.

While both plans have important savings and tax advantages, other aspects of the plans require special consideration. See the Human Resources Director for additional information.

**PURCHASE AND REDEVELOPMENT AGREEMENT**

**SOUTH JEFFERSON REDEVELOPMENT AREA**

- A. Date: \_\_\_\_\_, 2011
- B. Seller: City of Roanoke Redevelopment and Housing Authority  
2624 Salem Turnpike NW  
Roanoke, Virginia 24017
- C. Purchaser: Carilion Clinic Properties LLC (a Virginia limited liability company)  
1906 Belleview Avenue, SE  
Roanoke, VA 24014
- D. Property: Two (2) parcels in the South Jefferson Redevelopment Area, bearing City of Roanoke Official Tax Map Numbers 1032208 and 1032209, all located on the north side of Reserve Avenue and together known as 217 Reserve Avenue (the "Property"), all as more particularly described in **Exhibit A** attached to this Agreement.
- E. Purchase Price: \$1,530,000.00.
- F. Closing Date: \_\_\_\_\_, 2011
- G. Permitted Use: Office/professional/commercial/medical/medical laboratory/educational building; private street/roadway across portion of property permitted as an accessory use

The City of Roanoke Redevelopment and Housing Authority ("RRHA") has undertaken, pursuant to Virginia law and the South Jefferson Redevelopment Plan adopted by the City Council of the City of Roanoke as amended to date (the "Redevelopment Plan"), the redevelopment of an area of the City known as the South Jefferson Redevelopment Area (the "Redevelopment Area") and has offered for sale parcels of land within the Redevelopment Area, including the Property. Purchaser, Carilion Clinic Properties LLC ("Carilion"), desires to purchase the Property and to own, hold, develop and dispose of it in accordance with the requirements of the Plan. This Agreement sets forth the terms of the sale and purchase.

Accordingly, the parties agree as follows:

(1) **Sale and Purchase:** Carilion shall purchase the Property from RRHA, and RRHA shall sell the Property to Carilion, on all of the terms and conditions set forth in this Agreement. The Purchase Price shall be the amount set forth in Item E above and shall be paid as set forth in paragraph (6) below. A more complete legal description of the Property shall be given in the Deed hereinafter provided for.

(2) **Closing; Risk of Loss; Possession and Post-Closing Matters:** (a) The closing to complete the sale and purchase (“Closing”) shall take place not later than the Closing Date set forth in Item F above, the specific date, time, and place of Closing to be determined by agreement between RRHA and Carilion. If there is no such agreement, Closing shall take place at 11:00 a.m. on the Closing Date at the offices of Woods Rogers PLC, Suite 1400, 10 South Jefferson Street, Roanoke, Virginia.

(b) Until Closing, risk of loss or damage to the Property shall remain with RRHA.

(c) RRHA shall deliver possession of the Property to Carilion at Closing.

(3) **Deliveries at Closing; Closing Costs:** At Closing, RRHA shall deliver to Carilion the following:

(a) A Special Warranty Deed executed by an authorized officer of RRHA, notarized and ready for recording, conveying to Carilion good and marketable fee simple title to the Property free and clear of liens, objections and encumbrances except the matters reflected in the copy of the Title Examiner’s Report prepared for RRHA attached to this Agreement as **Exhibit B** (“the Permitted Encumbrances”), and the restrictions set forth in the Declaration of Restrictive Covenants for the South Jefferson Redevelopment Area published by RRHA and recorded in the Clerk’s Office of the Circuit Court of the City of Roanoke, Virginia (the “Restrictions”).

(b) An affidavit as to liens and possession on a form acceptable to Carilion's title insurer and to RRHA.

(c) A resolution of RRHA's Board of Commissioners, authorizing the sale and conveyance and the execution of the Deed by the person(s) signing on RRHA's behalf.

(e) Such other documents and certificates as Carilion may reasonably request.

RRHA shall pay for preparation of the deed, any grantor's tax which may be imposed on recording of the deed, and its own attorneys' fees. Carilion shall pay all other costs of Closing. Real estate taxes shall be prorated as of the Closing Date.

(4) **Redevelopment:** RRHA enters into this Agreement on the basis of RRHA's understanding that the Carilion intends to redevelop the Property for one of the permitted uses set forth in Item G (each a "Permitted Use") above. All redevelopment activities undertaken by Carilion shall comply with the Redevelopment Plan, the Restrictions, and the Design Guidelines for the South Jefferson Redevelopment Area (the "Guidelines"), including the Development Plan Review and Procedures contained in the Guidelines. Carilion shall not commence construction of a Permitted Use until RRHA has reviewed and approved final detailed plans and specifications for the redevelopment (as and when approved, "the Final Plans"). Carilion, at its sole expense, shall obtain all governmental permits, licenses and approvals of any type necessary for the construction and operation of the Permitted Use.

(5) **Condition of Property at Closing and Delivery of Possession:** (a) RRHA and Carilion acknowledge that Carilion and the City of Roanoke, Virginia ("the City") are parties to a written Performance Agreement dated March 19, 2001, applicable to properties in the Redevelopment Area ("Performance Agreement"). Although RRHA is not a party to the Performance Agreement, under the terms of the Performance Agreement the City agreed to

request that RRHA clear properties sold to Carilion in the Redevelopment Area, utilizing purchase funds received from Carilion along with such necessary additional funding specifically allocated by the City for this purpose, and to return said properties to “raw land” status, prior to delivery of possession to Carilion. With regard to the Property that is the subject of this Agreement, Carilion has agreed instead to accept the Property with all existing structures, fixtures and improvements, and to undertake all clearing, demolition, environmental remediation and related work necessary for development of a Permitted Use (“the Site Preparation Work”) solely at its expense.

(b) RRHA will reimburse Carilion for the reasonable costs of the Site Preparation Work utilizing the following procedure:

- (i) Before executing a contract for the Site Preparation Work, Purchaser will obtain written approval from RRHA and the City of Roanoke for the contract amount.
- (ii) In the event of any proposed increase in the contract price of more than five percent for the Site Preparation Work, whether resulting from unforeseen conditions or otherwise, after execution of the contract, Purchaser will obtain written approval of such increases from RRHA and the City of Roanoke before proceeding with the work.
- (iii) The City of Roanoke must approve the contract amount, and any payments above the contract amount, in order for such amounts to be included in the Approved Site Preparation Costs for purposes of the Purchase and Redevelopment Agreement.

- (iv) Within five (5) business days of receipt of a copy of the final invoice from the Site Preparation Work contractor for Site Preparation Work that has been approved by the City of Roanoke and RRHA pursuant to these procedures, and that has actually been performed by the contractor, RRHA will request funding from the City of Roanoke to reimburse Carilion for the amount of such final invoice. RRHA will make reimbursement to Carilion within five (5) business days of RRHA's receipt of the requested funds from the City of Roanoke.
- (v) The amount of the payment to be made to Carilion as reimbursement of the costs for the Site Preparation Work may be adjusted, if necessary, based on the results of the calculations called for under paragraph (6) of this Purchase and Redevelopment Agreement.

(c) It is further understood and agreed that RRHA's obligations to reimburse any Site Preparation Costs shall be limited to those funds which RRHA shall receive from the City and shall not be a general obligation, but a special obligation of RRHA and subject to the availability of funds and the appropriation of such funds by the City Council as may be necessary for such obligations or funding. RRHA will take all reasonable steps necessary to request and receive such funds from the City. RRHA assumes no obligation to provide any funds except those funds provided by the City which are specifically designated for these purposes. RRHA will not utilize any Department of Housing and Urban Development (HUD) funds for any purpose associated with this Agreement, including administrative and legal costs.

**(6) Payment of the Purchase Price:** RRHA is indebted to Carilion in a maximum amount of \$690,044.40 on account of demolition work that Carilion is undertaking with respect

to other properties previously purchased from RRHA in the Redevelopment Area (“the Estimated Prior Demolition Costs”). At Closing, Carilion will pay to RRHA the Purchase Price, minus the Estimated Prior Demolition Costs. It is understood and agreed that when all of the demolition operations covered by the Estimated Prior Demolition Costs have been completed by Carilion and the actual costs of all of that work are known, then RRHA and Carilion will make the calculations necessary to determine how the sum of those actual costs compares to the Purchase Price and the amount paid by Carilion on account of the Purchase Price at Closing, and if, as a result of those calculations, either party owes the other, the owing party will pay the amount owed within thirty (30) days after that amount is determined.

It is understood and agreed that the credit of \$690,044.40, adjusted as provided above, which Carilion is receiving against the Purchase Price for the Property, is in full satisfaction of all of the remaining obligations which RRHA has, or may have, to reimburse Carilion for Site Preparation Work under the Purchase and Redevelopment Agreement between RRHA and Carilion dated June 16, 2008, and/or to reimburse Carilion for Demolition Work under the Purchase and Redevelopment Agreement between RRHA and Carilion dated June 2, 2008. Carilion agrees that as of the date of the execution of this Purchase and Redevelopment Agreement it shall have no further rights to seek or receive reimbursement for any Site Preparation Work, or any Demolition Work, performed on property/properties in the South Jefferson Redevelopment Area except for the rights that are provided in paragraph (5), above, and in this paragraph (6) of this Purchase and Redevelopment Agreement.

**(7) Time for Commencement of Permitted Use and Further Redevelopment;**  
**RRHA’s Repurchase Right; Specific Performance:** (a) Carilion will (i) complete the Site Preparation Work within twelve (12) months after Closing; (ii) submit its proposed development

plan for the Property not later than eighteen (18) months after completion of the Site Preparation Work at the Property; and (iii) commence construction of a Permitted Use within twelve (12) months after approval of the Final Plans by the RRHA and the City. Construction shall be deemed to have “commenced” for purposes of this requirement when excavation of foundations for the first building shown on the Final Plans has begun.

(b) Should Carilion fail to meet the construction commencement deadline set forth in subparagraph (a), RRHA may within one (1) year after the commencement deadline repurchase the Property from Carilion by giving Carilion at least sixty (60) days’ notice of its intent to repurchase and paying the Purchase Price to Carilion. (Should construction commence during the running of the 60-day notice period, RRHA’s notice of intent to repurchase shall be deemed canceled.)

(c) Should Carilion, having met the commencement deadline, fail to complete the Permitted Use in three years or in accordance with the schedule approved by RRHA at the time it approves the Final Plans, whichever is later, RRHA may at any time bring an action for specific performance in the Circuit Court of the City of Roanoke, Virginia, to compel Carilion to complete the improvements in accordance with the Final Plans.

(8) **Carilion's Entry on Property:** Carilion shall have the right at Carilion's sole risk, on reasonable prior notice to RRHA, to enter upon the Property prior to Closing for the limited purpose of making inspections, surveys and examinations of the Property. Such work shall be done in a manner that will cause the least practicable damage to the Property. Carilion agrees to return the Property as nearly as practicable to the condition that existed prior to Carilion’s work if Closing does not occur hereunder and in any event to indemnify RRHA against loss, cost, damage or liability arising out of or resulting from the activities of Carilion and its employees,

agents or contractors on the Property. Before exercising this right to enter the Property, Carilion shall add RRHA as an additional insured with respect to the Property under Carilion's commercial general liability insurance policy. If the results of Carilion's pre-Closing inspections, surveys and examinations are not satisfactory to Carilion, Carilion may, by written notice given to RRHA not more than sixty (60) days after the date of this Agreement, terminate this Agreement, and thereafter neither party shall have any further liability hereunder except for Carilion's liability under this paragraph (8).

(9) **RRHA's Right to Inspect:** RRHA and its employees and agents may at any reasonable time and from time to time enter upon and inspect the Property to assure compliance by Carilion (or by any assign of Carilion) with the requirements of this Agreement. Each such entry shall be accomplished in a manner reasonably calculated to cause the least practicable interference with any activities of Carilion or Carilion's agents or assigns on the Property.

(10) **Environmental Matters:** Attached to this Contract as **Exhibit C** is a copy of the Commonwealth of Virginia Voluntary Remediation Program Certification of Satisfactory Completion of Remediation, which is the most recent information available to RRHA on the environmental condition of the Property (the "VRP Certificate"). Carilion acknowledges that it has received and reviewed the VRP Certificate prior to signing this Agreement and that the Purchase Price has been negotiated to reflect any and all matters set forth in the VRP Certificate. Because RRHA did not acquire and take possession of the Property until several years after the date of the VRP Certificate, RRHA makes no representations or warranties whatsoever as to the present environmental condition of the Property, and Carilion acknowledges and agrees that Carilion is responsible for taking such steps prior to Closing as it shall deem necessary or appropriate to satisfy itself as to the present environmental condition of the Property.

(11) **Breach:** Should either party breach this Agreement, the nonbreaching party shall have available all the rights and remedies afforded by Virginia law, including the remedy of specific performance, and may in addition recover from the breaching party its reasonable attorneys' fees and costs incurred on account of the breach; provided, however, that if the breach is an exception to title to the Property (other than a Permitted Encumbrance) which renders title unmarketable and which RRHA fails or is unable to cure within 120 days after receiving written notice of same from Carilion, then Carilion may either (i) terminate this Agreement by written notice to RRHA given within 30 days after the expiration of said 120-day period, in which case neither party shall have any further obligation hereunder, or (ii) waive the title exception and proceed to Closing with no abatement of the Purchase Price. RRHA's right to enforce specific performance of this Agreement by Carilion shall apply to each individual obligation of Carilion hereunder, including without limitation Carilion's obligation to complete construction of the Permitted Use in accordance with the Final Plans.

(12) **Notice Addresses:** Any notice or other communication under this Agreement by either party to the other shall be sufficiently given if it is in writing and dispatched by registered or certified mail, postage prepaid, return receipt requested, and

- a. in the case of the Carilion, is addressed to:

Office of Corporate Counsel  
Carilion Medical Center  
Suite 720  
213 South Jefferson Street  
Roanoke, Virginia 24011

b. in the case of RRHA, is addressed to:

Executive Director  
City of Roanoke Redevelopment and Housing Authority  
Post Office Box 6359  
Roanoke, Virginia 24017

(13) **Provisions of this Agreement Not Merged with Deed:** No provision of this Agreement is intended to or shall be merged into the deed transferring title to the Property from RRHA to Carilion, and such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement. It is the specific intent of the parties that this Agreement shall survive the Closing and shall be specifically enforceable by RRHA and/or Carilion.

(14) **Force Majeure:** In the event of any delay in the fulfillment of any requirement hereunder, other than the payment of money, which is caused by governmental restriction, storm or other casualty, shortage of material, strike, civil disturbance, act of God, or other cause beyond Carilion's control, the deadline for such performance set forth in this Agreement shall be extended day-for-day for any such delay.

(15) **Miscellaneous Provisions:** This Agreement shall be governed by the laws of the Commonwealth of Virginia. It contains the entire agreement between RRHA and Carilion and supersedes any and all prior discussions, negotiations or agreements, whether written or oral, and it shall not be modified or amended except by a writing signed by both RRHA and Carilion.

WITNESS the signatures and seals of RRHA and Carilion as of the date first written above, each party signing by its duly-authorized officer:

CARILION CLINIC PROPERTIES LLC (SEAL)

By \_\_\_\_\_  
Its \_\_\_\_\_

CITY OF ROANOKE REDEVELOPMENT AND  
HOUSING AUTHORITY (SEAL)

By \_\_\_\_\_  
Its \_\_\_\_\_

**List of Exhibits**

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Exhibit A – Legal Description

Exhibit B – Title Insurance Policy

Exhibit C– Environmental Report

Exhibit A

Legal Description