



# City of Grand Island

Tuesday, June 26, 2007

Council Session

## Item J2

### Approving Payment of Claim Submitted by Howard Maxon

*Vincent Valentino, Attorney for Howard Maxon has submitted a claim in the amount of approximately \$216,000.00 for past and current salary, benefits, and reimbursements.*

Staff Contact: Dale Shotkoski

# ANGLE, MURPHY, VALENTINO & CAMPBELL, P.C.

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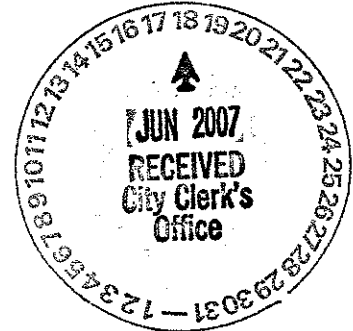
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WALLACE W. ANGLE  
(1921-2001)

June 14, 2007

City of Grand Island  
Ranae Edwards, City Clerk  
100 East First Street  
P.O. Box 1968  
Grand Island, NE 68802-1968



RE: Maxon v. City of Grand Island Claim

Dear Ms. Edwards:

Our office represents Howard Maxon regarding his termination from employment claim on March 29, 2005 against the City of Grand Island, and the subsequent ruling of the Supreme Court on May 25, 2007. At the time of the hearing before the City Council, Mr. Maxon was making \$32.7706 per hour, \$5,680.24 per month, or \$68,162.95 per year, plus benefits. Those benefits included family health coverage that was provided to him at an approximate monthly cost of \$139.70. Further, he had a 6% pension accrual benefits match of approximately \$8,179.60 per year and a savings bond deduction of \$25.00 every two weeks, at interest. There was also a supplemental pension benefit contribution made of \$16.00 per month by the City plus the increased pay in 2003.

As a result of his termination, he was forced to purchase his family coverage on a COBRA basis from April 1, 2005 through September 30, 2005 at a cost of \$1,075.00 per month. The price of this coverage increased to \$1,150.00 per month from October 30, 2005 through September 30, 2006. When the 18 months on COBRA eligibility ended, Mr. Maxon procured alternative family health coverage from October 1, 2006 through May 31, 2007, the cost of health coverage was \$7,541.96, or an average cost of \$873.99 per month health insurance cost.

One must assume an interest factor on the sums owed to Maxon by his employer for the wage amounts and other losses. As of April 21, 2005, the Nebraska Supreme Court had a published interest rate of 5.125%; as of July 21, 2005 of 5.429%; and as of October 20, 2005 of 6.420%. One would assume some type of cost of living increase to his base salary of 2.5% to 3% of each fiscal year. Certainly, the pay of his successors in office might provide a guide since Mr. Maxon had over twenty-five years in emergency management.

cc: Mayor  
Legal  
Finance  
HR  
6-18-07

Lost Wages (Without interest or cost-of-living increase)

April 1, 2005 through December 31, 2005	\$ 51,122.15
January 1, 2006 through December 31, 2006	\$ 68,162.95
January 1, 2007 through June 1, 2007	<u>\$ 34,081.44</u>
(Assumes no annual increase in salary for Maxon)	\$153,366.55

Annual interest lost on \$51,122.16  
@ 5.125% = \$3,147.79 per year or \$8.62 per day  
Annual interest lost on \$68,162.95  
@ 6.420% = \$4,376.06 per year or \$11.98 per day  
Annual interest lost on \$34,081.44  
@ 6.420% = \$2,188.02 per year or \$5.99 per day

Health Insurance Loss

\$1,075 per month (April 1, 2005 to September 30, 2005)	\$ 6,450.00
\$1,150 per month (October 1, 2005 to September 30, 2005)	\$14,950.00
\$873.99 per month (October 1, 2006 to present)	<u>\$ 7,865.91</u>
	\$29,265.91

These expenses on an out-of-pocket basis are subject to an interest factor as well as they were incurred monthly.

Lost Retirement/Pension Benefits

Mr. Maxon's contribution plus employer match annually was approximately \$8,179.60. He lost earned interest on his contribution and the match in his account from April 1, 2005 to present or \$8,861.23, without interest, on his accounts. The additional amount of contribution to the 2005 supplemental program is unknown, but the current account statement shows an approximate balance of \$800.00. This would have started in 2003.

Lost Pension Contributions:

Assumes 6%/match with no salary increases \$ 8,179.60

Current Wage and benefits losses without interest  
or cost-of-living increases \$190,812.06

Howard Maxon believes a reasonable interest factor applied to these sums would yield approximately \$8,000.00. Additionally, he incurred other expenses for his appeal, including the cost of the transcript of \$2,341.80. Further, each day he is not allowed to work he accrues lost pay, which increases the total amount of lost pay, retirement, and other benefits.

As a result of the recent Supreme Court decision regarding Mr. Maxon on May 25, 2007, Mr. Maxon believes his claims for past and current salary, benefits, and

reimbursements have accrued, and hereby makes demand for payments of said amounts. Further, he should be entitled to those increases paid to his successors in office, and the above amounts calculated and adjusted accordingly, which may be as high as \$216,000.00. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent Valentino", with a stylized flourish at the end.

Vincent Valentino  
For the Firm

VV/mde

CC: Howard Maxon