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County, ex-official settle for \$650,000

Former manager accused Union commissioners of wrongfully firing him. County says deal prevents costly court battle that could've topped a million.

MONROE Ending a bitter and costly lawsuit, Union County commissioners Thursday agreed to pay former County Manager Mike Shalati at least \$650,000 to settle his wrongful firing suit against the county.

Defending the lawsuit will cost Union County at least \$925,000, including the settlement and \$227,000 in legal fees so far.

Jim Blackburn, of the N.C. Association of County Commissioners, said Thursday he's never heard of so large a payout to a top county executive.

"This kind of situation doesn't arise very much," said Blackburn. "I have no recollection of previous settlements like this."

Union commissioners' Chairman Allan Baucom said the settlement was "the most economical outcome That is our duty."

Settlement prevents an even more costly court battle for the county of "upward of a million dollars" plus Shalati's legal fees, no matter who won, Baucom said. Shalati's contract required the county to pay his legal expenses, Baucom said.

In the agreement, Shalati will pay his own attorneys' fees, which he estimates at nearly \$100,000.

He also drops all legal claims against the county – including allegations that the board's three-man majority of Baucom, Parker Mills and Kevin Pressley – broke the N.C. Open Meetings Law and violated county policies. Shalati also drops a federal discrimination complaint.

Despite the agreement, both sides Thursday took shots at the other while declaring victory.

Shalati maintained that the three commissioners gave some developers preferential treatment for valuable sewer permit approval, and pressured staff to "not adhere to the requirements for some developments." He declined to name the developers.

"This is a victory for all the county employees subjected to horrendous intimidation," Shalati said of the settlement.

Baucom said Shalati was fired for failing to keep the board informed about an impending state-mandated sewer moratorium in December 2006.

Baucom also said Shalati lied to commissioners about a resident's request to recognize Confederate Gen. Robert E. Lee's birthday. Baucom said Shalati told then-chairman Pressley that Mills favored

putting the request on the agenda. The item would have come up for a vote on Dr. Martin Luther King Jr. Day.

Baucom said Pressley later asked Mills about the request; Mills denied ever speaking to Shalati about it. Mills then asked that the Robert E. Lee item be removed because it would cause disruption in the community, Baucom said.

Shalati denied those allegations Thursday and added that Baucom was distorting the truth.

Unusual case

From the moment it was filed, the case was unusual. Few county managers sue their commissioners, said Blackburn, the state commissioner association's general counsel.

"Most people in that situation are going to continue to seek employment," he said. "It's not necessarily the best for your résumé to sue a past employer. Mike felt sufficiently aggrieved" that he would sue.

Shalati had been county manager for five years, and a county employee for 16.

The previous board of commissioners in November 2006 voted to enhance Shalati's severance package should he be fired. In January 2007, the three-member majority of the new board voted to fire him. Shalati sued in June 2007. Commissioners argued his new contract and severance package weren't valid.

Commissioners narrowly approved the legal settlement on Thursday, with a 3-2 vote after an hourlong closed-door meeting. Commissioner Roger Lane, named as a hostile witness in the case, dissented. Lanny Openshaw, who often votes with Lane, also voted no.

Chairman Baucom began the board's public meeting Thursday by accusing Lane of colluding with Shalati to expand the severance package.

Lane, who was commissioners' chairman at that time, scoffed at the allegation and later denied it to reporters.

Baucom said his claims are vindicated by sworn testimony by several county employees and former officials. Baucom says transcripts of depositions will be made public when they are ready. County Attorney John Burns could not say when that might be.

Depositions were taken from several top county officials. Among them: former Public Works Director Christie Putnam, Finance Director Kai Nelson, and former interim County Manager Dick Black.

The Charlotte Observer had asked the court to unseal documents related to the lawsuit. The county argued against that, saying it would violate state confidentiality laws.

Had the lawsuit continued, attorneys had planned to call about 20 more witnesses to testify or give depositions, Burns said.

Shalati's total payout isn't clear.

He will keep accrued vacation and sick time, which would be counted toward his pension upon retirement, his attorney Julie Fosbinder said. Shalati figures that could tack on at least another \$150,000.

But new Union County Manager Al Greene says he believes \$650,000 is Shalati's total.

Historically, county managers rarely had employment contracts, working as at-will government employees, said Blackburn. But more managers are signing contracts. Having a contract would make a successful lawsuit more likely, provided the document is valid, he said.

"We're probably going to see more of these" lawsuits, Blackburn said.