

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**



**MINUTES OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Workshop Room
5850 West Glendale Avenue
November 20, 2012
1:30 p.m.**

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Steven E. Frate and Councilmembers Norma S. Alvarez, Joyce V. Clark, Yvonne J. Knaack, and Manuel D. Martinez,

ALSO PRESENT: Horatio Skeete, Acting City Manager; Jamsheed Mehta, Interim Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

WORKSHOP SESSION

1. COUNCIL VACANCY
PRESENTED BY: Horatio Skeete, Acting City Manager

This is a request for Council to discuss and consider the process for filling the Councilmember vacancy in the Cactus District.

The Glendale City Charter provides for vacancies in the Council and Office of the Mayor. The Charter states:

Art. II, Sec. 12. Vacancies in Council and Office of the Mayor.

The council, by majority vote of its remaining members, shall fill the vacancies in its own membership and in the office of the mayor for the unexpired terms.

Mr. Skeete said this item is for the Council to discuss whether to fill former Councilmember Lieberman's position who resigned on October 30, 2012. Installation of the new council is expected to be on January 15, 2013 and they may want to wait to fill Councilmember Lieberman's position until the new Council is seated. He asked the Council how they wanted to proceed.

Mayor Scruggs said thank you, the matter is open for discussion and asked if anyone wanted to offer their thoughts on this matter.

Councilmember Martinez felt the Council could wait until January to fill the seat, and it would not make much difference in the long run.

Councilmember Alvarez agreed with Councilmember Martinez. She also said Mayor Scruggs always invited the new Councilmembers to her town hall and suggested that be done this year as well.

Vice Mayor Frate said this has happened before due to the death of a Councilmember. He said the new Councilmember was brought in at the regular time of swearing in. He said the Council assistants were there to assist with questions, as well as other Councilmembers assisting the public if necessary. He is satisfied with just swearing everyone in on January 15, 2013.

Mayor Scruggs said before the item is finished, she wanted to add a different point of view. Originally, she had supported waiting, holding off and waiting to appoint somebody, but it appears very clear that Council knows who the winner of that race will be. She didn't think there was going to be any changes in the lead of about 175 votes and she guessed most of the votes have been counted, after thinking this through she was trying to think of what would be accomplished by not having that seat filled. The fact that the person who appears to be the victor in that seat, the person who appears the district constituents have chosen is someone who has experience as a councilmember. It's not somebody who has to come in and go through training and initiation, learning how to be an elected official on the Glendale City Council as the others do, it's somebody who has already served and who is very knowledgeable and who is very in touch with the constituents and the district. She considered what will be achieved by not putting that person in place. The canvass of votes would hopefully take place on November 26th. The city hoped that the county will have finished their work. The city can't do theirs until the county finishes, so there is a meeting on November 27th, Council could appoint that person on the 27th and then when the swearing in of the newly elected people takes place on January 15th, that person would then be sworn in to start their first term as the elected representative. In the past, Council hasn't had a situation where it was known who was going to be going into the seat, so Council went through a process and it took months and months. Given the situations that have occurred, where we know there have been absences. Councilmember Alvarez, unfortunately, had some unpleasant accident that required her to be absent for a long time, Lieberman, we didn't expect him to just pick up and leave. She had to call in Tuesday night because Council was down to five people. She asked what Council would achieve by leaving this seat vacant. She would like to seat the winner of the Cactus district election immediately after the canvass of votes. The fact that right now Council has vacated all sorts of meetings does not mean those will not occur. There are serious, significant issues facing this city right now and not all of them have been revealed, but they will be in a very short amount of time and she didn't know that to the city could get through until January 22nd without having meetings to address the very serious situations in this city right now.

Councilmember Clark agreed with the comments of Councilmembers Martinez, Alvarez and Frate.

Councilmember Knaack said she thought whoever won, they would seat. She agreed with the Mayor and had no problem seating the person now.

Councilmember Alvarez asked what would happen with the swearing in of the new person on January 15th, and asked if the new Councilmember was okay with coming in early. Mayor Scruggs advised the new Councilmember was agreed.

Mayor Scruggs said it appears the majority wish to leave the seat vacant, which she didn't understand why the Cactus district constituents wouldn't need a representative, but if that is the will of the Council.

Councilmember Alvarez asked to discuss the issue. She said she just didn't want any additional expenses like salary to be an issue.

Mayor Scruggs said she thought the issue was in terms of the service to the constituents. If you feel the salary is an impediment, then that is a valid reason.

Councilmember Alvarez said the only thing that came to mind was more money being spent, more layoffs. Councilmember Knaack said it wouldn't be any more money than they would have spent if Councilmember Lieberman had stayed. Councilmember Alvarez just thought of it as a savings, but said with that she could vote either way.

Mayor Scruggs commented that Council was in a deadlock, and asked what should be done. This is another reason why it would be much better to have a seventh person because there are going to be things that will end up three/three and it's whoever rushes their motion in first and gets it stalled, they'll win, so she thought it was poor public policy, but she restated that Council was at a three/three right now. The Mayor addressed Mr. Tindall, asking for an opinion.

Mr. Tindall said there were no clear answers without instructions from council. He suggested putting the item on an evening meeting and voting on it.

Mayor Scruggs said to tell you the truth, she was not comfortable giving direction and that is her role here is to listen for consensus and give direction to put something on a vote that does not seem like it is going to have a majority supporting, because all it does is create, in her opinion, an embarrassment for the Council, and an embarrassment for the potential appointee. If everybody sat here and listened to everything and they were firm in their position, they are not going to change it in a week. She stated that Council would leave the position with no clear direction and that means the position remains unfilled. She commented that she thought it was a disservice to the constituents and she was very disappointed, but would move on to item number two.

2. CITY MANAGER RECRUITMENT DISCUSSION
PRESENTED BY: Horatio Skeete, Acting City Manager

This is a request for Council to discuss and consider the process for filling the City Manager position.

The former City Manager retired from the City of Glendale on June 8, 2012. Council took action to appoint an Acting City Manager on June 12, 2012. During the June 12th meeting, it was discussed that Council had decided amongst themselves that the selection of the new City Manager should be undertaken by those who will be serving after the installation in January 2013. Once it is known who the seven members of Council will be, following the canvass of votes in November, those members will form some type of committee to decide how they want to proceed with the search.

The Glendale City Charter provides for the appointment of the City Manager. The Charter states:

Art. III, Sec. 1. Appointment of City Manager

The council shall appoint an officer of the city who shall have the title of City Manager and shall have the powers and perform the duties provided in this charter. No councilman shall receive such appointment during the term for which he shall have been elected, nor within one (1) year after the expiration of this term.

Art. III, Sec. 2. The City Manager; qualifications

The City Manager shall be chosen by the Council solely on the basis of his executive and administrative qualifications with special reference to his actual experience in, or his knowledge of, accepted practice in respect to the duties of his office as hereinafter set forth. At the time of his appointment, he need not be a resident of the city or state, but during this tenure of office he shall reside within the city.

Mr. Skeete said they will form a committee of seven to determine the process of selecting a new City Manager. He said this is the appropriate time to form that citizen's committee to start the process.

Councilmember Clark said she is comfortable with this and looked forward to forming the committee so they could begin their work.

Councilmember Alvarez asked if they were going to look outside the city for the new City Manager. Mayor Scruggs said that is going to be up to the members of the committee. Council would not be giving any direction, so what was being discussed was forming a committee that would include Councilmembers Alvarez, Martinez and Knaack and the four newly elected individuals and they would decide, in-house, out-of-house, in-state, out-of-state, international, whatever. Councilmember Alvarez asked if there was a rush to do this or do they have to wait until the new council is seated. Mayor Scruggs said the thought was that once it was known who the seven people were, and the canvass of votes was done, Council would give the new Council an opportunity to get a head start rather than waiting until January 16th to start working on this and that there would be a committee formed by some legal means that the City Attorney would draft about how that happens and they could start working. The committee could at least start

talking about what kind of a search they wanted to do and so forth. The committee would not be able to get too far, but could save some time, rather than waiting until the middle of January.

Councilmember Martinez asked to get the cost of doing a national search when they get started so they have those numbers. Mayor Scruggs said really the whole point of this is for us not to start talking about any of it, but if you give agreement to form a committee, then the seven committee members get together and lay out the questions. This is what you want to know, this is the information. Not that Council tells them if staff's direction was to go gather this information or that information, it's supposed to just be the seven of you on your own. She asked if the rest of the Council was okay with that. Councilmember Martinez asked if the staff could provide ahead of time the cost to do a national search.

Mayor Scruggs said the only thing she was saying is she was trying to keep this process as pure as possible without the involvement of anybody leaving office. That's all she was trying to say, so if you could hold that question, or if you give the okay to form the committee, then send that information yourself to whoever is going to lead this effort, rather than it appearing that any of the Council who were leaving office were participating. That's the only reason why she was asking was that no direction be given here.

Councilmember Knaack agreed. Councilmember Martinez said he can wait.

Mayor Scruggs asked Mr. Tindall how Council would form this committee. This is something new.

Mr. Tindall said it would be a council resolution with a beginning and an end date. It could go on the next agenda so it can be voted on by council and then move forward. Mayor Scruggs asked so Council doesn't need to know who the seven people are, it could just be voted upon that there will be a committee developed based on who is elected through the canvass of votes. Mr. Tindall agreed that is correct. He asked if the city was canvassing the vote on the 27th.

Mayor Scruggs said the memo from the City Clerk gave the indication the county may not have their numbers right, so we may have to move the canvass. Mr. Tindall said the ordinance will be read at the council meeting and just be ready at the last minute.

Mayor Scruggs asked if a majority of the Council supported forming such a committee and having it come forward on the 27th, a resolution that directs the formation. All stated yes.

3. FOLLOW YOUR MONEY ENHANCEMENTS AND MY GLENDALE SERVICES

PRESENTED BY: Diana Bundschuh, Deputy Chief Information Technology Officer
Diane Goke, Chief Financial Officer
Christian Polintan, Sr. Systems Analyst

This is a request to provide an update to the City Council on Follow Your Money, the city's transparency application, as well as to present a new tool called My Glendale Services. This is for Council information and discussion.

In July 2012, the City launched its transparency website called Follow Your Money. To further increase transparency and to provide financial information to the public, budget versus actual data will be added to the tool. In addition, Technology and Innovation will be launching My Glendale Services, which is a map based tool that allows citizens to find information about available community services in their local area.

Ms. Bundschuh provided a presentation showing a new Budget Performance option. They wanted to keep the new option clean and neat. The information can be downloaded and a help button has also been added. Staff has introduced an amended budget overview. Next, there is a citywide quarterly expenditure and revenue report. Instead of evenly distributing the budget across quarters, they have now used data from the past three fiscal years to distribute it across the quarters. This data is refreshed every night, so the numbers will change. There is a graph that allows the user to compare quarters and fiscal year. The data was distributed the same way for both expenditures and revenues.

Councilmember Martinez questioned some specific numbers in the presentation. Ms. Goke explained the numbers are broken down across all funds, and the city hasn't spent even a quarter of the budget yet.

Mayor Scruggs asked if Ms. Goke would you say the city was socking away a lot of money. Ms. Goke said no. Mayor Scruggs said she recalled during the special workshop that the city has either a zero or negative general fund balance, is that correct? So, there's no socking away.

Councilmember Martinez said he asked the question as it seemed the city was socking away a lot of money, and that is why he asked the question.

Ms. Bundschuh resumed her explanation of the budget performance data.

Vice Mayor Frate asked how the public has received this. Ms. Bundschuh could not remember the exact numbers, but said the system was being used.

Councilmember Clark said these tools are amazing and she found it tremendously helpful.

Mayor Scruggs said the more information you can develop, the better. The more the public becomes familiar with the fact that it is there, the more they will use it. Council became aware recently of a serious problem regarding transfers from funds from trust funds, or failure to deposit money into funds and this is something that needs to be fixed. It's a very serious problem. These kinds of tools, or this kind of information, on the web, on the internet, would this have ever alerted any of the Councilmembers or any of the public to what was going on with those trust funds?

Ms. Goke said in the first phase of Follow Your Money, the transfers are shown.

Mayor Scruggs said the transfers are shown? So, the public would have been able to see money moving back and forth, not knowing the reason why, but would have seen all this money moving around. Ms. Goke said yes. Mayor Scruggs said thank you for your work and all your efforts and it's a phenomenal amount of work.

Councilmember Frate asked if other cities were doing this. Ms. Bundschuh said Glendale is the only city that has taken it to this level and this amount of detail.

Mayor Scruggs asked if this was software that is available to any other city if they choose to do this; they could, or was this some sort of proprietary software project developed just by Glendale for Glendale. Ms. Bundschuh said Mr. Polintan and IT staff have brought this to life and have developed this. Mayor Scruggs said so it is using software that is not available to anybody else, is that the answer. Ms. Bundschuh said it is tools that they can use, but they would have to develop it from the ground up. Mayor Scruggs said but it's present there for anybody. She commented about the city of Phoenix was putting something available on the internet that Glendale has had there for years and years. They get a lot of good media that they are doing this and this. It's been done so many places, so it's software. It is a decision by management and by the staff to put the extra effort into using the software to its fullest so that there is the most information available to the public.

Ms. Bundschuh said they have one more tool, the My Glendale Services tool which will allow the public to be able to look by location or address to get services that are within Glendale boundaries. This is expected to be released by the end of the calendar year. Panels appear for any given address which will show the services, Councilmember, police, fire and library services for that address.

Councilmembers expressed their approval and how impressed they were with this new tool. Mayor Scruggs asked what it takes to keep all of this updated. Is this a daily event? Ms. Bundschuh advised it would be updated as new information became available and someone would have to let IT know.

Mayor Scruggs asked if it listed the hours that each library was open. That's great. That is really great! She asked if anything else would be added such as any other city facilities that the public might access, like the Adult Center, or parks. That's going to be a lot of information.

Ms. Bundschuh advised the focus of this tool was more services. They are updating their park finder and a new one will be released in the near future.

Mayor Scruggs asked where would the Foothills Recreation Center or the Adult Center be found.

Ms. Bundschuh said they do have the ability to add those facilities; they need to determine how they want to focus this tool. The Adult Center and the Foothills Recreation will be in the new park finder.

Mayor Scruggs said the only other one she thought of was the Civic Center, which could drive business to the Civic Center if there was something there that let people know they could rent it and maybe redirect to that website. It's great.

Councilmember Clark said the city has various services such as VIN etching and shred days that should be added to the map as well.

Ms. Bundschuh said they could definitely look into adding those.

Councilmember Frate asked how many people were involved and how much time was spent developing this. He wanted to acknowledge the time and effort the team put into these new tools.

Ms. Bundschuh said Follow Your Money took hundreds of hours putting this together.

Councilmembers thanked the staff for their efforts. Councilmember Knaack said the program should be copyrighted and sold.

Mayor Scruggs said that is why she was asking if it was proprietary software, but she believed it is software that can be purchased by anybody, but it's the talent and she didn't know if you can make the talent proprietary on people who are willing to say let's make this information available to the public.

Councilmember Clark felt the city should look into selling this tool.

4. PUBLIC SAFETY MEMORIAL
PRESENTED BY: Debora Black, Interim Police Chief

Staff is seeking guidance from Council to proceed with the repositioning of the Public Safety Memorial.

The Glendale Public Safety Memorial was dedicated on January 4, 2011; it is located in the Glendale Civic Center Plaza at 5750 West Glenn Drive. Shortly after the dedication, concerns were raised that the two police officers portrayed on the memorial were not as visually prominent as the two firefighters. Employees from both the Fire Department and the Police Department agree that the memorial should be repositioned so that there is equal representation of Fire and Police from the front of the memorial.

Chief Black discussed the history of the memorial and placement. Two options have been discussed regarding the memorial, reconstructing the surrounding area around the memorial or moving the memorial. Reconstructing the area around the memorial would be costly and disruptive to the Civic Center. Moving the memorial would be a better option. Bids were secured to move the memorial and it is recommended that the installer of the memorial be awarded the contract to reposition the memorial. Funding is available in the municipal arts funds. The Arts Commission has no concerns about this change.

Councilmember Clark asked who gave direction regarding original placement of the memorial. Chief Black said that the memorial was placed in accordance with the artist's depiction; however, it is the surrounding space that created the issue. Councilmember Clark felt it is necessary to find out who directed the memorial be placed in that manner. If it was the contractor placing the memorial in that way, maybe the cost should be reimbursed by the contractor.

Mayor Scruggs said it actually did deviate totally and that is why this came forward, because at the time the issue was raised to her and it may have been raised to others, it was by a very hurt family who had been on the committee and who said this is not how it was supposed to be. An individual who had been working in her office at that time, spent a considerable amount of time and collected all of the original art work, everything that went through the Arts Commission, everything showed this was not the way it was supposed to be. She brought this matter forward and it was turned away, and she wanted to thank Chief Black and Mr. Skeete, for following through on this now, because both of your predecessors declined to do so, saying that it was okay with the police union, it was okay with the department. It was okay with everybody but a few people and it was going to cost either sixty or eighty thousand dollars. She does not recall what the number was to fix it and that nobody was being bothered, nobody was upset about it except a couple of people and that just was not so. There were a lot of hurt feelings. The fact of the matter is, it was placed differently than what was approved by the Arts Commission that came to Council for the expenditure of funds.

Councilmember Clark asked who gave the direction.

Mayor Scruggs said she didn't know. She continued that she was informing Council that a staff member in her office took the time to go through and find all the original art work and everything. She didn't know if that still existed, she didn't know what happened to it when he left city employment, but it was placed differently than what was shown to the committee, which included the family members. If there can be recourse to get the money from the contractor, then that would be great. This has hurt a lot of people's feelings, and to be told that nobody cares but one or two people is a terrible, terrible, terrible thing. She took it back to Mr. Skeete. He said he would look into it. She addressed Chief Black, you've obviously taken a different approach to this than others had taken, and the Mayor wanted to thank Chief Black on behalf of those family members who have been very hurt every time there is an event at that memorial.

Councilmember Clark commented there should be an attempt to find out who directed the memorial be placed that way and if it was the contractor, it should be the contractor's responsibility to fix it.

Mr. Skeete said he would do some research into this issue and see if there was any recourse for the contractor to fix the memorial.

Mayor Scruggs said if it helps, she would call somebody and ask if they remember where they placed all the original work, because that was used to take this matter forward in the first place.

She asked if there was direction from the Council to go ahead and make the change, even if the city has to pay for it.

Councilmembers indicated yes. Councilmember Frate said both Fire and Police supported this change.

Mayor Scruggs asked if the families had been contacted. Mr. Skeete advised they had.

5. CITY MANAGER UPDATE ON ANNEXATION INQUIRIES AND SALES TAX REVENUE

PRESENTED BY: Horatio Skeete, Acting City Manager

This is an opportunity for the Acting City Manager to provide an update regarding recent annexation inquiries located within the Municipal Planning Area (MPA) and provide an update on year-to-date sales tax revenue.

Annexation Inquiries – On October 23, 2012, Council approved the Pre-Annexation Development Agreement (PADA) between the property owners and the City of Glendale. This would allow for future annexation of approximately 3,000 acres of land located on both sides of the Loop 303 in the Glendale MPA.

Since that time, several other property owners and developers not included in the PADA have expressed interest in exploring potential annexation and identifying water and sewer service options, as well as police, fire, sanitation and recycling services. These properties are located in the Loop 303 Corridor and the geographic area between 115th Avenue and Litchfield Road. As Council is aware, the city does not provide water and sewer services west of 115th Avenue. Water and sewer services west of 115th Avenue are typically provided by viable private utility companies per the adopted Annexation Policy.

Mr. Skeete said there were six or seven interested parties in the community that would like to be annexed into the city. Some of the development is residential and some is industrial. These parties have been told in order to proceed with the process, they have to provide information on where water and sewer services would be obtained and that they need to provide an economic analysis to the city.

Councilmember Knaack asked when is the moratorium on the development impact fees. Mr. Froke indicated it is approximately 2014 when the Infrastructure Improvement Plan (IIP) will be set up.

Mayor Scruggs asked if Councilmember Knaack was referring to the moratorium on collecting fees. Councilmember Knaack said on all of it. Mayor Scruggs asked when does the new impact fee, which means no impact fees, just bare the cost of infrastructure that the legislature blessed us with, when does that go into effect.

Mr. Stuart Kent said fees were adjusted to be in compliance with the state requirements. All the cities have until August 2014 to establish an IIP and update their fees and establish any new fees that may be allowed under the new state law. Planning and Transportation staff has been working on this.

Councilmember Clark commented that if some of these requests are residential, they are going to want enhanced public safety, enhanced amenities, and a library. She asked how does the city incorporate this into the plan.

Mr. Froke said those are the types of questions being asked. Research is being done into every type of city service that would have to be provided and the departments are evaluating the requests based on the need it would generate.

Mayor Scruggs commented that Mr. Kent had very diplomatically said the city has until August 2014 to update the impact fees. She believed updating the impact fees means increasing or eliminating them totally, not updating. In the past, the city updated them to reflect actual costs that a development would cost for the city. She asked if she was correct and that in this case updating means reducing them or eliminating them totally to match state legislation.

Mr. Kent said they are anticipating reducing the fees in some categories, including those that have already been eliminated. They are making sure that they are consistent.

Mayor Scruggs commented that some cities are already, their councils, city councils, are already making plans to give policy direction that residential development is not welcome because nobody can afford the support for the services. Some of the new rules are that a park now can be no bigger than two acres or something, so she knew from her colleagues that other city councils are developing policies that show they are just not interested, it sounds like it is kind of going this way. She would offer this to those of you who are staying on the council and those of you in the audience who will be joining the council that you may want to go back and revisit. She apologized for not remembering the name, but it's what Council gave direction on, on annexations west of 115th Avenue; revisit that whole entire set of policies. You may want to also have a policy decision in there that says the city would love to have you here, but cannot afford to serve you because this is the state law that the city cannot get assistance in providing the services that your development brings, so, therefore, you're not welcome. She wasn't sure how it could be said, but it may need to be discussed because there is not going to be enough money anywhere to provide services to residents who pop up in various places and to others. She commented that staff knew from their colleagues that other cities are already doing this. Mr. Froke agreed.

Councilmember Clark said it will become a question of affordability. The Annexation Policy should be updated where residents would have to spend the money if they wanted to live in the city and suggested the new council look at that because it doesn't cover public safety, libraries or landfill.

Mr. Froke added the current Annexation Policy was updated in 2005.

Mayor Scruggs said this is the classic example of unintended consequences. When you talk about public safety in fire service prevention, in particular, you know, the fire department goes by their four minute response time. She added it may be six now. She added failure of the city to be able to provide service in one location hurts the insurance rating for everybody in the entire city

Vice Mayor Frate asked if they would be able to collect fees on that type of infill.

Mr. Froke said development impact fees are being paid today based on the existing fee schedule. Mr. Froke said there would be a different fee schedule after 2014.

Vice Mayor Frate clarified it wouldn't just be annexed areas that would be affected, it would be infill as well.

Mr. Kent said any development, infill or not, west of 115th, would be subject to impact fees. The question is the amount and what they would be getting. That process is all spelled out in the legislation.

Mayor Scruggs said it is going to be interesting times.

Sales Tax Revenue – Through September 2012, city sales tax collections totaled approximately \$28.9 million dollars, which is an increase of about 19% as compared to the first quarter of last year; however, it is 4% under budget projections. The General Fund's portion of that \$28.9 million is approximately \$16.2 million dollars, a 30% increase for the General Fund over last year. This collection reporting period included one month of sales taxes at the higher 2.9% level. A quick comparison of sample businesses indicates that the increased rate had no effect on the level of business activities among those used in the sample set.

Mr. Skeete spoke about the September sales tax collection. Adding, staff is keeping track of that.

Councilmember Knaack asked how we ended up 4% below projected amounts.

Mr. Skeete said actual collections did increase, but the 4% was based on projections of growth that did not materialize. Councilmember Knaack asked if this was going to level out in the future. Mr. Skeete said it looks like they will be between 1% and 4% below.

Mayor Scruggs commented on some of the things that have come from the first quarter financial report and have something to do with this also. She appreciated that the Council was getting these financial reports now, which they didn't used to get. She wasn't sure who wrote them and if it was by different people and perhaps those people don't talk to each other and, therefore, there's conflicting information in them, or what, but while we're discussing why the city was below projections, and she thought it was just how projections were made. She continued that she had objected strenuously to the budget that Council approved in June, because she said it was not fact, it was fiction, and it was not supportable, and so she would like to point out some of the things here on page 5 of this first quarter financial report. First of all, we have to go back and recognize

that it states in there that while it says it goes through the first quarter where the September is really the August sales, correct? So, it says while the Westgate Arena first quarter actuals show a minor variance between FY12 and FY13, the 53% budget variance indicates that actual revenue was much less than anticipated. The primary reason can be attributed to the NHL lockout, which was not anticipated. All preseason games have been cancelled. So, then going back to the statement that we're talking about collections through August, she went to find out how many preseason games were missed. There was one preseason game that was going to be in Glendale, September 24th. So that should not have even been a factor in this financial report. She expressed her concern that information like that is put out as a reason when it cannot be backed up. This was collections through August. There was one game, so, obviously, the lock out of the NHL didn't contribute to a 53% budget variance. The other thing is page 5 also. Revenue budgeted for Tanger Outlet Mall during the first quarter will occur during the second quarter as now it is scheduled to open in November. It was always scheduled to open in November. When Council was at the groundbreaking, they commented about how incredible it was that this whole mall could be built in six months and their goal was always to open for Black Friday, so why was a budget built showing revenue from the Tanger Outlet Mall in the first quarter when there was never any plan for it to open in the first quarter. She would also say there is a difference here between what Council was hearing that the sales tax increase did not affect sales in the city with what was written on page 8 of the general fund city sales tax of that report that we are referring to. The reason for the variance is due to the temporary sales tax slightly under performing. So now Council was hearing that it hasn't affected sales, but in the report it says it is under performing.

Mayor Scruggs went on to say she was bringing these things up because people who say Council should have known certain things, that it was all out there for them to know. She has a report here that it doesn't even agree with itself. That's why she was saying maybe different people wrote it, but it certainly was based on reasons that are not factual. This is a concern. She addressed Mr. Skeete, commenting that she hoped in the future whoever puts these reports together will be more careful and more accurate with what they state.

Councilmember Knaack asked if the Mayor was talking about the November citywide report. Mayor Scruggs said she was talking about what Council just received. It came while she was on vacation. It is dated November 13th and it is called the first quarter financial report and it says on the first page of the executive summary that the quarterly report reflects one month's worth of additional revenue due to the sales tax increase, analysis of spending habits in the community for the month of August (sales tax is collected on a lag, so September collections reflect August sales) shows that the increase in the sales tax rate had no negative impact on the spending habits of the community, but later in the report, it says that it is under performing. So, the two most glaring inconsistencies are blaming the Tanger Outlet for not opening in the first quarter, which it was never intended to do and blaming the NHL lockout when there were no games that were going to be played.

Mr. Skeete asked a question about the NHL lockout. Mayor Scruggs said the NHL lockout, it says on page 5 that while the Westgate Arena first quarter actuals, blah, blah then says something about the primary reason. She was working off this literally using her Blackberry half the time and taking notes and she was only able to print this at about ten o'clock last night when she arrived

back in town at eight o'clock. She was finding it, the third paragraph down on page 5. She wasn't sure what document anyone else was looking at. She added she didn't have any other document to look at. She asked Mr. Skeete what he was looking at that doesn't have this. She was talking about this report. She asked if he had another document that says something different.

Vice Mayor Fate said Mr. Skeete will have to look into this.

Mr. Skeete suggested that might have been referring to the NFL lockout.

Mayor Scruggs said there was another section on the NFL lockout. This has to do with the page 5 explanation of the stadium fund decrease which she had to read about four times to understand what was being said. The stadium fund experienced a 21% decrease from last year associated with the National Football League lockout. She thought what they were saying was the sales bumped up in the first quarter of 2011 because people didn't buy the tickets until they knew there was going to be a season, so, therefore, the city had a decrease this year because people bought their tickets at the normal time.

Mr. Skeete said that was what he was looking at. Mayor Scruggs said and the paragraph just above the NFL. Mr. Skeete said he would get with staff to make the corrections in this. Mayor Scruggs said no, and even worse is if that budget was built putting revenue from the Tanger Outlet Mall into the first quarter, that is very serious. Mr. Skeete said it did not. Mayor Scruggs asked then why did it say that? Mr. Skeete said it might have been his editing.

Councilmember Clark asked if the growth projection has been revised since they realized it was inaccurate. Mr. Skeete said they have not adjusted the growth projections and will not normally do a budget amendment to change those. They manage from an expenditure side of the budget by reducing the expenditures. Councilmember Clark said the budget is based on projections that now are inaccurate and that falls 4% below expenditures. She asked if that had been taken into consideration. Mr. Skeete said yes.

6. CITY CODE CHAPTER XIII ORDINANCE AMENDMENTS
PRESENTED BY: Elizabeth Finn, Presiding Judge

Staff is seeking guidance from Council on revising certain provisions of the Glendale City Code contained in Chapter XIII concerning compensation of Glendale City Court judicial officers.

The existing ordinance was adopted in 2002. The proposed amendment is intended to address current circumstances and future changes in court operations and administration.

Judge Finn is seeking direction on payment of judicial officers. Every two years, the Mayor and Council have the opportunity to address the issue of salaries. The previous discussions did not address if a judge left and a new judge was hired at a lower salary, as it would drop the salaries of the other judicial officers. Although Judge Finn stated she is not leaving now and is applying for reappointment, she will leave at some point and would like to address some of the issues that were not originally considered by Council. She doesn't want to change the existing ordinance,

just add a sentence. The sentence would be, “The salary of the city judge shall remain the same and shall not be reduced as a result of the appointment of a presiding judge until such time as the presiding judge’s salary is made greater than the city judge’s salary, divided by 85%.” The added sentence is to address an unintended consequence of the language previously adopted.

Mayor Scruggs said this situation occurred because the court had been taken over by the state and then someone was brought in to manage the court for us, and the city went through all the policies and procedures and said this is the way it’s done. City Court judges make 85% of the presiding judge and it has been researched and found that that really is not the way, Council was told it’s done that way everywhere. Judge Finn said it isn’t, but, one of the other things she remembered being told and, perhaps she was remembering incorrectly. She believed it was always stressed that the non-presiding, the city court judges had to make the same amount of money because otherwise if one was given more than another one, it might look like some sort of tampering with the judicial outcomes, such as one judges verdicts were preferred over others. They had to stay the same, and perhaps that is incorrect, just like it was incorrect everybody uses 85%.

Judge Finn advised that came from Article 7 of the Constitution, which the citizens voted on and amended to say that you can raise everyone’s salary in that class even though their terms of office vary.

Mayor Scruggs said so if you would help walk me through this situation using your figures that you just used, the presiding judges making \$100,000 a year, the city court judges are making \$85,000 a year. So, let’s say you retire and a new presiding judge is brought in at \$90,000 per year, and the existing city court judges stay at \$85,000 per year. Now, one of those judges retires and a new city court judge comes in. What do they come in at? Do they come in at the grandfathered \$85,000, even though it’s more than 85% of the presiding judge’s pay, or do they come in lower than the other city court judge?

Judge Finn said assuming the council adopts the ordinance as written; the new judge would come in at the amount of \$85,000 because that is the amount established for city court judges. The same with the court hearing officer, you can’t pay one court hearing officer more than another court hearing officer. Seniority has no relevance.

Mayor Scruggs said she read the ordinance and her mind was thinking it through and remembering this thing about the law says that judges have to be paid the same, but wasn’t sure how it applied with the new ordinance. So, the presiding judge then is being probably underpaid based on the additional duties the presiding judge has compared to the city court judges, but that is the way it happens.

Judge Finn said that a new presiding judge might not be paid less. Mayor Scruggs said, but if they did. Judge Finn said what was being done is not unduly influencing or affecting the salaries of the city court judges and the court hearing officers. They stay at the same amount, and if a new person comes in as a city court judge or as a court hearing officer, they would come in at the same amount as anybody else in that position.

Mayor Scruggs asked if everyone else was fine with this. She said okay then we will see this ordinance next week probably. Judge Finn said there were some scheduling things to talk about. Mayor Scruggs gave direction to move it forward whenever it worked out for everyone.

Mayor Scruggs called for a 15 minute recess.

Mayor Scruggs called the meeting back to order and asked Mr. Skeete to introduce the last item.

7. ARENA MANAGEMENT AGREEMENTS UPDATE
PRESENTED BY: Horatio Skeete, Acting City Manager

The Acting City Manager will present a comprehensive review of the finalized Arena Lease and Management Agreement and Noncompetition and Non-Relocation Agreement with Arizona Hockey Arena Partners, LLC, and Arizona Hockey Partners, LLC, for the use of the city-owned Jobing.com Arena by the Phoenix Coyotes.

In 2001, the City of Glendale entered into an Arena Development Agreement, an Arena Management and Use Agreement (AMULA), and a Mixed-Use Development Agreement (MUDA) with Arena Management Group, LLC, Coyotes Hockey, LLC, Glendale 101 Development, LLC, and Coyote Center Development, LLC. The purpose of these actions was to create a high-quality major economic center in Glendale, consisting of offices, hotels, entertainment, retail and restaurants.

For the past three years, under the direction of Council, the city has been actively working with the NHL and potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

Council established criteria for negotiations with potential buyers of the Phoenix Coyotes including:

- Keep team in Glendale for the full length of lease
- Keep current arena revenues in tact
- Provide opportunity to share in revenue streams, when feasible

The NHL has established the value at \$170 million. The current selling price of the team is a result of existing issues beyond the city's control.

According to a study conducted by ESI Corporation in 2008, the annual regional economic impact of the Coyotes and Jobing.com Arena is substantial:

- 750 jobs in Maricopa County and \$20 million in wages
- \$4.5 million generated in indirect business taxes for Glendale, Maricopa County and the state

The loss of the team as an anchor tenant would result in a loss of at least 43 major events per year at the arena. In addition, it is highly unlikely that the arena would be able to generate the same number and quality of replacement events. Analysis conducted by independent outside experts

concludes that the financial position of the city with the team will be better than managing the arena without the team.

Mr. Skeete said the new proposed agreement is a 20 year agreement, with one five year renewal option. He said the original agreement did not contain any minimum performance standards. The new proposed agreement includes a minimum of 40 hockey nights per year and an additional 30 nights of events. If all of these events are not held, it will reduce the management fee by \$25,000 per event. Mr. Skeete said the arena management fee payments were reorganized and restructured. Significant changes were made to the first five years of the agreement.

Councilmember Clark asked about a discrepancy in the total cash payments over the life of the agreement. The discrepancy is a capital repair and replacement fund.

Mayor Scruggs asked Mr. Skeete to go back a slide. She asked if the \$11 million dollars for year one, was for a full twelve months. Mr. Skeete said the \$11 million is for this fiscal year. Mayor Scruggs asked and what would that be, would he get \$11 million dollars through June 30th, regardless of whether there's a season or not a season and then the \$60,000 per game not played works out. Mr. Skeete said yes. Mayor Scruggs said he gets \$11 million, so then the payment date each year is July 1? Mr. Skeete said yes the payments are structured in quarterly payments, but the date is July 1st. Mayor Scruggs asked and does this start even if he doesn't own the team? Mr. Skeete said this payment would only become due upon Mr. Jamison taking ownership of the team.

Mayor Scruggs said okay and following that through if by some chance he doesn't take ownership until January 31, 2013; does he still get \$11 million? Mr. Skeete said yes. Mayor Scruggs asked if he doesn't take ownership until April 1, 2013, does he still get \$11 million dollars. Mr. Skeete said yes, as long as he takes ownership during this fiscal year, he will get payment of \$11 million. Mayor Scruggs asked how is that justifiable that he might own the team for thirty days and get \$11 million dollars from the City of Glendale. How do you justify that? Mr. Skeete said he tried on numerous occasions to make adjustments for an annualized contract that starts on the day the contract is effective, this is the only option that Mr. Jamison would want to move forward, even if he was to own the team for only six months or one year. This is the only option that is acceptable to him.

Mayor Scruggs said okay, so you've explained to me why you have accepted this and are bringing it to the council, but my question is how would anybody justify this to the public. Mr. Skeete said he could not, after extended conversations with Mr. Jamison and the pitfalls associated with this, Mr. Jamison insisted this is the only option acceptable to him. Mayor Scruggs said but you were not directed to accept a structure such as this, that was not Council's direction to you. How can anybody accept this man is going to get \$11 million dollars, which, clearly, he needs for his own expenses for owning a team that may not even play.

Vice Mayor Frate asked Mr. Skeete how much the city was paying to operate the arena. Mr. Skeete said the city has not extended the extensions they negotiated with the NHL and are not paying any funds to the NHL. The NHL is covering all the operating costs of the arena at this

point. Vice Mayor Frate asked if this goes on another three months, that's another three months the city isn't paying anything. Mr. Skeete said the agreement is a month to month extension with the NHL. The agreement with Mr. Jamison should have no bearing on the costs to operate the arena.

Councilmember Alvarez said this is a new contract with a new individual. She is concerned how the public was going to view the fact that Mr. Jamison is going to get paid that amount. She asked if Mr. Jamison has bought the team already. Mr. Skeete said no. Councilmember Alvarez asked when Mr. Jamison was going to buy the team. Mr. Skeete said he would need somewhere between 30 and 45 days to complete the transaction.

Vice Mayor Frate asked if the NHL would theoretically extend the month to month agreement for 30 to 45 days, although it would be to their benefit to do so. Mr. Skeete said he would expect that the NHL would extend operations during that time. Mr. Skeete said he would assume Mr. Jamison would have to pay the NHL and would need the \$11 million for that.

Mayor Scruggs said because he has to pay the NHL. So we are not getting this free from the NHL. We are going to pay Mr. Jamison, who is doing nothing, so he can pay the NHL because they want to be paid for what they are doing in our arena. Mr. Skeete said that is his assumption, but has had no confirmation of this.

Councilmember Martinez asked why the exhibition games were not included in the proposal. Mr. Skeete said the pre-season exhibition games are not officially sanctioned and committed and will fluctuate based on the players' abilities and willingness to do them. The forty games are based on the regular season. Councilmember Martinez asked if this was in the previous agreement. Mr. Skeete said no.

Mayor Scruggs commented, not that Mr. Jamison would do this, of course, but if he decided he didn't want the hassle of programming the arena for anything other than hockey, he paid the city of Glendale \$750,000, he'd be off the hook totally for producing events other than hockey. Is that correct? Mr. Skeete said that would be correct. Mayor Scruggs said just he would pay out of the money the city was giving him, of course, \$1 million dollars. She asked why \$25 million was chosen. Is that all an event is worth to the city of Glendale in terms of revenue is \$25,000. Why did the city settle for \$25,000? Mr. Skeete said the \$25,000 penalty was calculated using an average of 7,000 attendees and the ticket surcharge associated with the tickets sold, using an average price of about \$50 per ticket. This figure does not take into account any ancillary spending activities at Westgate. Mayor Scruggs said that's been one of the chief points made by those in support of this, is all this money spent out there in Westgate. So, if there are no events, then the city was not getting all this money in the restaurants, and so forth, which is supposed to be why the city was doing this in the first place, to keep those businesses going. She verified that it doesn't account for that, right? Mr. Skeete said that is correct.

Mayor Scruggs said, number two, under the original agreement, with Moyes and Ellman, didn't the hockey club have to pay the city of Glendale \$25,000 rent every time they used the arena? Mr. Skeete said he didn't recall the exact figures, but there is a rent payment included in both of

these agreements. Mayor Scruggs said and the rent is for non-hockey events as well as hockey events, or just hockey events? Mr. Skeete said hockey events. Mr. Tindall said the rent is for the lease of the exclusive hockey-related facilities in the arena. The use payment is the ticket surcharge for other events.

Mayor Scruggs said so the revenue to the city for a non-hockey event, revenue inside the arena is \$25,000, but outside, which is where we are supposedly saving all of Westgate by going forward with this, that none of that revenue is figured in. Mr. Skeete said none of that revenue was figured in. Mayor Scruggs said \$750,000 is a buyout and he would be relieved of having to do any events. Vice Mayor Frate said he didn't know if a businessman would ever do that as they would make five to ten percent more than that by holding an event. They will lose concessions money and any other type of advertising that might come from the event.

Mayor Scruggs said she was asking this question because she had a recent conversation with an executive of the Coyotes Hockey Club and when asked why they don't go after certain types of events, he said because they don't make any money. The Coyotes Hockey Club will only go after those events that make them money, and there aren't that many available going back to what Councilmember Martinez has said there's just not that many performers and they are not interested in anything else because it doesn't make the hockey club money. It makes money for the city to have people in there, but not the hockey club. She thought \$750,000 when he is getting quite a subsidy over what his expenses are would not be a whole lot of money for him to pay out.

Vice Mayor Frate responded by saying the owner of the team has every reason to make money for himself and his investors.

Mayor Scruggs said time will tell. She thought he would look at it exactly the same way at the NHL looks at it. It's not going to make money, it's not going to go in the arena and that's a pretty cheap buyout. She asked staff to continue with the presentation. When it gets to year two then, regardless of when he got the \$11 million dollars for year one, even if it was June 1, 2013, the city gives him another \$14 million in quarterly payments, starting July 1, 2013, thirty days later. Mr. Skeete said that is correct.

Mr. Skeete explained the information on the additional slides on cash payment from the prior agreement to the current agreement.

Vice Mayor Frate asked if the city was trying to maintain the facility and keep it up to the professional standards so 15 or 20 years from now, the venue would be where top name entertainers will want to come. That is where the money is going. Mr. Skeete said in both agreements, the expectations is that Mr. Jamison would be making the assessments, not the city. He said in the proposed agreement, it specifically states that the city is responsible for maintenance of the parking facility. Mayor Scruggs said we know about paving parking lots because of that business.

Mr. Skeete said the proposed agreement provides an incentive to the arena manager in the amount of \$500,000 per year for every additional 20 events, above the listed 30 events, that the manager is able to secure with an average attendance of 7,000. The agreement also calls for a \$60,000 penalty for any games not played during a lockout by the owners or strike by the players in any of the years of the agreement.

Councilmember Clark asked about an option in the original agreement that Mr. Jamison could purchase the arena. Mr. Skeete said that option is still in the agreement. Councilmember Clark asked about the renewal. Mr. Skeete stated it would be subject to additional negotiations. After some discussion, Mayor Scruggs said the smartest thing for him to do would be to not buy the team until the season is over, he still gets \$11 million, but he wouldn't have to pay a dime. So, it's possible the negotiations could drag on for a while. When does the season end if they don't go into, the post-season ends in March, doesn't it? March? April? She believed it to be March if there was no post season. Mayor Scruggs said to Mr. Skeete you are saying it could take 30 to 45 days. The longer that drags on, the less he has to pay in a fee, and he still gets \$11 million.

Councilmember Clark asked Mr. Skeete if Mr. Jamison would have to take part of the \$11 million to pay the NHL to manage the arena. Mr. Skeete said that was merely a guess on his part. Councilmember Martinez said he thought it was a good assumption.

Mayor Scruggs said but that's still money out of the city's pocket and the city wouldn't get the \$60,000 per game not played, that was her point. What Mr. Jamison arranges with them, obviously the money is going to somebody to pay expenses.

Mr. Skeete said if we do enter into an agreement with Mr. Jamison and have to pay \$11 million, we will take credit for any games not played.

Mayor Scruggs said that would probably be a good thing to write into the agreement, wouldn't it. Mr. Tindall commented in calculating the fees that would be the effect of the language of the agreement.

Vice Mayor Frate asked if it was \$60,000 per game. Mr. Tindall responded yes.

Mayor Scruggs asked where in this agreement does it say that, that's he's going to pay regardless of whether he did own the team or didn't own the team, he will pay is \$60,000. Mr. Tindall said it was in the section related to his responsibilities for the games that begin with this season.

Mayor Scruggs asked Mr. Tindall to locate that section in the agreement and advise Council of its location.

Mr. Skeete turned the presentation over to Ms. Schurhammer and Mr. Bolton to discuss the different scenarios as there will be budgetary impacts.

Ms. Schurhammer discussed the two scenarios shown on the slides: one scenario assumed the team stays and the other scenario assumes the team no longer plays in Glendale. She explained

the 2 scenarios show the short- and long-term impact of the team assuming all other factors are treated similarly.

Councilmember Clark asked about staff's previous reluctance to go past a five year forecast of the scenarios. She asked what was the value of a ten and twenty year scenario.

Ms. Schurhammer said there is merit in looking at a long term forecast using the same assumptions for 2 distinctly different scenarios regarding the impact of the team.

Councilmember Clark said with the undeveloped land that will come into play at some point, she didn't see how Ms. Schurhammer could come up with a reliable forecast.

Mr. Skeete said Mr. Pollack provided assumptions based on the projections presented. He continued that Councilmember Clark was correct that the growth activity beyond the next five years varies widely. Whatever the reality turns out to be, it will be applied to both scenarios.

Councilmember Martinez commented that the projections are the best we can do and said he can see some value in these projections and it will give us some idea of what to expect in the future.

Ms. Schurhammer went over figures for several years for the two scenarios. In the years where reductions were necessary, an inflationary adjustment is not assumed to occur. A small inflationary adjustment was made in future years to the arena management fee.

Councilmember Clark questioned staff about the inflationary adjustment.

Ms. Schurhammer reviewed the first five years of the 20 year forecast.

Mayor Scruggs asked how did we get such a great ending fund balance. The budget that was approved in June, she recalled at the end of five years had an ending fund balance of \$11 or \$14 million. Ms. Schurhammer said that the 2 scenarios being shown today differ from prior versions shown to Council since September in a two key ways:

The timing and amount of operating budget reductions and the compounding effect those changes have on the projected ending fund balance;

The amount assumed for debt service restructuring savings (better numbers are available now that we are so close to completing the restructuring).

Mayor Scruggs commented that if she remembered correctly, on the debt restructuring the city was going to save \$35 million dollars over five years, is that correct? Mr. Skeete said that was correct.

Mayor Scruggs asked and what did you tell us we would save when you put that budget together because you knocked out \$9 million dollars in payments in just one year alone, how much did you put in for debt service reduction when you did the budget in June?

Mr. Skeete said the June budget included \$6.6 million in payments.

Mayor Scruggs said if she remembered correctly, at the end of the year with the budget that was approved in June, was it \$14 million dollars would be the general fund balance, or was it \$11 million. It was one of those two numbers. So, let's say it was \$14 million.

Mayor Scruggs said no at the June 8th meeting, she would like to know with the budget that was approved in June whatever it was. Ms. Schurhammer said it was somewhere between \$10 and \$15 million. Mayor Scruggs said yes, so it's either \$11 or \$14, she didn't remember which. So, let's say on the high side it was \$14 million. Now, in five years, the general fund balance is \$43 million dollars more than what was projected before, but what was projected before already had debt restructuring built in. It had, let's see the \$17 million.

Mr. Skeete said the other numbers not included in that projection were the reductions that were being seen in the operating budget that was projected to have \$6 million reduction.

Mayor Scruggs asked for assistance in working through the numbers presented. We have a five year forecast, sales tax increase stays, debt is restructured, the team stays, ending fund balance FY17, \$4.4 million dollars. Councilmember Martinez estimated \$4.4 million, and now the number is \$57.7, which is a miracle. It's \$53 million. So, before, there was an arena management fee of seventeen, plus eleven is twenty-eight, forty two. Alright, so \$6 million has been saved, because then it went to \$14 million, here's it's \$14.5 million and then it went to \$15 million and now its \$15.5 million, \$16 million, \$16.5 million, so it's really \$6 million for the first year. Okay, but the ending fund balance was projected at \$4.4 million. She continued that she would continue to ask these questions because the kinds of things that have come up where Council was surprised with these expenditures and things they didn't know about, she was going to ask these questions, how the heck the city got \$53.7 million when this included the debt restructuring back in June. I don't think you picked up; the whole debt restructuring was going to be \$35 million with what was just approved the other night, right? So, when these were being discussed in June, is staff saying they were projecting nothing?

Ms. Schurhammer said the Mayor was looking at documents from October 2nd, and there were two changes from those October 2nd figures. In the version where the team stays, it's the timing and the amount of the reductions and the effect those have on future funding levels.

Mayor Scruggs said she found the answer. In this scenario that Councilmember Martinez loaned to me, there were only going to be expenditure reductions citywide of \$9 million. Now, it's saying \$20 million, so its \$11 million, plus \$6 million in the arena management fee, nine, eleven, and six is \$17 million and then she didn't know where staff took out the inflationary factor. It's a miraculous turnaround, not very believable, but miraculous.

Ms. Schurhammer said the timing and amount of reductions, with earlier and deeper cuts having more of a compounding effect, explains the changes.

Mayor Scruggs said, so if we take out \$6 million this year, okay, whereas in this particular scenario we didn't take out anything this year. So now we take out \$6 million this year, so that's

\$6 million compounds over the years. So, in this scenario, we are going to take out \$3 million in 2013 and \$6 million in 2014, whereas now you are talking about \$6 million in 2013 and \$10 million in 2015. She said she understood the concept.

Ms. Schurhammer said it has a cumulative effect.

Councilmember Knaack asked if you average it out, it comes to about \$1.6 million a year. She asked Ms. Schurhammer if that was the amount they would have to reduce each year. Ms. Schurhammer said yes, if you averaged it out over five years.

Mayor Scruggs said she would like to go back to what arena management fee really means because it has gone back and forth. The public gets the idea that some entity is going to get \$10 million or \$6 million to manage the arena. She thought Mr. Skeete explained this before, but let's go over it again. When you say arena management fee, is that an amount you're paying to the ABC Company to manage the arena, or is that something different?

Mr. Skeete said the \$6 million projection used in the numbers without the team is a net \$6 million effect on the operations. The actual operating costs could be as high as \$12 million. However, there are expected net revenues that will bring the net cost to the city down to \$6 million. Mr. Skeete discussed the revenues that would come to the city in the different scenarios.

Mayor Scruggs said you might also comment that even though earlier this year Council was promised that they would have the actual figures from the arena on March 20th, this came from a budget workshop on February 21st, Council never saw those, but they do have audited figures which were sent to them earlier this year that showed the actual expenses and revenues without taking out, without including Coyotes Hockey Club expenses, so those showed, she thought \$5 million dollars was the difference. She said it is somewhere between \$5 million to \$5.7 million.

Vice Mayor Frate said he never saw those.

Mayor Scruggs commented that Mr. Tindall sent them to Council, in fact, the media has them. She knew that Lisa Halverstadt referred to them. Yes, they are audited figures at the same time that all the discussion about how the \$25 million had been promised to Reinsdorf and his group before Moyes was out of the picture. She recalled it said despite having requested all this information over this period of time, the Goldwater Institute has requested new information and this is what it is and it was emailed to Council. She has referred to it time and again. The documents showed they were the last audited statements, because Council was told they weren't allowed to know the information after that showed the difference between revenues coming in and expenses going out, somewhere in the \$5 to \$5.7 million dollar per year range. That was when the arena was pretty heavily programmed. If you remember, there were all those performers coming through and all of the AIA stuff and there were a lot of activities going on. Do you have it?

Councilmember Martinez said he was looking for it.

Mayor Scruggs said she left her stuff at home. She believed it was sent in April. She asked Mr. Skeete if it was correct that it was the basis for using \$6 million because Council had those audited statements.

Councilmember Clark said she had never seen it.

Mayor Scruggs said it doesn't make any difference, it exists. Mr. Tindall remembered it as March or April time frame and there were audited statements in there from the arena manager.

Mayor Scruggs said at the same time, there were negotiations going on before Moyes plunged the team into bankruptcy. The email traffic is all in there.

Mr. Tindall said that was correct. The city never accepted those as arena costs.

Mayor Scruggs said actually they did send all the information about the teams and what the operating losses were on the teams, because the statements said without hockey losses and with hockey losses and it said audited financial statements. So, whether the city accepted them or not, they were audited when they were sent over here.

Mr. Tindall said he didn't remember the exact documents, but thought there were documents for 2008 which did show approximately \$6 million out of AMG.

Mayor Scruggs asked if Mr. Tindall could have one of his staff members get the documents and bring them to the meeting.

Councilmember Martinez said he remembered seeing something.

Mr. Tindall said he remembered doing it, but would have to go back and search for it.

Mayor Scruggs asked Mr. Tindall if he had it in his files.

Mr. Tindall said he could find it.

Vice Mayor Frate said he remembered Mr. Skeete saying the city would not be able to pay the debt payment on the arena without an anchor tenant and wondered if that was still correct. Mr. Skeete said we would be able to make the debt service payments on the arena whether the deal is closed or not. It would be easier if there was an anchor tenant to bring in extra money. Mayor Scruggs asked if there were other events to replace it.

Councilmember Clark said she heard that the debt payment was covered by hockey and ancillary activities at Westgate, as well as \$1 million from Northern Crossing. She asked Mr. Skeete if that was a correct statement. Mr. Skeete said many levels of calculations were made and all of them were correct based on what assumptions were put into them. He said the highest number he had seen was in excess of \$10 million. He said that number was absolutely correct.

Mayor Scruggs said but every year when we do the budget, there would be a big discussion about the transfers out to cover arena debt and that amount of money was not being collected based on arena revenues. You've also said to us in meetings and were quoted in the Arizona Republic that the arena revenue per year is \$2.5 million dollars. That's also attributed to you. That certainly can't cover arena debt for one year. Mr. Skeete commented the \$2.5 million is included in this number within the walls of the arena specifically using last years and the year prior to that activity level.

Mayor Scruggs replied that she understood, but it cannot then be said that having a hockey team there covers the debt on the arena, which is what, \$6, and \$8 million dollars a year? Mr. Skeete answered \$8 to \$10 million dollars a year. Mayor Scruggs said \$8 to \$10 million dollars a year. At no time has anything going on at the arena covered that debt, and keeping the team now won't do it either. Mr. Skeete advised he is not saying that keeping the team will cover the debt. He said keeping the team will make it easier to cover the debt because we will have an additional \$2.5 million, plus the ancillary activities associated with that. Mayor Scruggs said so this assumes you are not going to replace the 40 hockey nights, which is not mentioned in here. Mr. Skeete said this is as specific as he can get with the information he knows and has available.

Mayor Scruggs said a recent article in the Arizona Republic compared the activities between the University of Phoenix Stadium and Jobing.com. In the last fiscal year, there were 111 events at University of Phoenix Stadium, which she thought would be a whole lot harder to rent out than Jobing.com, and she thought there were 73 at Jobing.com. The University of Phoenix Stadium generated something like 150,000 more in attendance. Much fewer of their attendance, she guessed at numbers but something like 68% was attributed to football, whereas over at Jobing.com 82% was attributable to hockey. The arena can be utilized for something other than hockey, much more than hockey. If they utilize that enormous stadium for 111 events, the city certainly has a lot going on in the arena, so to say you take out the revenue coming from the hockey team but you assume nothing replaces it is not honest.

Vice Mayor Frate said it is pretty easy to rent out the parking lot for RV shows and call it an event.

Mayor Scruggs said she was looking at how many people come to the area, so 111 events and as the hockey team executive told her, they would not do RV shows because the team won't make money on them. When you talk about the vision, the vision was to bring people onto the property, however you did that. A hockey team seemed to be the way to get it started, but it wasn't based on a hockey team, it was bringing people to the property to shop, and eat, work there. The main thing was employment. That was the vision. It's been distorted unbelievably.

Mr. Skeete said he did not include any additional non-hockey events if the hockey team was to go away. He said he took exception to being accused of not being honest. Mayor Scruggs said she did not accuse him of not being honest. She said this is not an honest portrayal if you do not have any replacement. Mr. Skeete discussed the different scenarios and the numbers used in calculating revenue. He has no basis for calculating substitute events as they have not investigated not having a hockey anchor tenant.

Mayor Scruggs asked why that hasn't been done. Mr. Skeete said he has not done this because he has not received consensus agreements and recommendations from the council to explore that. Mayor Scruggs said even though it has been requested since 2011, June of 2011, there has been no willingness to do that. Mr. Skeete said the closest he has gotten was the last executive session where they just began to explore if there was any interest in the wider community.

Councilmember Alvarez asked if quite a bit of money has been made from the Coyotes and the NHL being here. Mr. Skeete said the city has not made a profit. Councilmember Alvarez said the average taxpayer looks for profit. She said we have lost money with Camelback Ranch and we are insisting on putting more money into this team and just laying off employees. She said the services to the public have gotten worse. She said if she rented out a house, she would expect to decide how much the renter would pay and for the renter to pay those fees. She said in this situation, the renter decides when and what to pay. She said we don't have the money to give to Mr. Jamison. She said the upper administration hasn't been cut yet, but the city is going to have to cut there along with more services. She believes employees should keep their jobs and the citizens should get the services they pay for. She said someone is playing with the numbers. They need to stop playing with people's lives. She wants no part of this and is not voting to lose money.

Councilmember Clark said she advocates for the Coyotes and has attended only a few games, mostly in a business capacity. The city has a vision for north Glendale by investing millions of dollars in development. The arena was always intended to have hockey as the anchor tenant. This was seen as a huge victory for west Glendale. Entertainment, sports and retail were part of the three-legged stool that would make Westgate successful. She believes Mr. Jamison is the best fit for the city of Glendale. He has been successful in other similar ventures. The NHL is convinced he has the resources to complete this deal. One of the restaurants in the Westgate area is losing \$18 to \$20,000 per game for every game that is not played. How long can the other restaurants hold on without an anchor tenant. She believes having a stable, viable Westgate will help the city recover from its financial troubles. Sales figures are up and that signals the city is on the rebound.

Mayor Scruggs said Council should see the rest of the presentation. However, she continued to restate my words to me when we now have new information that we never had before is to say that someone should never change their mind regardless of how all of the circumstances around them change, and that is not what a policy leader does.

Councilmember Alvarez said she understood about the money and services put into Arrowhead. She has missed out on a library and parks because the city had Westgate. She is not going to change her mind and is going to vote no on this issue.

Mayor Scruggs asked Mr. Skeete about his previous statements to Council that he would come to them on December 4th with a holistic view of the entire budget situation and what changes need to be made to take care of expenses and make us whole, and we were going to seeing reductions that needed to be made in order to make the budget balanced, because we can't go, it is illegal to

go without a balanced budget. She asked if the expenditure reductions listed here are the same as what he was going to present on the 4th, are they incorporated in there or are they additional to what you were going to tell us on the 4th. Our budget is out of balance for a variety of reasons and you were going to tell us how to fix it.

Mr. Skeete said the numbers presented in the first year include his estimate of the projected changes that would have to be made and he will provide the details on the 4th. Mayor Scruggs asked but there is nothing else coming on the 4th, it's all in here? Mr. Skeete said it is all included.

Mayor Scruggs said and the custodial agreement that we did not move forward with the other night was one of those anticipated reductions in order to balance the budget. Mr. Skeete said the last slide will speak to all of the cuts. Mayor Scruggs directed Ms. Schurhammer to proceed with the slides. Ms. Schurhammer said once the sales tax goes away in FY18, the number drops back to where it was before. The fund balance would be drawn down over the course of the next five years, both with the team and without the team.

Mr. Skeete said they are trying to present a consistent series of numbers if everything remains as it is. Discussions have been had about whether the hockey agreement as it is laid out today is in the best interest of the city. Over the 20 year period, the difference between having the team and not having the team is about \$92 million. These numbers are telling us that somewhere in the years 2021 or 2022, the revenues for the city would have to be increased by between \$15 and \$20 million on a consistent basis or expenditures will have to be reduced by a similar amount in order for the city to net a positive number in 20 years.

Mr. Skeete wanted to speak to the effects of the sunset of the sales tax as well. While he did not specifically address the cuts that would have to be made to accommodate weaning off the sales tax, similar cuts would have to be made to keep the team. Additional cuts would have to be made in 2021 or 2022 to offset the sales tax.

Councilmember Clark asked how Camelback Ranch fits into all of this. Mr. Skeete said the revenue projections on top of the 3 1/2 % projections included in this scenario would go to offset the deficit. If these additional development opportunities would be done in the 5 to 10 years, then there would be a positive fund balance in 20 years, assuming they bring no additional financial burden. Councilmember Clark asked if AZSTA will recompense us for the investment we made in Camelback Ranch. Mr. Skeete said those payments are reflected in the figures shown. Councilmember Clark asked when they start. Mr. Skeete said they start in 2018. Mr. Skeete stated they recently provided him with some revised estimated on the 2010 numbers and they are refinancing some of their debt, they are anticipating growth at 2 1/2%, they anticipate repaying some of that debt in 2018. Councilmember Clark said a lot of our troubles today stem from Camelback Ranch. She asked what is the current payment this year. Mr. Skeete said \$13 million dollars. Councilmember Clark asked what the payment escalated to over the coming years. Mr. Skeete said without the restructuring, over the next five years, the payment will grow to about \$16.5 to \$17 million.

Mayor Scruggs said if the development proceeds around the western area in the next five to eight years we can bring in \$20 million, this keeps us together, and \$20 million is 12% of the total revenues in the city right now. How realistic is that? That just that development will bring in \$20 million, 12% of all the revenues collected from all sources in the city except, she guessed that would be including state shared revenue. Is that a realistic number?

Mr. Skeete said \$20 million in the next ten years is an optimistic number. Mayor Scruggs said she thought he said around Camelback Ranch because the question specifically was Camelback Ranch, around Camelback Ranch in the next five to eight years. Mr. Skeete said speaking to the millions of entitlement in the sports and entertainment district. He said \$20 million is optimistic.

Mayor Scruggs asked why the general fund expenses grow so much in the no team scenario versus the team stays scenario. Like, for example, we start out here in FY14 and its \$2.1 million more for no team than with a team, and then if FY15, it's \$2.1 million again, but when you start getting into the out years up here in FY18 it's a difference of \$8.5 million.

Ms. Schurhammer said it has to do with the timing and the amount of the reductions and the compounding impact of those actions. Mayor Scruggs said you did address that already, thank you. So is it your recommendation that we keep this team, Mr. Skeete, that we enter into this? She didn't see how the city could do any of this, and it appears very clear that five year sales tax is not sufficient.

Mr. Skeete said he would like to review the next two slides before answering the question.

Ms. Schurhammer said they previously presented reductions totaling \$20 million when considering the impact of passage of the November 2012 ballot initiative regarding the ales tax. Since the presentation of the proposals, taking into consideration Council's wishes of several reductions that were not doable, when looking at the draft reductions, police and fire are excluded, Rose Lane Pool remains open, all libraries will remain open, but operations will be restructured, and downtown special events will remain except the Jazz & Blues Festival. Between the two scenarios where reductions will have to be done up front, the reductions are somewhere between \$4 and \$6 million. They are starting with \$20 million in draft reductions. They are still working with departments on what the final reductions would look like, depending on which choice is made. At \$6 million, about 67 FTE's would be reduced. Currently, there are 30 vacancies, excluding both sworn and civilian public safety. There are other operating expenses of \$2.3 million as well that can be cut.

Mr. Skeete said in order to wean off of the sales tax, he is proposing another \$10 million in cuts in FY15 if the team stays or \$8 million in cuts in FY15 if the team leaves. An additional \$4 million would have to be cut in FY16 if the city was to keep the team. No more cuts would have to be made until FY18, when additional cuts would have to be made or there would need to be another sales tax increase, or the city would have to see \$15 to \$20 million of new and consistent infusion into the economy.

Councilmember Alvarez asked what departments would be cut. Mr. Skeete answered that all other departments would be cut. With the exception of Police, Fire, and keeping Rose Lane pool and the libraries open which would only last until FY15. At that point, all options would have to be put back on the table because there will be insufficient expenditures left to cut.

Vice Mayor Frate asked about the ending balance for either scenario. Mr. Skeete said with either scenario, keeping the team or letting them go, the city would end up in the same place. He said in the past, the city has not been willing to lay people off or cut expenses when it has been necessary. Over the last four years, staff has been reduced by over 300 employees, but this has not resulted in the savings needed. Also about 250 people have retired and have not been replaced, but this still has not resulted in the necessary savings. To use the figures of 20% to 30% of the employees eligible to retire over the next five years is not going to produce the savings the city needs to see and counting on these figures has been proven not to work. Mr. Skeete said the option to start downsizing sooner was available to the city, but they chose not to do that at that time as they made assumptions that the economy would be much better than it is today.

Councilmember Alvarez asked how many part time employees the city has. Mr. Skeete said a lot of the part time employees would be in Parks & Recreation. He said the city has used the most economical way to provide services and sometimes the best way is to utilize part time employees. Mr. Skeete talked about the 350 employees that were laid off over the last three years. He said the assumption was that most of them were at the bottom of the pay scale.

Ms. Schurhammer said 2009 was the peak year for staffing and total staff was at 2,191 positions, across all funds. A total of 386 reductions were eliminated across all funds with 30% of executive management positions being eliminated. Middle management, positions were cut by 21% and 20% of supervisory/professional positions were cut/ For line level personnel, 16% of those positions were cut.

Mayor Scruggs asked if police officers were considered line level personnel. Ms. Schurhammer said she thought so.

Councilmember Alvarez asked for a list of all positions, how many sanitation drivers the city has and janitorial staff, and salaries. She wanted to know if layoffs were occurring across the board. Mr. Skeete said all departments would not be affected in the first \$6 million in cuts. It would not be until FY2015 when another \$10 million has to be cut that all departments would be affected.

Mayor Scruggs said she noticed in the forecast scenarios, we used to have a line for MOU increases and that went away. She asked if that was now incorporated in general fund expenses. Ms. Schurhammer said it was just collapsed it so the two scenarios could be shown side by side. Mr. Skeete said it was included in the general expenses. Mayor Scruggs said she was thinking of all those equity adjustments and all those miscellaneous adjustments that added about \$3 million to this problem.

Councilmember Martinez said he was glad this information was made available. He knows there has been restructuring and some positions have been eliminated, so he was glad to see how many positions have been cut. He knows there are departments stretched to their limits.

Councilmember Knaack talked about staff doing work not in their job descriptions, but who are doing the extra work willingly. She talked about the manager of the Civic Center picking up trash and doing it willingly. She also mentioned Code down to 5 Code inspectors from 15 employees. She said kudos to the employees for willingly stepping in.

Mayor Scruggs said so we have 18 executive management positions left, 18 to manage 1,800 people. She asked if the police chief was considered an executive management position. Mr. Don Bolton, Chief Budget Officer, answered yes. Mayor Scruggs asked if the city judge was considered an executive management position. Would the fire chief be an executive management position? So we have 18, but there are really many positions the city could do without. We can't do without a city attorney, we can't do without a city manager, so when you get right down to it, it's not a lot, is there? She didn't know where she was going with that other than it's not a whole bunch of people sitting around bossing people around, it's necessary positions.

Councilmember Martinez said the positions that have been lost, the number might have been small, but the amount in dollars with the restructuring were higher paying jobs, so more money was saved doing that.

Mayor Scruggs asked if there was more presentation, and more discussions. She commented that the purpose of the meeting today was for the council to give direction whether they want to move forward with an arena management lease agreement and take it forward for a vote. Unless there's support to do this, she didn't want to create another circus like the city does so much of the time when these things come before Council for votes.

Councilmember Martinez talked about Councilmember Clark's comments about the history of the arena. He said all the problems the city is experiencing were not the fault of the Coyotes. He said it is the economy that has caused all these things to happen. He believes the arena lease agreement is the right thing to do. He said without an anchor, it will make this much more difficult over time. It is painful now, but either way the council will face these kinds of problems. In the long run, the best way to go is to move ahead with the agreement.

Councilmember Clark said she supports Councilmember Martinez. If the council had the guts to make the cuts years back, they might not be facing the problems they face today. She supports moving forward with the Coyotes.

Councilmember Alvarez agreed the Coyotes have nothing to do with this. If the city had the money, she would support the Coyotes. The city is going to have to lay off employees and cut services.

Mr. Skeete said he has agonized over the realities the city faces today. To look at a scenario where over 150 employees have to be laid off versus a scenario of laying off 80 employees, he said he cannot support this because he can't look at 150 to 160 employees and say sorry. It is too difficult to suggest that is what should be done. He still has to evaluate the services provided to the community and cut \$10 to \$12 million in services, but matching that against cutting \$20 million over the next three years, he can't see making that decision. He said he can't come up with a scenario that would justify cutting that many employees.

Councilmember Martinez talked about an Arizona Republic article where Mr. Skeete said the city was better off with the Coyotes. Mr. Skeete said that is correct and in 20 years if the revenue stream remained as projected, the city would only be in the hole \$144 million, compared to if there was no team, they would be in the hole \$238 million. He said it is about the services the city would deliver. There would be fees for services. Citizens would have to pay for everything, including recreation and libraries.

Councilmember Martinez said when scenarios were first presented in the initial budget discussions; there was still a \$6 million deficit. He asked if there was still going to be a reduction in services and layoffs if the Coyotes went away today. Mr. Skeete said yes, that is correct, it is just the magnitude of the layoffs and services.

Mayor Scruggs commented that she would be voting no. Her reasons include a lot of what Mr. Skeete said. She commented for her to sit up there and say yes Mr. Jamison, fine fellow that you are and some investors who you refuse to tell us the names of, are getting \$11 million if you buy this team. The city can't get any information about the investors, we don't know their background, but you are going to get \$11 million even if you only own this team for thirty days. In the meantime, the agreement would really destroy what Glendale is. We were a fine city here before we went into sports. She noted we revitalized our downtown. As people recreate what her reason was for going forward with this, she wanted to take the opportunity to set the story straight. Her past comments show her saying that this is not about the glamour of sports and anybody who gets the glamour of sports in their eyes is making a serious mistake. This is a business decision. No, this was not just a three-legged stool of sports, entertainment and retail, not by a long shot. This was entertainment, which could include sports, retail, residential, because there is residential at Westgate, and employment. Really, Council's goal, all of the other entitlements which went on after were really for jobs. That's what we had been looking for all the time. The city was under a plan that was acceptable and you will find many quotes, from her and Ms. Frisoni and all of her people saying how wonderful this is because we are not paying any of the expenses of running that arena. The city was going to pay the debt and the sole and total investment in this is to build that arena. That was our sole and total investment. All of that changed. Mr. Moyes came to top management, and there are records of this that you can get in the bankruptcy case if you don't have them otherwise, and asked for relief, asked for help. He was refused the opportunity to present to this council. At the same time, there were negotiations going on that immediately established this number of \$25 million which became a part of our lives. Council didn't know and she didn't know, all of this. This is all information that has been coming out little by little by little, a little bit at a time. So all these people that say she was flip-flopping, no. She was doing what a decision maker does, what a statesman does, what a mayor

does. You take the information that is available to you at the time and you make the best decision you can based on what you know and what your professional staff recommends. Well, along the way, the professional staff's recommendations really stopped counting because new information was showing up that disproved professional staff's recommendations. So it was a long time ago when she determined that she would not be supporting this and she won't now. To say Mr. Jamison you get \$11 million and we lay off, whatever, you said 160, more than 160 people. Remember, we are doing that out of 1,000. That's 16% of the workforce. When you look at what has to be done in this city, the people who are targeted are exactly that, they are targeted. There are certain things; the Vice Mayor asked well we will have people retire. Well, what if ten people retire from the court? So what, you have to replace ten people in the court. There are things that just have to be done. To choose Mr. Jamison over the employees and the services and the things that make Glendale a great place to live, other Councilmembers talked about Code Compliance and how it's gone down from 15 to 5, 13 to five, it will probably go down more, because that's kind of a discretionary thing, if you get right down to it. It's pretty discretionary. It's who do you choose. Now, getting to this 30 year scenario or what is it, 20 year scenario. Those of Council that were here in 2001, it was actually 2001 not 2002 that the city moved ahead with this. We had, what was it a 20 year scenario or a 30 year scenario, yeah a 30 year scenario, and Council really believed in that. As Councilmember Clark said who knows what's going to happen. She was not going to bet with these employees' jobs on the fact that the city would be \$80 million ahead 20 years from now. There is absolutely no recognition of the arena being utilized for other things that produce revenue. There is no recognition of the fact, you know that maybe Live Nation, or some other entity might come and buy the arena from us to use for their own programming. It's in a great location. We don't have to sell it to a team owner. We can sell it to somebody else that wants a venue. We don't have to have a sports team there. All you have to do is look at what used to be Cricket Pavilion and before Cricket Pavilion it was something else, and now it's Ashley Home Store Pavilion. They don't have a team there, and look at all the programming and shows they get. Look at the Dodge Theater. There are more venues in the valley that don't have teams in them than do.

Mayor Scruggs said the other thing is Proposition 457. It was her belief that the people who defeated, who voted to deny Proposition 457 from going into effect, did not do it to give money to a team owner. Even if you can pull out the numbers and show them its better this way, they will never believe you. She thought it would be another act of lack of trust and confidence in this city and when whoever is on the council four or five years from now comes forward and says guess what we need another tax increase, she truly believed by that time there will have been a citizen initiative on the ballot that refuses the city council the right to make tax increases, it will have to be voted on by the people. So, think about what you are doing. You can say we have to cut jobs, we have to cut the budget, we have to cut services, we have to cut programs but we are going to give this guy over here \$320 million. People are not going to connect that and say it's cheaper in the long run. The short term pain, some of you have said, is far too great. These people out here are the short term pain, for a hope for long term gain. For that and several other reasons, she has said enough and everyone knows her position.

Vice Mayor Frate said what took him back was Mr. Skeete saying the city should have laid off hundreds of people years ago. He said he has to agree with Councilmember Martinez that it was decisions this council made years ago that is the problem, not the Coyotes.

Mayor Scruggs said Council was never provided that option. Council was told repeatedly, Glendale is different. While other cities have to have layoffs, she can provide budget books. Vice Mayor Frate said people in the room now were the ones that said it. Mayor Scruggs said yes, well you all said it, we don't have to do layoffs. We are going to do furloughs. We are different from everybody else because we have a diversified economy so we don't have to. Mayor Scruggs said right now Council gets another choice. Last Tuesday night, it came home, it came home and you talked about 12 people.

Mr. Skeete said the fact the city did not layoff great numbers of people at the beginning seemed to have been the best decision, but they thought wrong. He was part of the management team that didn't recommend laying off hundreds of people. They incentivized 50 people to retire to try and resolve this, but this cost much more than was anticipated. At that time, they believed they were on a road to recovery and they thought it was the right decision at the time, but it didn't result in the savings anticipated.

Councilmember Clark said there is no one in the room not thinking about the long term viability and future of the city. For her the right solution is keeping an anchor tenant and the viable second economic engine in Glendale. All comments made were made genuinely and in the long term best interest of the city.

Mayor Scruggs said she agrees with Councilmember Clark that a healthy Westgate is essential, but she believed there are other ways to do it. This council has never been willing to find other ways. All we have is one choice, one choice only, a somebody to buy a team to keep the team there. With only one choice and nothing to compare it to, that choice is not valid. It's just not valid. She asked Mr. Skeete to talk about what will happen if we kick the can down the road. A new council couldn't make a decision until February, another two and a half, three months, whatever, of carrying the budget the way that it is, will the amount of cuts needed change? Well, what I'm saying if the amount of our expenditures remain at the level we are at now, in order to finish the year with a balanced budget, will there need to be additional cuts later on beyond the amount you projected because you've carried this budget at this level, will it stay the same, is there any advantage or disadvantage to prolonging this?

Mr. Skeete said as long as we are able to materialize the full \$6 million, the earlier we can do that, the better, but knowing we already have 30 vacancies we probably won't see any significant changes to the amount of cuts that have to be made in February. If there was any change, it would be up, not down.

Councilmember Alvarez said she believes this is causing a hardship. The problem is here and she doesn't think it should be pushed onto someone else. She said this is not the right thing to do.

Vice Mayor Frate said this has been going on for three years and believes this council should make the decision at an upcoming council meeting. Mayor Scruggs said but you still support it. Vice Mayor Fate said yes he did. Mayor Scruggs said because to take it to an evening meeting means you are ready to vote it in, otherwise why are you going to take it and go through all of this again. Vice Mayor Frate asked for a week to digest everything. Either way, he understands people are going to get laid off. He doesn't think it's up to an incoming council member. He wants to move it for a vote and let this council vote. Councilmembers Knaack and Clark agree.

Mayor Scruggs asked Mr. Tindall if he could go over the agreements with Council because they are in the workshop book, so was he going to be going over these. Mr. Tindall said they could do this in executive session. Mayor Scruggs said but you have them in the open workshop section. Mr. Tindall said he would like to discuss the agreements in executive session. Mayor Scruggs said she didn't know, her copy was in the workshop book, and if you have them in the workshop book, that means they are here.

Mayor Scruggs asked what is this here that the public has access to in our book. Mr. Tindall said the agreements themselves have been posted, but discussion about what the agreements mean and changes needing to be made is normally done in an executive session because it involves legal advice.

Mayor Scruggs asked Mr. Tindall if anybody wanted to ask a question or about anything in here, would you say they could not get an answer because it is your legal advice, or would we ask Mr. Skeete because he doesn't give legal advice. Mr. Tindall said it is council's privilege to discuss. Mayor Scruggs asked council if they would like to discuss this. Councilmember Alvarez said they need to have less executive sessions and more discussions with the people involved. Mayor Scruggs asked so what's in this sealed envelope, is this different than what's in the book. Mr. Tindall said he wasn't sure what was in the envelope. Councilmember Clark said it is your confidential redline agreement. Mr. Tindall said the redlined agreement is not anything that is confidential. If council chooses to discuss it in open session, they can do that. If they wish to receive legal advice on it, they can do that in executive session. Councilmember Clark said she read the public document and the redline agreement and they are exactly the same. Mayor Scruggs said so there is nothing to preclude Council from discussing this in open session. It is very irritating to the public that there's some sort of legal decisions that they have a right to hear discussed, but then we go into executive session. Mr. Tindall said it was if council wanted to receive legal advice, the law allows they do it in executive session if they wish.

Mayor Scruggs said that is what she asked at the very beginning of the meeting and Mr. Tindall was going to locate in the agreement where it says that no matter when Mr. Jamison buys the team, no matter if it's June 15, 2013, he gets the \$11 million, that the city has the right to deduct \$60,000 for every game not played. Mr. Tindall said it was on pages 26 and 27.

Councilmember Clark asked if direction had been given whether or not this will go to a vote. Mayor Scruggs said yes there is direction to take it to a vote.

Councilmember Martinez said the agreement is posted and they have it for executive session, he said maybe the city attorney does have advice to give in executive session.

Mayor Scruggs asked is it ok if he answers my question? So it says in the event that the arena manager and team owner do not play 40 regular season games, the arena manager and team owner jointly and separately will pay to the city an amount equal to \$60,000, multiplied by a number equal to the regular season games required by this section, less the regular season games actually played. So what Mr. Tindall was saying is that it goes into effect even though the contract, the lease agreement might not be signed until April, May, June, after the season is over, that this would be interpreted to be. Evidently, nobody else has any questions for the attorney on the agreements, not till executive session. Therefore, there's nothing else, the meeting is adjourned.

The meeting was adjourned at 6:50 p.m.