

**CITY COUNCIL ORGANIZATIONAL MEETING
JUNE 23, 2014, 555 S. 10TH STREET
BILL LUXFORD STUDIO
IMMEDIATELY FOLLOWING DIRECTORS' MEETING**

I. MINUTES

1. Directors' Meeting minutes of June 16, 2014.
2. Organizational Meeting minutes of June 16, 2014.

II. BOARDS/COMMITTEES/COMMISSIONS/CONFERENCE REPORTS

1. West Haymarket Joint Public Agency - Emery
2. Visitors Promotion Committee - Fellers

III. REQUESTS FROM MAYOR

IV. MISCELLANEOUS

V. CITY COUNCIL MEMBERS

VI. MEETINGS/INVITATIONS

See invitation list.

VII. ADJOURNMENT

MINUTES
CITY COUNCIL ORGANIZATIONAL MEETING
JUNE 23, 2014
555 S. 10TH STREET

Present: Doug Emery, Chair; Trent Fellers, Vice Chair; Carl Eskridge; Jon Camp; Roy Christensen; and Leirion Gaylor Baird

Absent: Jonathan Cook

Others: Rick Hoppe, Chief of staff; Trish Owen, Deputy Chief of Staff; Jeff Kirkpatrick, City Attorney; and Mary Meyer, Council Secretary

Chair Emery opened the meeting at 2:16 p.m. and announced the location of the Open Meetings Act.

I. MINUTES

1. Directors' Meeting minutes of June 16, 2014.
2. Organizational Meeting minutes of June 16, 2014.

With no corrections the above minutes placed on file in the City Council office.

II. BOARDS/COMMITTEES/COMMISSIONS/CONFERENCE REPORTS

1. West Haymarket Joint Public Agency - Emery

Emery stated the majority of the meeting centered on the management shortfall in the operating plan. An adjustment was made by transferring part of the ad revenue, previous discussion recorded in minutes on who should receive the ad money. In both cases the operator of the arena receives the ad revenue. This year they will receive the ad money. Next year the ad revenue will increase by about \$450,000 to \$1,000,000. Then they will not receive all of the ad money.

Emery added it took time to figure out the budget. We made some adjustments, one of which involved peak hour issues. Bought a computer program, saving us on some peak time items. Will explain the financing to anyone who requests. Also, discussed LES rates.

Camp stated he read an article listing \$465,000, the ad money? Emery confirmed. Camp asked if this eliminates the Mayor's executive order for half a million? Hoppe inquired if asking if the same, the executive order for a half million? Camp said the executive order issued before Memorial Day. Owen stated a totally different issue. Camp asked, what's the difference? Owen answered half a million is day to day cash flow. We were going to give in the beginning, but they were borrowing from another account, but now they're asking. Stated \$465,000 is normally a traditional revenue stream, and goes into the operators budget. But until we had a sense of what the occupational taxes were we wanted to make sure we were able to meet our debt obligations. We held as a JPA. Now everyone feels more comfortable allowing an ad revenue portion to go back to the operator.

Emery commented this does not relieve SMG of paying back. Owen agreed adding the \$500,000 will always remain a City asset. A City account and City function. Doesn't actually go into a SMG bank account.

Camp stated it does give check writing privileges on City money. Don't see where the proper procedures were followed. Owen added was done with Pershing as well. Historically this is how we've managed the civic arena and this arena as well. Probably give you a better sense of why this

was done when Pershing was built. Camp commented when looking at the documents he doesn't see the authority to do. Owen said to talk to law. Camp stated he hasn't gotten answers other than what's been said here. It appears it wasn't followed in a proper manner. Some say it's the Mayor's authority, others say it's charter, an arena agreement. Doesn't think this is following procedure and still confused on what the JPA is doing to the operator and we're going to abide by it? Emery added, that's a separate item from the JPA as the JPA does not have a contract with SMG, the City does. Not part of my report, my discussion is the JPA. We have an obligation to make them whole, which is what we've done. Camp asked, this is for SMG, for profit? Emery replied this does not make them a profit.

Christensen added, to make them whole. He understood normally the ad money, like agreements in place in other municipalities, would have gone straight to SMG. In our JPA we kept it separate so we can control that money. Emery stated this may change but at this point we didn't know what the budget was going to look like at the end of the year. We didn't want to pay 5 months ago, not knowing the total at the end of the year. Camp said he's confused, understand how it's done in other cities but we didn't do. Emery stated we're doing now as a way to make sure we have money in the budget in the future. Remember at Pershing we had a help clause written into the contract for several years. Camp said we voted on the budget. Emery added, basically were not sure of what we were getting so we held back the ad money, making sure of adequate money to pay off the bonds. It's as if they borrow the money now at 3.8% versus 5% and this year took in \$13.650 million on the occupation taxes. The plan was to take in \$11 million and now they're 6.5% above. We've taken in more, going to pay less, and have a better idea of what the budget will be. Do have utility issues, and asked for some changes. Believe they'll make future changes which will allow us to only give them a limited part of the ad funds, not all, to run the arena.

Emery stated this is an issue which makes it very difficult as the JPA doesn't actually have a contract with SMG, the City has the contract, but we're managing the arena. Camp stated to possibly have a pre-council. Want to understand what we committed to, and was mentioned we cover the debt now, but only paying interest, how much are the principle payments going to increase? Emery replied that's why we're putting money away now. Owen added we'll also have Don Herz at the pre-council. He's done an analysis and could show you.

Camp stated he doesn't see the authority this was done with. Kirkpatrick stated, as in his email, believe the money was transferred from one City account to another City account, which is the SMG operating account under the authority of the contract. Appreciate that you have follow up questions, and plan on answering this week. Will lay out in more detail and respond to the points raised in your last email to me.

Hoppe added will do a pre-council. Eskridge commented it will be interesting to see in September, with a year in.

III. REQUESTS FROM MAYOR

None

IV. MISCELLANEOUS

Eskridge stated we visited with four individuals, three from India, on a trek around the country. They visited D.C., New Orleans, here, and not sure where else. They intentionally chose Lincoln because they heard it was the happiest City in the country. They were interested in how Lincoln worked, very thoughtful.

Christensen added they wondered how our government worked, asked about our economy, what

kind of challenges, the industry. They were from the Diplomatic Corps. One asked if we had a sister city in China.

V. CITY COUNCIL MEMBERS

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VII. ADJOURNMENT

Chair Emery adjourned the meeting at 2:30 p.m.