

1 MAYOR GIBSON: And as a part of all of this, did there ever
2 come a time when you kind of wrapped it up with Ms. Peck? Did you
3 confront her with the disparate views - - or the different disparate account?

4 COUNCILMEMBER CLARK: My recollection of that
5 conversation was that Ms. Peck told me that it had been a
6 misunderstanding. At that point, quite frankly, I lost quite a bit of
7 confidence in what I was being told from our City Manager's Office,
8 because I knew it not to be true. And it would be very difficult for that
9 confidence to be re-built after a couple of occasions like that.

10 MAYOR GIBSON: If I might, before you make comment on
11 other items, if I just might add, Mr. Kirk, were you not on that trip?

12 COUNCILMEMBER KIRK: I was. I dug a little deeper in
13 trying to find out why this certain member of the staff wasn't going
14 because he'd always planned to go. We'd planned on him being there.
15 We wanted to talk finances on the plane and while we're there. And we
16 were going to look at mixed-use development, I think.

17 I was really surprised when he told me - - I called him on
18 another issue and say, hey - - we were talking about - - I can't remember
19 what it was exactly we were talking about. But I said, hey, I'm looking
20 forward to the trip and I want to talk to you about some specific issues. He
21 said, oh, I'm not going on the trip. I said, why? He said he didn't want to
22 tell me. He said, I - - I can't. I can't reveal that. I don't want to share that
23 with you.

1 I said, come on, I really want to know. We plan on you being
2 there. This is a real surprise to me that you're not going. And he
3 indicated to me that he was, essentially, directed that he wasn't going to
4 go by Mary Kay. So I said, okay, I'm going to call her. So I called her.
5 And I asked why isn't he going. She said, oh, it's a miscommunication, a
6 misunderstanding. It's all my fault. And he's not going to go. So he didn't.

7 It wasn't until later when I knew why he didn't go. I mean, he
8 told me why he wasn't on the trip. A few weeks later we were meeting in
9 my office as Mary Kay and I were talking about that specific item. And I
10 knew why he didn't go. Yet she still continued to say it was just totally a
11 misunderstanding and my fault. I knew at the time that she just wasn't
12 being completely honest and truthful with me about it. Had she just said
13 hey, I didn't think he should go, you know, I would have - - I mean, I think
14 we're very, very understanding and forgiving when, you know, maybe it's a
15 bad judgment call. Someone makes a bad judgment call and says I don't
16 think - - I didn't think he should have gone, but you know, it was my call
17 and I decided he shouldn't go. I think we all would have looked past that
18 and said, okay, well, let's get him next time. We when ask somebody to
19 go on a trip, we kind of expect them to go.

20 Anyway, it was - - she just continued to tell me that it was a
21 misunderstanding when I knew there was no misunderstanding. There
22 was absolutely no misunderstanding whatsoever. That's when I first - -
23 the distrust and the mistrust that I - - I mean, I don't like it when I know the
24 answer and yet someone is still trying to tell me their version of what the
25 truth is. It was very problematic for me and very troubling.

1 COUNCILMEMBER CLARK: Mayor, if I could just add one
2 comment. As you well know, the financing package for the science center
3 is an extremely complicated process. To ensure that the center funds
4 itself is extremely complicated. One of several reasons that I had asked
5 for this employee to accompany us was because Mr. Kirk had expressed a
6 desire to - - we wanted to make sure that all of the Councilmembers fully
7 understood how this financing package was going to work.

8 And in combination with the things that I needed this
9 employee for on the trip, I had promised Mr. Kirk that this employee would
10 sit down with them and explain all the aspects and answer all of their
11 questions. As a result of that, it took probably another couple of months
12 for us to get all of that information to all the Councilmembers when it
13 would have been a lot easier had we gotten the information. And I had
14 personally promised Mr. Kirk that he would have those answers on that
15 trip, and he didn't have those answers on that trip.

16 MAYOR GIBSON: All right. Now is there anything further to
17 that, Mr. Hafen?

18 COUNCILMEMBER HAFEN: Well, Mayor, I do need to add
19 that in one of my bi-weekly meetings, that Ms. Peck did admit that she had
20 used poor judgment, and in fact, had made a misrepresentation of the
21 facts of that trip and that employee.

22 MAYOR GIBSON: Thank you.

23 Now you had other comments you were going do make,
24 Mr. Clark.

1 COUNCILMEMBER CLARK: Mayor, I just - - this is one of
2 the two serious - - most serious concerns I have, is I actually learned of
3 one of the budget changes from a reporter. When our deficit was revealed
4 as being doubled almost what we were being told. I simply cannot not
5 express in words what that felt like; that I was deprived that information
6 that staff had. Staff was aware of that change in budget status.

7 And even now, we're finding another \$7.5 million dollars in
8 shortfall that we didn't know, until a couple days ago, existed. It is
9 impossible for us to make appropriate decisions about the future of this
10 city and maintain our fiscal viability if we don't have information in a timely
11 manner. And for a reporter to have that information before a
12 Councilmember, quite frankly, is unacceptable.

13 COUNCILMEMBER KIRK: You know - - go ahead, Gerri.

14 COUNCILMEMBER SCHORDER: Sorry. I'd just like to add
15 that I know how you feel, because there was an event where I was
16 actually at a press conference and someone else from another jurisdiction
17 had told us that - - about our financial deficit before I even knew that we
18 had a financial deficit. I feel that it's unacceptable for another jurisdiction
19 to know more about our City than we know. That was one of the - - one of
20 the things that really bothered me.

21 I know that we had been being briefed on a five-year plan for
22 the Development Services Center by the Finance Department. I would
23 hope - - I was hoping that, you know, we would get briefings more
24 frequently than monthly. In our bi-weekly meetings we really didn't
25 discuss a lot. Ms. Peck and I really didn't discuss a lot about our financial

1 situation and the budget. But once a month I would get that briefing
2 through our Finance Department or through the Development Services
3 Center. That was something that I felt that we really need to know what
4 was going on, because the way - - and this is starting back, actually, last
5 year, when we knew that the economy was taking a dive.

6 But I thought well, we're just going to get this once a month,
7 because I didn't know that, you know, this is something that was going to
8 be worse than we had thought. I don't think anybody had realized how the
9 economy was going to be and how bad it was going to be. So in the
10 beginning it was okay, once a month and then we'll go from there.

11 And then, all of a sudden, it starts spiraling downward and
12 downward and downward, and I really wasn't getting any weekly
13 information and daily information. That's something, again, that I feel was
14 vital information for us in order to be able to do our business in the City of
15 Henderson and make sure that the people in the City of Henderson get
16 the information that they need so that way we can conduct our business.

17 COUNCILMEMBER KIRK: You know, on that budget item,
18 Mayor, that was the one thing that I - - in my meeting with her, a couple
19 meetings, I made the suggestion on one occasion that the economic
20 downturn that we're experiencing is unprecedented, something that none
21 of us had ever lived through. My suggestion was we're having a downturn
22 that - - like we've never seen before. Don't you think we ought to have the
23 most experienced budget director that we can get our hands on over our
24 budget?

1 And so what I - - we made the suggestion that we take the
2 budget department and put it back under Finance, because our Finance
3 Director is one of the most respected finance directors in the state, and
4 probably one of the top in the country. We win awards every year for
5 fiscal accountability and great City finances. And our bond rating speaks
6 to that because of the direction that we received from what I consider to
7 be the best Finance Director, really, in the country.

8 Yet when I - - and when I asked Ms. Peck, I said, have you
9 ever managed a budget before? No. Have you ever been through
10 anything like this before? No. Then why do you have a problem with
11 moving the budget back under Finance? And I said just give them back to
12 Finance for about six months or so - - six months to a year until we see
13 some light at the end of this tunnel that we're working in, this economic
14 downturn and then you can have it back, if that's what you'd like. And she
15 wasn't having anything to do with that. I think that spoke to more of her
16 ego than it did to her willingness and her desire to do what's best - - in the
17 best interest of the City.

18 You know, and then we discovered, just recently, that our
19 revenues were off this year by \$7.3 million, which really over our five-year
20 plan turns out to be, what, \$34 million, I think it what that number comes
21 out to be. So it's really troubling me that - - I mean, if I had a - - I've got to
22 believe that if I am a manager and I have a very expert person to handle a
23 certain department that knows it better than I do - - especially if we're in a
24 downturn - - that I would be thrilled to give that department off to
25 somebody else and let them run with it. But that wasn't the case.

1 That's when I was told that she thought I was stepping out of
2 my bounds as a policy maker and trying to give her specific direction on
3 how to run the City. Then I backed off. It wasn't my - - she didn't think it
4 was my purview.

5 MAYOR GIBSON: The financial - - the financial condition of
6 the City has been a constant source of concern to all of us. It was
7 something that I've - - I'm high maintenance on. I don't pretend to know
8 enough, but I know what I don't know. I try to find out as much as I
9 possibly can so that I can - - even if I'm only talking to myself, speak,
10 intelligently.

11 In March, by my recollection, the City of Las Vegas began a
12 comprehensive review of their revenues and their expenditures, and
13 analysis of their budgets in an effort to try and figure out where they were
14 going. There was a lot of publicity about it. We read about how certain
15 departments were resistant at that time to giving up any of the cost of
16 living or backing away from any of the packages that had been negotiated
17 in the collective bargaining process.

18 At that point, I began - - and I think, even at that time, there
19 was some conversation at Clark County that we were reading about on
20 occasion about where they saw the future revenues going. I was
21 concerned about that and I asked, on a number of occasions, where we
22 were. Essentially, the response that I received was that we had a strong
23 position because of our strong reserves. But there was nothing - - no
24 initiative on the part of the staff to do anything until - - I want to say

1 August, when pretty much, out of the blue, we found out that we were - - I
2 don't remember if it was \$24.8 or \$28.4 million short in revenues in the
3 current fiscal year.

4 Now I've subsequently learned that there was a time - - I
5 believe that I have the facts straight - - that we were - - that we had some
6 idea that we were about \$12 million short, and it has been reported to me
7 that in a conversation with Ms. Peck, the individuals who were aware of
8 that were instructed not to say anything. So the elected officials were
9 parading along, as it turns out, foolishly, expecting that we were in such
10 great shape with our bond rating and our fiscal management and all the
11 rest of it, that this was something that, maybe, would miss us, when all of
12 a sudden, we find ourselves 20-something million dollars behind in the
13 current fiscal year.

14 As I think about it, I don't - - I really don't know that there's a
15 person I can point to to blame for that, but I think, under the
16 circumstances, the captain of the ship has responsibility for marshalling all
17 of the assets, all of the resources together, and making certain that the
18 City Council has all of the information in front of them on a continuing
19 basis, from beginning to end, of any crisis like the one we're in.

20 So I worry about, and I believe I've arrived at the conclusion
21 that the supervision of various - - of the departments, but in particular, the
22 budget - - the budget division, which I believe reported directly to the City
23 Manager, was being done by Mary Kay. And I think, admittedly, she didn't
24 have experience in a crises like this and probably didn't have much
25 experience, as we look at it, in real budget supervision.