

SPECIAL CLINTON CITY COUNCIL MEETING

April 6, 2010

The Clinton City Council was called to order at 7:04 p.m.

Anna Stanton led the pledge of allegiance and Dale King offered the invocation.

Present were: Mayor L. Mitch Adams
Councilmember Blair Bateman
Councilmember Joanne Hansen
Councilmember Anna Stanton
Councilmember Cheri Reed
Councilmember David Pearson

Mayor Adams called for a roll call of all those present

Also present were: Steven Hubbard, Kyle Cluff, Crystal Cluff, Beverly Cluff, Laura Adams, Carol Child, Carla Parsons, JJ Lydon, T. Kearl, Sharlene Stoker, Gaylene Croxford, Dave & RaeAnn DeMain, Robert Coburn, Nancy Coburn, Carol Weber, Michael Child, Todd Keller, Eric Anderson, Brad Russell, Jay Porter, Sarah Porter, Karl R. King, Terri Jenson, Howard Elting, Nancy Ungles, Karen Vinzant, Garth Chadaz, Kathie Chadaz, Fred Mitchell, Steven Self, Rick Gurule, Josh Price, Danny Carver, Keith Schramm, Brad Stryver, Abell B. Larsen, Alex Harris, Mason Leishman, Logan Swallow, Dave Collard, Robert Croxford, Bryanna Collard, Ruth Collard, Jerred Robertson, Lauralee Hunter, Becky Vervloet, City Manager Dennis Cluff, Community Development Director Lynn Vinzant, and Lisa Titensor recorded the minutes.

A. PUBLIC FORUM TO EXPRESS THE PUBLICS CONCERNS PERTAINING TO THE CITY'S POTENTIAL LOSS OF \$83,300 OF CEMETERY PERPETUAL CARE FUNDS DUE TO THE CLOSURE OF CENTENNIAL BANK:

Mayor Adams explained that this meeting is a public forum for citizens to express concerns over the potential loss of \$83,300.00 of the Perpetual Cemetery Care Fund as a result of the closure of Centennial Bank. He explained that the City has received a check for \$250,000.00 from the FDIC and the outcome for the additional funds may not be known for some time. He explained that public comment will be accepted but asked that the meeting remain orderly and respectful.

He opened the floor for public comment.

Becky Vervloet expressed appreciation to the City Council for the citizens being able to express their concerns. She said she has been a resident for nearly 20 years.

She questioned why the city would have an account of more than \$250,000.00 especially with the current economy. She went on to give her understanding of the history of the fund beginning

in 2000 when \$56,000.00 was deposited into a CD at Centennial Bank for a higher interest rate. She said at that time the FDIC only insured funds up to \$100,000.00. She went onto identify that in 2008 when major bank failures began to occur the FDIC temporarily increased the insurance to \$250,000.00. She said even she took precautions at that time.

She informed the Council that since 2008 many banks have been taken control of by the FDIC. She said she disagreed with the City staff that they were surprised by Centennial Bank's failure. She said it was widely known that the bank was in trouble and Centennial Bank was trying to merge with Vision Bankcard to increase their assets. A decision to stay with Centennial Bank should have been made based on insurance.

She stated she would like answers to the following questions:

How long was the initial term of the CD.?

How much was in the account when the CD was renewed and how many times has it been renewed?

How much was in the account in 2008 when the FDIC only insured up to \$100,000.00?

When did the funds go over \$250,000.00? Was there a plan for the money?

She said the citizens deserve an explanation and personally, she feels it is gross fiduciary negligence and terrible financial management.

She said she would like to see the City Manager held accountable. She has discussed her concerns with several City Council members and is surprised by their devotion to Mr. Cluff. She said that as elected City Officials the City Council is accountable to their constituents and if they do nothing she will work diligently to make sure each Councilmember is replaced.

Mayor Adams stated he neglected to allow Mr. Cluff an opportunity to address the public prior to taking public comment and asked for his comments.

Mr. Cluff stated that the closure of Centennial Bank was a surprise and he was only a few days away from withdrawing a portion of the perpetual care funds. He expressed a sincere apology that closer attention was not paid to the amount in the account.

He explained that it was a special account with compounding perpetual care fees and interest. Prior to 2000 when the money was moved to Centennial Bank it was not growing because the fees were larger than the interest the funds earned. So, in 2000 this particular fund was set up. Due to the long term and no constant oversight nature of this account, it was not at the forefront of daily activities yet at the same time it was pleasing to see the audit reports identifying the growth of the funds in the CD.

He went on say that since the bank closed there has not been an hour of his awake time that he has not berated himself and regretted what has happened. He said he is truly truly sorry.

He went on to say that over the past 16 years he has been dedicated to the City. He has been instrumental in brining millions of dollars to the City and has initiated or been involved in

hundreds of projects and programs to benefit the City. He said his heart and soul has been dedicated to making life better in Clinton and this outcome was never intended.

Mayor Adams asked for additional public comment. He commented that the City Council and staff are not prepared to answer specific questions at this time.

Deborah Barlow commented that she attended a meeting on January 24, where the City Council directed Mr. Cluff to transfer the funds in the perpetual care account. She questioned why it would take 5 ½ weeks delay in moving the funds.

Mayor Adams replied that he did give direction, but he neglected to state that it should be the number one priority. He explained that the process was underway; Mr. Cluff had negotiated with the bank for a reduced penalty; he was looking for a good interest rate at other banks; he had also drafted a resolution and ordinance which had been sent to the City Attorney for review; and he had put the resolution and ordinance on the agenda and advertised it for the March 9, 2010 City Council meeting which unfortunately was not quick enough to avoid this situation.

Carol Child addressed the City Council and said that she does not feel that Dennis Cluff is guilty of any criminal intent. She said she thinks he made a mistake. If you look at his outstanding record and look at other nearby cities, Clinton City is lucky to have him. She said that Clinton City has outstanding Department Heads and personnel as well.

Nancy Ungles said she has lived in Clinton City for 15 years. Clinton has grown and is a beautiful city. Several surrounding cities would love to have Dennis Cluff as a City Manager. She said there is no City that has cleaner better roads or that look nicer and more prosperous than Clinton City and a lot of this is due to the City Manager and the City Council.

Rick Gurule said he is a life time resident of 51 years. Approximately 4 1/2 to 5 years back he recalled a discussion during a City Council meeting to give Mr. Cluff authority to access the city's money in an emergency situation; he questioned the amount. He went onto say that he was not surprised that Centennial Bank closed. He asked how the City will come back from this loss. He doesn't put blame on Dennis he has done a wonderful job for the City.

Mayor Adams replied that if he recalls correctly the limit was raised to \$4,999.99.

Suzanne Phillips asked the City Council if they have a plan for replacing the money. She said it is their responsibility as elected officials. \$83,000.00 is a lot of money and even she is aware of the limits on insured funds. She said there were clues and it should have been checked up on.

Mayor Adams replied he doesn't have a plan for recouping the money. He said the FDIC may refund some, but the City will need to do everything it can to grow the money again. He said unfortunately it may take more time for the fund to grow enough for it to pay for itself.

Councilmember Hansen explained that the City Council is currently in a budget session. She says the City Council discusses this in all its budget meetings and it is Mr. Cluff who brings it up.

Councilmember Pearson asked if anyone present has an idea they would like to submit and said he would be willing to listen.

TJ Mitchell said he is a local business owner who has had a similar situation. He had to cut salaries to stay in business. He said who ever is responsible should have a cut in salary. He said he was aware two years ago that Centennial may close. He then questioned why Mr. Cluff did not move to Clinton City when he moved recently. He said a solution needs to be found now.

Howard Elding expressed appreciation for the information being provided and asked the Council if there is a policy or procedure in place so this doesn't happen again.

Mayor Adams said there is not currently a policy in place. He said it will become a priority. He explained that he has made two attempts to get with Senator Stevens to get some type of legislation in place because this could be an on going concern. He said that public funds need to be protected! This could be an ongoing concern; payroll funds have the potential to be unprotected.

Mr. Elding said that the City Council was elected by the citizens who expect the City Council to take care of the money they are entrusted with.

Dave Collard said he has been a resident for over 30 years. The focus appears to be on just one part of what has happened; He pointed out that Dennis has been a good and faithful servant and the citizens need to see the whole picture. He said that there are many positive things that have not come to light and there will also be a lot of good things in the future.

Ruth Collard stated that she has been a resident of Clinton City for 32 years and has worked for the City for 20 years. She recognized the many employees and department heads present in support of Mr. Cluff. She said that the City is very fiscally responsible due to Dennis' management and the residents need to be aware that this money is not capital funds earned from taxes, but interest earned from the perpetual care fund. She said she attends the City Council meetings regularly and feels that this is a result of due process. She loves the City and supports Dennis and the City Council and she is proud to work and live in Clinton City.

Carla Parsons stated that she is the City Treasurer and has been employed for nearly 22 years. She is proud of the City and regularly receives compliments about its beauty. She went on to explain that staff was in the process of contacting banks and researching the best option for these funds as directed on January 24. She explained that due to the nature of this account, the City does not receive monthly statements as with regular bank accounts; the Financial Specialist was receiving certificates identifying the earnings on the account. Dennis did not directly receive reports from the Money Management Act; his intent was not to harm the City and he is truly sorry for what has happened. Dennis is an honorable man and he is responsible for many positive things in this City. Many of the long term employees have stayed due to Dennis' management and their strong sense of civic duty. She feels that the City Manager deserves some respect. He is a man of integrity.

She said unfortunately as the Treasurer she has focused mainly on the general fund and state pool; the perpetual care account is a unique account and is only dealt with twice a year. She agreed with Mayor Adams that their needs to be legislation to protect cities from this type of situation because it could happen again with other types of accounts such as the general fund. She said the money needs to be available to clear transactions.

She then explained that Dennis was in the process of getting the funds moved. He was trying to find the most interest he could for the money and he had already drafted the resolution and ordinance and put it on the agenda for the upcoming City Council meeting. She said it is a matter of poor timing and the City Manager trying to do the best he could for the City. She said the City Manager wears a lot of hats for the City; under the current budget challenges, Dennis along with many of the employees have taken on additional responsibilities to help make cuts where possible. She said she believes his focus is what is best for the City.

Theresa Kearn said she doesn't feel that people are being vindictive by expressing their concerns; she said they are asking for accountability. This was preventable and the City Council is responsible to plan for, prepare and take care of the City. She went on to say that she is bothered by Mayor Adams asking for suggestions from the citizens. The City Council is too quiet on the issue and she is bothered that the City Manager has too much power. She said she does place some responsibility in the City Manager's direction to make sure this does not happen again. This loss should cause change so things can be done better.

She questioned if the bank offered any solutions in moving the account around.

Mr. Cluff responded that the penalty was lessened by approximately 50%.

She said this could have been taken care of by an emergency meeting, which in her personal experience with the City regarding her business; she knows the City can call emergency meetings. She said the citizens deserve for the City Council to work something out and take responsibility. She suggested cutting salaries as an option.

Mayor Adams clarified that there was not an emergency meeting to do away with the Snowy business Ms. Kearn is referring to.

Former Councilmember Dale King responded that he recalls the situation with the Snowy and acknowledged that the City failed to give direct notice of the meeting.

He went on to discuss the issue at hand. He said he agrees that elected officials should be accountable to the citizens. He said he sees that Mr. Cluff has experienced self imposed punishment. He would like to see policies put in place to prevent this from occurring again, but feels the City would suffer greatly if Mr. Cluff were removed from his position.

As a former City Council member he served with Dennis for 8 years and witnessed a competent responsible and dedicated City Manager. He said the citizens and the City Council should judge the whole record not just one incident. Over the years Mr. Cluff has practiced sound fiscal management which has benefitted the City financially. He gave one example just recently where

the City was able to get a high rating from Standard and Poor's which resulted in a refinance of a bond at a lower interest rate which will save the City approximately \$130,000.00. He said the City owes a lot to the management of Dennis Cluff and Clinton City is lucky to have his competence and skill.

Nancy Coburn said that there are so many people defending Mr. Cluff, she does not believe anything that happened was intentional. She has been a resident for over 30 years and has purchased cemetery plots and paid money into the perpetual care fund. She said she realizes that mistakes happen. The City has grown and is beautiful and although it may not have been intentional it was negligible. She said she doesn't understand how it was allowed to happen. She realizes Mr. Cluff is responsible for a lot of good things, but he has also been paid a wage for those services. She is concerned by a lack of concern on the part of the City Council.

Councilmember Bateman responded that the City Council is concerned. They are quiet because they want to allow the citizens to give their input.

Steve Hubbard stated he lives in Clinton City and in his lifetime, he has been in a position where he lost everything and had to rebuild his life. He said as a result of listening to some of the comments; he would like to clarify a few things. This meeting would not have been necessary if Dennis had not been such a good administrator. He said Mr. Cluff and the City Council initiated a plan years ago so the perpetual care fund could take care of itself. He researched public records and has found that over the past 10 years interest grew the fund approximately \$102,000.00. He said he realizes that \$83,000.00 is a substantial amount, but year after year Dennis has been managing hundreds of millions of dollars for the City which has benefitted everyone. He said when you look at the big picture, this was just a mistake and it would be a crime if anything further was done to tarnish the record of Mr. Cluff.

He pointed out that in the perspective of the fund, it still has \$250,000.00. The citizen input has been less than the \$250,000 so there is still over \$19,000 in earnings over the deposits. He said James Matteson wrote that the founding fathers of the Nation made a decision to make government run slow so that it would be secure for the people. Five weeks may seem a long time, but government inherently moves slower.

Jerred Hainline commented that he is a public employee and he understands the pressure of dealing with public funds. He said he also understands wearing too many hats. He explained that he attended a caucus a few weeks ago and observed the turn out was at least six times that of previous caucuses; after consideration of why, he thinks it is because people are afraid or that government is not being held accountable. He asked what has been learned from this? If the answer is nothing then a consequence should be imposed. He wants to know what has been learned and what is being done to fix the problem.

Laura Adams stated that she is proud to say that she is the wife of Mayor Adams. She does not agree with the comments that this issue is not being taken seriously. Mayor Adams has spent countless hours and sleepless nights pondering this situation. Dennis has taken full responsibility for this mistake. She said Mayor Adams has an enormous amount of integrity and has always been honest. She went on to say that Dennis has been responsible for saving the City a

substantial amount of money. She feels the lesson has been learned and no further consequence should be imposed. She said she is proud of the City, the Mayor and Mr. Cluff.

She then addressed the suggestion of reducing the salary of the City Manager and City Council and said that the Mayor already uses his own funds and vacation days from his regular job to attend functions to support the City. He makes personal sacrifices on a regular basis.

She said she would like to see the City Council discuss the issue in open session so the citizens can see how they each feel.

Gayleen Draper Croxford said she was born and raised in Sunset and left to Wyoming and has recently returned to the area. She explained her father was a councilmember and also used his own money to do what he had to do. She expressed admiration for the City Council for their efforts. She says she doesn't care that Mr. Cluff doesn't live in the City. She only knows Mr. Cluff because she had an awning put on her house and the people who did the awning did not get a permit, she said Mr. Cluff came and said that they couldn't build the awning because they didn't have a permit; she understood he was doing his job. She said she understands self imposed consequences and explained that she witnessed it within her own family. She went onto explain that she is a neighbor of the Mayor and he is an honest and good neighbor who does whatever he can for people in the neighborhood.

Mayor Adams took the opportunity to inform the public of the following projects that Mr. Cluff has been responsible for which have benefitted the City.

1. Re-finance of 2007 Bonds-savings of \$130,000 over 8 years;
 - a. Dennis's initiative to re-finance.
2. Relocation of Sprint/Nextel Telephone tower-\$18,000+ per year income;
 - a. Dennis negotiated for the highest possible payment to the City.
3. Power easement sale to Rocky Mountain Power through Civic Center-\$550,000 revenue to City;
 - a. Dennis ensured that the city was fully compensated for the easement and the loss of the 9 lots that were not sold by the city because of the easement.
4. 2000 W. Reconstruction project-City matching from rights-of-way & sale of City right-of-way- \$195,000 cash for the sale of city owned easement & \$692,000 savings in matching funds (r-of-w usage);
 - a. Dennis and Lynn negotiated that credit toward the matching funds be allowed for the right-of-way easements that Clinton City had acquired over the years.

He acknowledged that it is a team effort by City staff, the Mayor and the City Council, but explained that Dennis is the front person involved in the majority of these negotiations.

5. HoDag grant/loan intermediate repay of \$215,509, plus promised \$994,952 by June 30th (started work on this in 1995);

- a. The tenacity of Dennis has resulted in the partial repayment to date and the promise for future payment.
 - b. Most other cities have historically recovered little from the HoDag grants.
6. Managed to hold off tax increases & minimized fees;
- a. No City tax increases in years (8+), Sewer fee was increase two years ago to cover inflationary costs, sewer rates had not increased for the previous 12 years. All other increases were due to pass through cost or federally mandated requirements.
 - b. This has not happened by accident! It is a product of good management.
7. Ceased lease/purchase of vehicles-cash pay on purchases;
- a. Good management and cost savings for the City.
8. Re-financed "old City Hall" bonds in 2003-shortened bond time period;
- a. Dennis initiated the refinance, reduced the interest rate and shortened the duration resulting in the savings of thousands of dollars.
9. Early payoff of Water Bonds;
- a. Saved the citizen of Clinton money and stayed off increases in the water fees.
10. 3.5 million gallon water tank construction-paid cash(\$ saved over many years);
- a. Saved the financing fees and interest associated with financing a 1.1 million dollar project.
11. Transfer of Perpetual Care funds to Centennial Bank-2000;
- a. Dennis recommended the transfer of the Perpetual Care funds to Centennial Bank because the account that these funds were in was not growing. The fees and service charges were more that what were being gained in interest.
 - b. Had Dennis not have recommended the move, there would be less than \$250,000 in that account today.
12. Purchase of Heritage Park & Sara Jane (Kestrel) Park properties while price was lower;
- a. Dennis used foresight --- saved money.
13. Idea of requiring and adding street lights throughout the City;
- a. Dennis recommended adding street lights throughout the community to help ensure public safety and minimize unsavory activity in our neighborhoods.

Mayor Adams explained these are just some of the things he could recall that Dennis has done for the City. Dennis is always looking for ways to save the City money. He went on to say that policies will be put in place to prevent this from happening again. This was a terrible mishap and he feels that Dennis has already paid a high price. He said he stands behind Dennis.

Assistant City Manager/Community Development Director Lynn Vinzant asked to address some of the comments made by the citizens.

He said the statement that the City was over budget last year was incorrect. He explained the budget is set in anticipation of funds being received by the City from franchise taxes, property taxes, building permits, grants, permit fees, enterprise funds; impact fees, etc. As an example he clarified that four years ago the City had over \$1 million dollars in impact fees, now there is approximately \$200,000.00 and that is only one revenue source. He said to accommodate for the decline in revenue, Mr. Cluff demanded that city staff begin making cuts to their department budgets which prevented the City from going over budget.

He said that staff follows City Ordinances and Resolutions. Mr. Cluff did not transfer the funds sooner because it required an ordinance and resolution to be brought before the City Council to do so. He identified that during the 5 ½ week time period in question, Mr. Cluff had knee surgery.

He also pointed out that many of the individuals who made comments have not attended city council meetings. He invited them to attend the meetings and be a part of the city and stay informed. Clinton City is a developing city. City staff is the administrative body that enforces the laws set by the legislative bodies in federal government, state government and city government. He emphasized that staff does not set the laws, they enforce and follow them and no one who works for the City has violated this trust.

TJ Mitchell stated that when he made his remarks, he didn't mean that Dennis should have to live in the City, he just questioned if he loves it so much why he doesn't live here.

Theresa Kearl stated that Mr. Vinzant should be held accountable as the Assistant City Manager as well. He has more power than he is willing to admit. He prepares and writes the city ordinances for the City Council. She acknowledged that Mr. Cluff has done a good job. She said the citizens are here to hold the City Council accountable and said that the City needs to be run better.

Nancy Unger commented that she doesn't think money should be taken away from Mr. Cluff and the City Council, she said they deserve raises.

Councilmember Cheri Reed stated that she has witnessed Dennis Cluff do a lot of good for the City but she feels that some type of reprimand is in order to recoup a small portion of the funds. She said she doesn't feel it was done intentionally, but because of the substantial amount of money she does feel it requires a consequence.

Councilmember Pearson stated that he appreciates the public's comments and employee's comments on this issue. He feels it was important for them to be heard. He said the issue has been on the Council's mind since it happened. He feels the City would not benefit from Dennis leaving but there is a responsibility to the citizens. He believes that Dennis is an excellent manager and he is compensated for that. He feels there should be some type of consequence or reprimand and it should be discussed in a closed session because it is dealing with employee issues. He explained when something this serious occurs, it needs to be addressed. He used some recent misconduct by local politicians as an example and said that although they did many great things for the county and state, they made a mistake and had to take responsibility. He said

he is not trying to compare the circumstances, but taking responsibility is the issue.

Laura Adams clarified that Dennis Cluff did not break the law. She said that she asked for the issue to be discussed between the Council in an open meeting because she didn't feel that it is ethical that one councilmember had contacted other councilmember's to suggest a consequence before public comments were heard.

Councilmember Hansen responded that she received a phone call from a reporter and told him she thought it was unethical for him to ask individual council members questions regarding this issue. She told him he should attend the meeting. She acknowledged that he was in attendance. She went on to explain that this is her 4th term on the City Council. She loves this City. She was on the City Council when Mr. Cluff was hired and she has watched him grow.

She asked the public to attend more City Council meetings so they can understand the legal process the City Council has to follow.

She addressed the budget and identified that over the last two years there has been over a 10% cut in the budget. She identified that none of the employees are getting a cost of living or merit increase this year.

She identified that steps are being taken to ensure this will not happen again. Frustration over the cemetery perpetual care fund is why she ran for office in the first place and she still doesn't understand it. She explained that currently, the General Fund maintains the cemetery until funds from the perpetual care funds can be used. She emphasized that the funds that were lost was not tax money. She regrets that it happened however, Dennis Cluff has done an excellent job managing the City. She said Dennis is the first City Manager who has stayed more than 10 years. He keeps Department Heads and their experience here in the City. This administration has done an excellent job running this City.

Mayor Adams commented on Mr. Cluff's wages. He said there is only one other City Manager that is comparable to Dennis and is abilities and he pointed out that individual is making approximately \$26,000.00 more a year than Dennis.

Councilmember Stanton stated that she is here to represent the citizens. She said she makes decisions based on being educated and informed about the issues and what is in the best interest of the citizens. She expressed appreciation to all the citizens in attendance and explained that the intent of the meeting was to allow the public to be heard. She explained she didn't come to the meeting with a decision or plan because it is a difficult situation and there is not an easy solution,

She said Dennis Cluff does not deserve to be fired, as a Councilmember she accepts responsibility along with the Mayor and Dennis. She said he made a mistake, but he is valuable to the City. She suggested that a policy requiring more checks and balances be put in place and it should be a priority.

Councilmember Bateman expressed appreciation for public input. He said that a few things that bother him are that the end result is not known, the City could recoup some of the money. He

acknowledged that Mr. Cluff did make a mistake, but pointed out that the city is in a difficult budget process and a significant amount of time and preparation goes into that. He emphasized the loss will not affect the city tax funds. He said he has been in office just over 3 months and everything he has observed and learned about Dennis is exemplary. He said he has been a citizen and business owner in Clinton City for over 22 years and has nothing but praise for him.

Mayor Adams closed the public hearing at 9:19 p.m.

He asked the Council if they would like to take action on the issue. He said he doesn't feel it fair to delay the process any further and impose more anguish on Dennis and his family.

Mayor Adams asked Mr. Cluff if he would prefer the City Council discuss the issue in closed session or in public.

Mr. Cluff said he did not have a preference.

After a pause in the discussion between the City Council members, Mayor Adams asked if anyone was prepared to make a motion.

He identified he could see potential for up to four motions. One option being a motion to fire the City Manager. There was no motion.

Mayor Adams called for a motion to do nothing but realize this was a terrible mistake and allow the mental anguish already imposed be the consequence. There was no motion.

Councilmember Bateman asked Mr. Cluff if he has any recommendation for a consequence.

Mr. Cluff responded that there was a question asked whether or not a lesson had been learned. He said he has definitely learned a lesson and realizes he needs to make sure the City does not have an account which is over the insured amount. He said this is the worst oversight in his life and he has suffered with personal anguish and regret however, he can understand that the Council may want to impose a consequence. He said the indications are that he is an excellent City Manager. This was an oversight that happened and was not intentional in any way. He said he does not foresee anything like this happening again. Obviously, he works at the pleasure of the City Council and they have the authority to do as they wish.

Mayor Adams then asked if there was a motion for a written reprimand or a financial reprimand.

Councilmember Hansen made a motion to keep Dennis as the City Manager. Requiring a written reprimand and that he makes sure this doesn't happen again. She asked him to keep the Council informed. She said that checks and balances should be a priority.

Councilmember Bateman questioned if an ordinance identifying that everything is in place to make sure that this does not happen again should be a part of the motion.

Councilmember Hansen agreed, but said she is not comfortable adding a financial penalty because the end outcome is not known.

Mayor Adams said that the consequence should not be tied to the amount of the actual loss, but because it was a potential loss.

Councilmember Hansen said she would like to leave the financial consequence open ended until the outcome is learned.

Discussion on the motion took place.

Councilmember Hansen withdrew the motion.

Councilmember Pearson agreed that the consequence is based on responsibility being taken and not the amount of the financial loss.

Councilmember Reed commented that removing Mr. Cluff's car allowance could be an option.

Mayor Adams responded that when Mr. Cluff decided to come to Clinton City he was hired from another city where he had a car he was allowed to use for professional and personal use. A car allowance was part of the compensation package for him to come to Clinton City.

He said if he were to recommend a financial reprimand it would be a maximum of three days off without pay.

Councilmember Pearson asked what Mr. Cluff's total package was when he was hired.

Mr. Cluff responded that in 1994 his salary was approximately \$42,000.00 with a car allowance of approximately \$350 per month.

Councilmember Pearson then asked what Mr. Cluff's salary is currently.

Mr. Cluff responded at step 16 it is approximately \$115,000.00 per year.

Councilmember Pearson questioned if the contract for employment can be changed.

Mr. Cluff identified that he started at a set dollar amount in 1994 and subsequently it was changed to a salary range like other employees. This way he would only receive whatever increases given to all the employees, and not some separate increase rates as other managers may have.

Councilmember Reed said that the size of the City should be taken into consideration.

Councilmember Pearson said he would be in favor of a step decrease in pay. He said it would not be a huge decrease and would only be temporary. He said he contacted an attorney from the Utah League of Cities and Towns who said that would be an allowable action.

Councilmember Bateman said he would be more in favor of that than a consequence that would

be perpetual because the final outcome of the \$83,000.00 is unknown.

Councilmember Pearson made a motion to decrease the City Manager's pay by one step with a written reprimand identifying why. There was no second to the motion.

Dale King commented that a written reprimand should be sufficient and that extending the perpetuity is cheap and embarrassing to the City.

Councilmember Reed said that she didn't second the motion because she didn't feel it was severe enough.

Mayor Adams pointed out that with the current budget issues, Mr. Cluff could be penalized six years or more.

Councilmember Stanton made a motion to make sure a policy is in place as soon as possible so that this does not happen again in addition to adding responsibility to the Treasurer for checks and balances. Issue a written reprimand for Dennis in addition to herself as a member of the City Council and dock Mr. Cluff three days pay based on the lesson learned and that it will not happen again.

Councilmember Pearson questioned if it should be three days off without pay or just dock three days pay.

Councilmember Pearson asked Councilmember Stanton to add him to the letter of reprimand and to take away his salary and forego the Christmas party.

There was discussion of adding the City Council to the letter of reprimand.

Councilmember Stanton said she will not add taking away salary and the Christmas party to the motion because she feels it to be a completely different issue. She said she would not be opposed to bringing that issue up at a later time. She questioned adding the Assistant City Manager to the letter of reprimand.

There was a discussion if the Assistant City Manager bears any responsibility.

Mr. Vinzant said the City budget is not his responsibility.

Mr. Cluff responded that Mr. Vinzant has other responsibilities and does not deal with the City Budget. He is not responsible and has not participated in the perpetual care issues.

Mayor Adams asked if the City Manager and the City Treasurer have the oversight.

Mr. Cluff responded that according to the City ordinance he oversees the money. This particular account is an anomaly and there are no other independent accounts of this nature. He said he is in the process of looking at the best way to handle the City funds to have protection and get the best rates.

Mr. Cluff clarified that the Assistant City Manager is over specific functions for the City and he is not responsible for budget issues.

Councilmember Stanton restated her motion.

Councilmember Stanton made a motion to make sure a policy is in place as soon as possible so that this does not happen again in addition to adding responsibility to the Treasurer for checks and balances. And, based on the lesson learned and that it won't happen again, issue a written reprimand for Dennis, the Mayor and City Council and dock Mr. Cluff three days pay.

Councilmember Reed commented that she did not agree with the newspaper articles that portrayed the City Council as preventing the move of the funds. She said that she feels the City Council directed the movement of the funds in good faith in January. She feels it was a management mistake and she does not feel the penalty is severe enough.

Councilmember Hansen seconded the motion even though she and Councilmember Bateman have only been on the City Council for three months.

Voting by roll call is as follows: Councilmember Bateman, aye; Councilmember Stanton, aye; Councilmember Reed, no; Councilmember Hansen, aye; Councilmember Pearson, no.

Mayor Adams commented that he appreciates that this was a civil proceeding and said he feels it is time to move forward with City business.

Councilmember Hansen made a motion to adjourn the meeting. Councilmember Stanton seconded the motion. All voted in favor of the motion.

The meeting adjourned at 10:03 p.m.