

**MINUTES OF THE CITY COUNCIL
SPECIAL MEETING
Wednesday, October 1, 2008**

CALL TO ORDER/ROLL CALL

Mayor Davis called to order the special City Council meeting of October 1, 2008 at 5:30 p.m.

Present: Mayor Davis, Vice Mayor Hume, Council Members Cooper and Scherman

Absent: Council Member Leary

CLOSED SESSION

There were no public requests to speak.

Mayor Davis announced the following closed session item prior to Council adjourning to closed session at 5:31 p.m.:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to subdivision (c) of Section 54956.9

One (1) case

OPEN SESSION ACTION ITEMS

The City Council reconvened at 6:07 p.m. with Council Member Leary absent. Mayor Davis disclosed that no reportable action was taken in closed session.

3. REGULAR AGENDA ACTION ITEMS/RECOMMENDATIONS

3.1 SUBJECT: General discussion regarding Elk Grove Teen Center

STAFF REPORT:

Susan Cochran, City Attorney

RECOMMENDATION:

Discuss the Elk Grove Teen Center and provide staff direction as deemed appropriate.

City Attorney Cochran recalled that, at the September 10 City Council meeting, there was general discussion regarding certain accounting irregularities at the Teen Center. The Teen Center is a recipient of funding from the City and there have been a series of agreements with the Teen Center regarding the money given to them to provide programming. Ms. Cochran advised Council to issue a series of legislative subpoenas pursuant to Government Code Sections 37104 to 37106 in order to obtain the financial records from the Teen Center, which appears to be a subsidiary of either Youth for Christ or of Campus Life, and to determine whether the City's money has been properly expended pursuant to the terms of the City grant. She explained that under the Government Code, the Mayor is authorized to sign such subpoenas, which are then attested to by the City Clerk. The City Attorney's Office will have them served. Ms. Cochran stated that she is interested in obtaining a variety of financial records from the entities listed, including general ledgers, cash receipts, and other documentation that would allow the City to make sure the money provided to the Teen Center has been appropriately expended.

PUBLIC COMMENT:

Linda Ford reported that, on September 18, she attended the Teen Center Advisory Board meeting and read a statement into the record. She noted that both Mayor Davis and Council Member Scherman were in attendance at that meeting and received a copy of her statement (filed). At this meeting three documents were distributed from Youth for Christ, the faith based parent company for the Teen Center (filed). The information contained within the documents included an individual's admission of culpability of misappropriation of Teen Center funds. Ms. Ford noted that the admission of guilt was for only one incident during one year. It has since come to her attention that there were many instances of inappropriate use of Teen Center assets, both physical and financial. It was her understanding that since the release of these documents, Youth for Christ is now denying their validity. At the September 18 Teen Center Advisory Board meeting, Ms. Ford requested the minutes of every Board meeting for the past 18 months. Youth for Christ has refused to release the minutes. Ms. Ford pointed out that the City of Elk Grove has contributed \$100,000 toward the Teen Center. She stated that, once the funds are received by the Teen Center, they become commingled with other monies raised directly by the Teen Center and monies from the parent company, Youth for Christ; therefore, there is no way to separate the expenditures of faith based money and taxpayer funds. Ms. Ford noted that the City and taxpayers have an expectation that these funds will be accounted for and handled appropriately. She requested the City conduct a comprehensive independent financial audit of the Teen Center.

Mayor Davis reported that he only recently attended his first Teen Center Board meeting as a City representative and stated that, if what he heard at the meeting is substantiated, it is unconscionable and the City must determine the facts of the situation. He agreed it is necessary to issue subpoenas to all parties involved. Furthermore, he asserted that an improved process, overall, regarding City grants

must be undertaken. Staff has been directed to return to Council with policies that will address accounting and reporting by City grant recipients.

Council Member Scherman stated that she became aware of this situation during a Teen Center Board retreat in February. She called for an audit at that time; however, she was precluded from publicly speaking about the matter. She was pleased that it has now been openly discussed and was anxious to uncover the facts related to the situation.

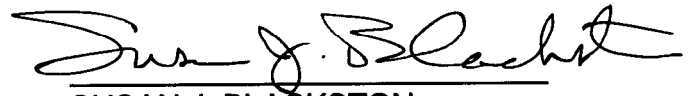
Council Member Cooper suggested that the Council also refer this matter to the Grand Jury, to which all Council Members concurred.

Vice Mayor Hume pointed out that the Teen Center organization should not be punished for the actions of an individual. The Teen Center operates in a City owned facility and receives a substantial amount of funding from the City. He believed efforts should be extended to see that the organization continues to operate.

Motion: M/S Cooper/Scherman to authorize the City Attorney to issue a series of legislative subpoenas in order to obtain financial records from the Teen Center (subsidiary Youth for Christ or Campus Life) and to refer the matter to the Grand Jury. *The motion passed by the following vote: Ayes: 4; Noes: 0; Absent: 1 (Leary).*

ADJOURNMENT

With no additional business to conduct, the October 1, 2008 Special City Council meeting was adjourned at 6:18 p.m.



SUSAN J. BLACKSTON,
CITY CLERK

ATTEST:



GARY DAVIS, MAYOR