

**MINUTES
Special Meeting of the
City of Gardena City Council
Wednesday, July 20, 2016**

The Special Meeting of the City Council of the City of Gardena, California, was called to order at 7:30 p.m. on Wednesday, July 20, 2016, in the Council Chamber of City Hall at 1700 West 162nd Street, Gardena, California; Mayor Pro Tem Mark E. Henderson presiding.

1. ROLL CALL

Present: Mayor Pro Tem Mark E. Henderson; Council Member Terrence Terauchi; Council Member Dan Medina; and Council Member Tasha Cerda. Other City officials and employees present: City Manager Mitchell G. Lansdell; City Attorney Peter L. Wallin; City Clerk Mina Semenza; and Deputy City Clerk Becky Romero. City Treasurer Ingrid Tsukiyama was not present.

2. CITY CLERK CERTIFICATION

“I hereby certify under penalty of perjury under the laws of the State of California that the call and notice of this Special Meeting and the foregoing Agenda was posted in the City Hall lobby and on the City website, delivered to each Councilmember, and sent to each local newspaper of general circulation and radio or television station, requesting notice not less than 24 hours before the meeting. A copy of the Agenda and the Call and Notice of Special Meeting is on file in the Office of the City Clerk.”

Duly Noticed by
/s/ MINA SEMENZA.....
Mina Semenza, City Clerk Dated this 18th day of July, 2016

3. PUBLIC HEARING: Economic Assistance Agreement with Casino, LLC (Larry Flynt’s Lucky Lady Casino) Government Code §53083

City Manager Lansdell presented the Staff Report.

Mayor Pro Tem Henderson opened the Public Hearing at 7:40 p.m.

The following people spoke and encouraged the City Council to vote to approve the City Economic Assistance Agreement: Wanda Love, Terry Kennedy, Chris Woodward, Tom Candy, Fatima C. Nelson, and Cheral Sherman.

Mayor Pro Tem Henderson asked Mr. Candy how many of the full-time/part-time employees to be employed by the Lucky Lady Casino are Gardena residents?

Mr. Candy replied that he didn’t know the exact number and did not want to misquote.

Council Member Medina replied that when he worked at the Normandie Casino, around forty-two percent (42%) if the employees were Gardena residents.

Mayor Pro Tem Henderson stated that it was encouraging to hear that the casinos were going to compete aggressively against each other; he then requested that, when the \$60 million is spent buying materials, he strongly encourages that the money be spent within the City when making the renovations to the new casino.

3. PUBLIC HEARING: Economic Assistance Agreement with Casino, LLC (Larry Flynt's Lucky Lady Casino) Government Code §53083 (Continued)

Council Member Terauchi asked Mr. Candy to define the words substantially diminished?

Mr. Candy replied that the context of several different meanings would need to be considered: it would depend upon the economic circumstances at the time and could be 30%-40% decrease, but he was not sure that it could be defined just by a percentage.

Mayor Pro Tem Henderson asked City Manager Lansdell about the financial impact on the City's general fund; that the item information reports there is an estimated gain to the general fund of roughly \$911,000 and a loss to the general fund of \$729,000 which leaves a net difference of \$190,000 over the term of this Agreement. Regarding that loss, what are some of our potential strategies to recover that money?

City Manager Lansdell replied it's not a net loss but, if they don't open, it's a big loss. The amount of money referenced in his report is a net add above the threshold. The threshold that was set is about the average that the Normandie Casino has been doing over the last five (5) years; if they go above that threshold of \$240,000 a month to us and we start splitting revenue, it's a net add. Yes, it's a loss because we are not getting the full twelve (12%), but if we don't get the investment and we don't get the casino, it's a loss. The City is looking at that as a net add, not as a net loss. They grow the business and the City is sharing the growth.

Council Member Medina commented that he was very blessed to have worked in the casino business for over 10 years. When one looks at a business, look at their track record. If it exceeds its projected forecast, the City has everything to gain and nothing to lose other than time; the only thing that Mr. Candy was alluding to was that the Department of Justice may step in and ask us to do 'stuff' that is not governed by the Department of Justice. Based on the premise that the Lucky Lady and the Hustler are going to compete against each other, it's going to be a win-win situation.

Mayor Pro Tem Henderson then asked, "If the City receives less than the anticipated revenues, how are we to notify Larry Flynt's group with regard to the new Reopener section of the Agreement?"

City Manager Lansdell replied that Section 18. Reopener provides the following: if the Hustler Casino revenues become substantially diminished from recent years' levels, the City may reopen negotiation of the terms of the Agreement upon written notice to the Company (Casino, LLC). Upon receipt of such notice, and for 60 days following thereafter, the City and the Company shall use good faith efforts to negotiate changes to this Agreement that will preserve current levels of tax revenues to the City.

Council Member Cerda stated that she is very happy to know that Mr. Flynt is in Agreement and would like to let the people know who are in attendance tonight that the City Council would like to see the Lucky Lady grow; it is very important to us; and with that she made a motion to approve the Agreement.

Mayor Pro Tem Henderson closed the Public Hearing at 8:05 p.m.

It was moved by Council Member Cerda, seconded by Council Member Medina, and carried by the following roll call vote to Approve the Economic Assistance Agreement:

Ayes: Council Members Cerda, Medina, and Terauchi, and Mayor Pro Tem Henderson
Noes: None
Absent: None

4. ADJOURNMENT

At 8:08 p.m., Mayor Pro Tem Henderson announced that the Gardena City Council will adjourn to the next Regular City Council Meeting, at 7:00 p.m., on Tuesday, July 26, 2016.

MINA SEMENZA
City Clerk of the City of Gardena and
Ex-officio Clerk of the Council

By: _____
Becky Romero, Deputy City Clerk

APPROVED:

Mark E. Henderson, Mayor Pro Tem