

THE CITY OF SAN DIEGO, CALIFORNIA
MINUTES FOR SPECIAL COUNCIL MEETING OF
MONDAY, NOVEMBER 13, 2006, AT 9:00 A.M.
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS– 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101

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CHRONOLOGY OF THE MEETING:

The special meeting was called to order by Council President Peters at 9:03 a.m. Council President Peters recessed the special meeting at 10:48 a.m. for the purpose of a break. Council President Peters reconvened the special meeting at 10:58 a.m. with all Council Members present. The special meeting was adjourned by Council President Peters at 11:32 a.m.

ATTENDANCE DURING THE MEETING:

- (1) Council Member Peters-present
 - (2) Council Member Faulconer-present
 - (3) Council Member Atkins-present
 - (4) Council Member Young-present
 - (5) Council Member Maienschein-not present
 - (6) Council Member Frye-present
 - (7) Council Member Madaffer-present
 - (8) Council Member Hueso-present
- Clerk-Maland (dlc)

FILE LOCATION: MINUTES

ITEM-600: ROLL CALL

Clerk Maland called the roll:

- (1) Council Member Peters-present
- (2) Council Member Faulconer-present
- (3) Council Member Atkins-present
- (4) Council Member Young-not present
- (5) Council Member Maienschein-not present
- (6) Council Member Frye-present
- (7) Council Member Madaffer-present
- (8) Council Member Hueso-present



[ITEM-601:](#) Kroll Remediation Status and Related Actions.

(See memorandum from Mayor Sanders dated October 30, 2006.)

MAYOR SANDERS' RECOMMENDATION:

Take the following actions:

1. Hear informational update report on the Kroll remediation, and;
2. Actions related to the formation and duties of the Audit Committee as follows:
 - a. Direct the City Attorney to prepare a proposed Charter change that would meet all Kroll Report Audit Committee recommendations,
 - b. In the interim, direct the City Attorney to prepare an Ordinance to amend the Municipal Code to convert the Financial Reporting Oversight Board into the Advisory Audit Committee consistent with the following language (as described in the Mayor's October 30, 2006 memo):
 - A three member Audit Committee comprised of two members from the public and one City Council Member. The public members would be nominated by the Mayor and confirmed by the City Council.
 - The City's Financial Reporting Oversight Board should be eliminated as redundant to the Audit Committee.
 - The Audit Committee should establish a written charter consistent with its role as an advisor to the Mayor and City Council.
 - The Audit Committee, in conjunction with the Mayor and City Attorney, should meet quarterly, or more often if necessary, with the City's independent auditors, the City's Auditor General and the CFO.
 - The Mayor, CFO, City Attorney, Independent Budget Analyst, and City Council should have the authority to make requests of the Audit Committee and Auditor General to perform internal audits of material matters they reasonably believe to be warranted.
 - With the assistance of the CFO and Auditor General, the City's independent auditors would be retained by, report to and take direction from the Mayor and City Council. The Audit Committee will provide input on an advisory basis.

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- The Audit Committee, in an advisory capacity to the Mayor and City Council, should have responsibility for the establishment and monitoring of effective policies and procedures for dealing with "whistleblower" complaints, including an internal hotline.

3. Introduction of an Ordinance amending the Municipal Code adding section 22.0711 establishing criminal penalties for the improper influence of the City's outside professionals.

(O-2007-46) REFERRED TO RULES COMMITTEE

Introduction of an Ordinance amending Chapter 2, Article 2, Division 7 of the San Diego Municipal Code to add Section 22.0711 establishing criminal penalties for the improper influence of the City's outside professionals.

Presentations from the Association of Local Government Auditors: Ann-Marie Hogan, Auditor, City of Berkeley and Harriet Richardson, Auditor, City of San Francisco.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 9:08 a.m. – 10:48 a.m.)

MOTION BY FRYE TO CONTINUE THE ACTIONS RELATED TO THE FORMATION AND DUTIES OF THE AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION TO WEDNESDAY, DECEMBER 6, 2006 WITH DIRECTION TO LOOK AT INDEPENDENT MODEL THAT FOLLOWS CURRENT STANDARDS.

Second by Madaffer. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

MOTION BY FRYE TO CONTINUE THE ACTIONS RELATED TO THE FORMATION AND DUTIES OF THE AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION TO WEDNESDAY, DECEMBER 6, 2006 WITH DIRECTION TO LOOK AT INDEPENDENT MODEL THAT FOLLOWS CURRENT STANDARDS.

Second by Madaffer. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.



[ITEM-602:](#) Delegation of Authority to the City Treasurer to Invest Funds.

(See City Treasurer's Investment Policy Pooled Investment Funds dated October 2006. Citywide.)

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2007-434) ADOPTED AS RESOLUTION R-302036

Receiving and accepting the City Treasurer's Investment Policy for the Pooled Investment Fund dated October 2006;

Delegating to the City Treasurer the authority to invest or to reinvest the City's operating and capital improvements funds, for a period of one year from the date of the adoption of this Resolution provided, however, that the Treasurer shall make monthly reports to this City Council about such transactions.

STAFF SUPPORTING INFORMATION:

California Government Code (CGC) has vested authority with the City Council to invest or to reinvest funds of the City or to sell or exchange securities purchased. Under CGC §53607, the City Council may delegate this authority to the City Treasurer for a period of one (1) year. Prior to the enactment of this superseding legislation in 1997, the City Treasurer had the authority to invest the funds of the City under CGC §53635 and City Charter Section 45. The City Council now annually delegates this authority to the City Treasurer. City Council's Resolution R-301058, adopted on November 21, 2005, was the last time the Council delegated this authority.

The City Treasurer has an established Investment Policy which is reviewed annually for legislative changes. On September 29, 2006, the Investment Advisory Committee recommended approval of the City's Investment Policy with all its proposed changes. The City Treasurer and the Investments Division staff report semi-annually the results of the portfolio performance, investment strategy and any proposed changes to the Investment Policy to the Investment Advisory Committee which was established in 1990.

The following are the substantive changes to the proposed 2006 Investment Policy:

- Page 3, Section II-C. This change clarified the new roles and responsibility created by the City's adoption of the Strong Mayor form of government.

- Page 4, Section IV. The Investment Officers will submit an annual, signed statement of all personal investment transactions to the City Treasurer.
- Page 5, Section VIII. The Investments Division will annually confirm that each qualified broker/dealer performing trades with the City meets the broker/dealer criteria.
- Page 6, Section IX-B. The City will not hold more than one-third (1/3) of the cost value of the total portfolio in the unsecured debt of anyone agency.
- Page 9, Section IX-K. The addition of Municipal Bonds to the list of eligible investments for the City's Pooled Investment Fund.
- Page 11, Section IX-Q. The addition of a "Structured Note" definition to clarify the meaning and intent of this section.
- Exhibit 4 - "Maturity and Credit Rating Criteria Matrix". Lengthened the maximum maturity of domestic bank, "Yankee" bank and Non-banking corporation from 13 months to 15 months.

FISCAL CONSIDERATIONS:

There would be no fiscal impact associated with this request.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Not Applicable.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORT:

Not Applicable.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Not Applicable.

Granewich/Goldstone

Staff: Steven Johnson - (619) 533-6313
Mark D. Blake – Chief Deputy City Attorney

FILE LOCATION: MEET

COUNCIL ACTION: (Time duration: 11:00 a.m. – 11:32 a.m.)

MOTION BY YOUNG TO ADOPT. Second by Peters. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

ITEM-603: Amendments to San Diego Municipal Code to Implement Benefit Eligibility Changes for Employees Hired and Elected Officials Assuming Office On or After July 1, 2005.

(See Report from the City Attorney dated 10/31/2006.)

CITY ATTORNEY'S RECOMMENDATION:

Introduce the following ordinance:

(O-2007-36) CONTINUED TO WEDNESDAY, DECEMBER 6, 2006

Introduction of an Ordinance amending Chapter 2, Article 4, Divisions 12, 13, 14, and 15 of the San Diego Municipal Code by amending Sections 24.1201, 24.1312, 24.1402, and 24.1503, all relating to the San Diego City Employees' Retirement System and Benefit Eligibility for members hired or assuming office on or after July 1, 2005.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 9:03 a.m. – 9:04 a.m.)

MOTION BY FRYE TO CONTINUE THIS ITEM TO WEDNESDAY, DECEMBER 6, 2006, FOR FURTHER REVIEW. Second by Madaffer. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-not present, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

ITEM-604: Amendments to San Diego Municipal Code to Implement Requirements of California's Domestic Partner Rights and Responsibilities Act of 2003.

(See Report from the City Attorney dated 10/31/2006.)

CITY ATTORNEY'S RECOMMENDATION:

Introduce the following ordinance:

(O-2007-44) CONTINUED TO WEDNESDAY, DECEMBER 6, 2006

Introduction of an Ordinance amending Chapter 2, Article 4 of the San Diego Municipal Code by amending Divisions 1, 6, 7, and 12, by amending Sections 24.0103, 24.0601, 24.0704, 24.0705, 24.0706, 24.0709, 24.1201, and 24.1202, all relating to the San Diego City Employees' Retirement System, implementing the requirements of California's Domestic Partner Rights and Responsibilities Act.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 9:03 a.m. – 9:04 a.m.)

MOTION BY FRYE TO CONTINUE THIS ITEM TO WEDNESDAY, DECEMBER 6, 2006 FOR FURTHER REVIEW. Second by Madaffer to Continue to December 9, 2006. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-not present, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

NON-DOCKET ITEMS:

None.

ADJOURNMENT:

The meeting was adjourned by Council President Peters at 11:32 a.m.

FILE LOCATION: MINUTES

COUNCIL ACTION: (Time duration: 11:32 a.m.)