

I N D E X

Torrance City Council - February 4, 1992

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Peggy Laverty
Minute Secretary

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MINUTES OF A REGULAR MEETING
OF THE TORRANCE CITY COUNCIL

OPENING CEREMONIES

1. CALL TO ORDER

The Torrance City Council convened in a regular meeting on Tuesday, February 4, 1992, at 5:36 p.m., in the Council Chambers at Torrance City Hall.

ROLL CALL:

Present: Councilmembers Applegate, Hardison, Mock, Nakano, Walker, Wirth and Mayor Geissert.

Absent: None.

Also present: City Manager Jackson, City Attorney Nelson, City Clerk Bramhall, and Staff representatives.

2. FLAG SALUTE

The salute to the flag was led by Deputy Policy Chief Jim Popp.

INVOCATION

The invocation for the meeting was provided by Doug Bergen, High Counselor of the Torrance Stake, Church of Jesus Christ of Latter Day Saints.

3. MOTION RE FURTHER READING

MOTION: Councilman Applegate moved that after the City Clerk has assigned a number and read title to any resolution or ordinance on the agenda for this meeting, the further reading thereof be waived, reserving and guaranteeing to each Council-

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member the right to demand the reading of any such resolution or ordinance in regular order. His motion was seconded by Councilwoman Hardison and roll call vote was unanimously favorable.

MOTION RE POSTING OF AGENDA

MOTION: Councilman Applegate moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. This motion, seconded by Councilwoman Hardison, carried unanimously by roll call vote.

WORKSHOP SESSION

STRUCTURING THE INVESTMENT OF CITY FUNDS

I. Opening Remarks

Mayor Geissert provided the opening remarks for this workshop session, noting that action on the subject of structuring the investment of City funds will be taken during consideration, in regular order, of Agenda Item 13b.

II. Background, Review and Outline of Recommendations

City Manager Jackson noted that material presented for Council consideration represents an integration of the reports by the City Manager and the City auditor which were reviewed on January 28. Mr. Jackson further advised that the material presented includes, per Council direction, an expansion of various elements of the recommendations, as well as more specific information regarding implementation.

Finance Director Giordano-Specht introduced Ms. Nancy Wilson and Mr. Joel Paladian, representatives of the City's auditing firm of Deloitte & Touche, who were present to provide clarification and expansion as desired.

An overview of the material contained in agenda packets was provided by City Manager Jackson, who outlined the following questions as matters to be determined at this workshop...

1. Does the City Council wish to continue delegation of the responsibility of investment of surplus funds to the City Treasurer, or does it wish to reassume that responsibility?

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2. Does the City Council wish to adopt the "Statement of Investment Policy" which includes the system of checks and balances as outlined in the Deloitte & Touche report?
3. Should the City budget for the position of Investment Officer?

III. Highlights of Deloitte & Touche/Staff Reports

Councilmembers addressed areas of particular interest and concern in the Deloitte & Touche report, as well as in the staff material provided. The following subjects were discussed.

Annual Statement of Investment Policy

Councilwoman Hardison questioned the timing for submittal of an annual statement of investment policy. The Council agreed that submittal of this policy should be concurrent with that of the City Manager's proposed budget.

Investment Officer

Ms. Wilson of Deloitte & Touche recommended that an investment officer be an individual with money market experience, have a business background and classes in economics with some understanding about interest rate cycles and the resultant impacts on the risk and reward of particular instruments.

The need for an investment officer was seriously questioned by Councilman Walker, who deemed the hiring of an investment officer at this time a duplication of effort. Councilman Mock agreed.

Mayor Geissert suggested that an individual in the position of investment officer might report to the Finance Director, rather than the City Treasurer. In response to the Mayor's question, City Manager Jackson explained the current duties and responsibilities of the Treasurer under the City Charter.

Mr. Paladian [Deloitte & Touche] strongly recommended that the City consider the hiring of a professional investment officer at this time.

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It was the firmly stated opinion of Councilman Applegate that an investment officer should be secured, with the organizational structure such that that person would not be in the City Treasurer's department.

The Mayor suggested that the City Manager be given direction to develop job specifications for an investment officer, leaving undefined whom that individual would work under.

Investment Team

City Attorney Nelson requested that the words ". . . or their designees . . ." be added to the resolution which concerns a City investment team.

Councilman Nakano recommended that the investment team include one member who is not an employee of the City of Torrance.

Specific tasks of the investment team were defined by Ms. Wilson as follows: review the investment policy for adequacy, relevancy and current aspects; assure that investment policy is being adhered to; participate in selection of approved brokers, dealers and banks; collaborate with the Treasurer regarding contracts; etc.

Responding to a question by Councilman Wirth, Ms. Wilson advised against substituting a member of the investment team for the investment officer position, noting that the roles and responsibilities of the officer and the team are distinct and separate.

Periodic Independent Review

Mr. Paladian reviewed the recommendation in the Deloitte & Touche report for periodic reviews, noting that this could conceivably be conducted by an individual in the Finance Director's office who would review the practices, procedures and controls associated with the investment function. Mr. Paladian suggested that the City might wish to utilize an outside firm for this review once every five to ten years.

City Manager Jackson suggested that this could be an extension of the City's annual report.

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Contracts

It was stressed by Mayor Geissert that all future contracts should contain the signature of the City Attorney and an awareness of the Finance Director.

Departmental Workload

The significance of the added departmental workload represented by the procedures under consideration was noted by City Manager Jackson.

Deputy City Treasurer Barnett acknowledged the additional workload implied for the City Treasurer's office and added her opinion that the difficulty would be compounded were the investment officer to be a part of the Finance Department rather than the Treasurer's office.

Councilman Walker expressed doubts that the position of investment officer is justified -- he recommended establishing an effective investment policy, rather than adding personnel at this time.

IV. Audience Input

Mr. Ronald Ellis, 4302 Mesa Street, recommended that outside community experts comprise the make-up of the investment team. Mr. Ellis pointed out that these individuals would be required to sign extensive conflict of interest forms and they would have the independence and knowledge to make effective recommendations to the City Council.

Mr. Burton Fletcher, 3886 230th Street, urged that the public become involved in the process by way of the investment team. He further opposed the concept of an investment officer.

Mr. Mark Hamblett, 20903 Amie Avenue, suggested a citizens' commission, rather than a committee or team. This speaker also recommended that the City Treasurer be an appointed, rather than elected, position which he maintained would guarantee the City Council oversight and accountability.

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Mr. Joe Arciuch, 23521 Kathryn Avenue, expressed his opinion that a professional should be appointed to the position of City Treasurer; favored an investment officer; and suggested that an advisory committee [investment team] be established in order to provide needed checks and balances.

Ms. Eileen Hawkins, 1303 Date Avenue, suggested that the City of Torrance communicate with other cities regarding their investment policies; opposed the position of an investment officer; and favored the formation of a citizens' commission. This speaker then suggested that a revised system of reporting be considered in order that historical documentation might be more easily reviewed by citizens.

Mr. Dick Rossberg, 410 Via Malaga, a financial consultant, outlined Council options which included the following.

- Proceed with the idea of an investment officer -- in the interim appoint the Finance Director to that post.
- Consider appointing a citizen to a position on the investment team.
- Outline objectives, policies and guidelines and establish concrete investment philosophies.
- All monies to be invested from this date until guidelines are established should be only in government bonds.
- Require Council review and reapproval or change of any investment decision established no less than once per year -- preferably twice a year.

V. Action

See Page 10, Agenda Item 13b, for formal action.

* * *

At 7:47 p.m., Mayor Geissert called a recess. The Council reconvened at 8:10 p.m.

* * *

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Regular agenda order was resumed as follows.

4. WITHDRAWN OR DEFERRED ITEMS

None.

5. COUNCIL COMMITTEE MEETINGS

Finance and Governmental Operations Committee

February 25, 1992, 5:30 p.m.

Subject: Mid Year Budget Review.

6. COMMUNITY MATTERS

6a. COMMISSION APPOINTMENTS

Following interviews, the City Council appointed the following individuals to fill current Commission vacancies.

TRAFFIC COMMISSION

Dick Cahill

WATER COMMISSION

John LaBouff
Doyle Wolfgang

These newly-appointed Commissioners were duly sworn to office by City Clerk Bramhall.

7. CONSENT CALENDAR

7a. APPROVAL OF MINUTES - January 14, 1992.

7b. DONATION FROM TORRANCE ROSE FLOAT ASSOCIATION

RECOMMENDATION:

The Parks and Recreation Department is recommending that your Honorable Body accept a generous donation of \$2,000 from the Torrance Rose Float Association and appropriate this amount to the Cultural Arts Center Youth Program Account.

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7c. DONATION FROM THE TORRANCE ARTISTS GUILD

RECOMMENDATION:

The Parks and Recreation Director recommends that the City Council accept the generous donation of \$500 from the Torrance Artists Guild and appropriate this amount to the Cultural Arts Center for the purpose of purchasing artist stools, chairs and art boards for the Visual Arts Wing.

7d. CONTRACT WITH TORRANCE YWCA TO TRAIN HIGH RISK YOUTH

RECOMMENDATION:

It is recommended that your Honorable Body approve a contract for the provision of employment and training services with the Torrance YWCA in the amount of \$34,496.00.

Councilman Wirth and Mayor Geissert voiced sincere appreciation for the generous donations represented by Agenda Items 7b and 7c, above.

MOTION: Councilman Applegate moved to concur with Agenda Items 7a through 7d, inclusive. His motion was seconded by Councilwoman Hardison and roll call vote was unanimously favorable.

8. LIBRARY/PARKS AND RECREATION MATTERS

8a. GUIDELINES FOR CATERERS WORKING AT TORRANCE CULTURAL ARTS CENTER

RECOMMENDATION:

The Fine Arts Commission and the Parks and Recreation Director recommend that the City Council approve and accept the proposed catering guidelines for food professionals interested in catering at the Torrance Cultural Arts Center.

During his presentation on this item, Parks and Recreation Director Barnett noted the following corrections to the Proposed Guidelines for Caterers [Page 4 of agenda material]...

- o All caterers are required to possess and provide proof of comprehensive liability and property

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damage insurance in an amount

- o Caterers will be required to show proof of a current health license
- o Caterers may provide a list of prior catering experiences

Mr. Barnett then responded to Council questions, providing desired expansion on agenda material of record.

Ms. Marian Wilson, 6818 Crest Road, Rancho Palos Verdes, requested that the facilities at the Cultural Arts Center be available for use by individuals and organizations, as well as professional caterers. Ms. Wilson explained her desire to serve ethnic foods for which there is no catering service available in this area.

Discussion followed at which time Council/staff addressed the subject of security, cost factors involved, etc.

It was pointed out by Mayor Geissert that, while the preparation of food by individuals/organizations is permitted in the kitchen of the Recreation Center, the Cultural Arts Center is equipped with high-quality commercial equipment which lends itself to professional food handlers.

Noting his personal preference that private use not be encouraged, Councilman Wirth requested that staff return to Council with this question.

MOTION: Councilwoman Hardison moved to concur with the staff/Commission recommendation. Her motion was seconded by Councilman Mock and roll call vote was unanimously favorable.

13. ADMINISTRATIVE MATTERS

13a. DETERMINATION OF OUTCOME IN THE EVENT OF A TIE VOTE FOR THE 1992 GENERAL MUNICIPAL ELECTION

RECOMMENDATION:

The City Clerk recommends that Council adopt the procedure for determining a tie vote, if any, by lot as provided under Section 20501(a) of the Elections Code. However, if your Honorable Body chooses to determine the outcome of a tie vote by a special run-off election, then the resolution calling for this procedure must be adopted.

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City Clerk Bramhall provided input and clarification as desired on this item.

MOTION: Councilman Applegate moved to concur with the recommendation of the City Clerk on Agenda Item 13a. His motion, seconded by Councilman Mock, carried by unanimous roll call vote.

13b. RESTRUCTURING OF CITY INVESTMENTS

[See Workshop on this subject, Pages 2-6 of these minutes].

RECOMMENDATION:

It is the recommendation of the City Manager, City Attorney and City Treasurer that your Honorable Body:

1. Adopt resolution number one [92-28] establishing the authority of the City Treasurer to invest or reinvest surplus City funds;
2. Adopt resolution number two [92-29] which authorizes the City's investment portfolio for the remainder of fiscal year 1991-92.

MOTION: Councilwoman Hardison moved to place Resolution 92-28 on the floor. Her motion was seconded by Councilman Mock and no objections were voiced.

RESOLUTION NO. 92-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE ESTABLISHING THE AUTHORITY OF THE CITY TREASURER TO INVEST OR REINVEST SURPLUS CITY FUNDS IN THE CITY TREASURY IN ELIGIBLE SECURITIES AND TO SELL OR EXCHANGE SAID SECURITIES IN ACCORDANCE WITH CERTAIN GUIDELINES

MOTION: Councilman Nakano moved to adopt Resolution No. 92-28, amended to read as follows:

1. The City Treasurer shall submit concurrently with the City Manager's proposed budget an annual statement of investment policy for approval by the City Council as well as monthly and quarterly reports.

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The motion was seconded by Councilman Mock.

A SUBSTITUTE MOTION was offered by Councilman Applegate to adopt Resolution No. 92-28 as above amended, and with the following addition:

- That the resolution shall contain the requirement of an exempt position investment officer reportable to the Finance Director and that the Finance Director is to fill the position on an interim basis until the investment officer can be appointed.

The substitute motion DIED FOR LACK OF A SECOND.

Responding to a question by Councilman Walker, City Manager Jackson affirmed that the motion on the floor does not in any way imply or put into effect the position of investment officer.

Roll call vote on the main motion was as follows:

AYES: Councilmembers Hardison, Mock, Nakano, Walker, Wirth and Mayor Geissert.

NOES: Councilman Applegate.

Councilman Applegate stated his negative vote was because his preference was to have an investment officer as stated in the substitute motion.

MOTION: Councilwoman Hardison moved to place Resolution 92-29 in nomination. This motion was seconded by Councilman Mock and no objections were indicated.

RESOLUTION NO. 92-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE ESTABLISHING THE STATEMENT OF INVESTMENT POLICY FOR THE REMAINDER OF FISCAL YEAR 1991-92 IN ACCORDANCE WITH CERTAIN GUIDELINES

MOTION: Councilman Nakano moved to adopt Resolution No. 92-29, amended to read as follows...

4. The City shall have a city investment team consisting of the City Manager, Finance Director and

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City Attorney, or their designees, that meets monthly and reviews investment and strategy areas;

5. The authorized investments, and their maximum limits, are noted in the attached statement of investment policy;

The motion was seconded by Councilman Mock.

City Manager Jackson affirmed, in response to Councilman Wirth, that the above action would not prevent the Council, in the future, from adding a member [such as an outside expert] to the team. Mr. Wirth requested that staff provide additional information in this regard.

Councilman Nakano reaffirmed his position in favor of an outside person serving on the review team.

In response to a request by Councilwoman Hardison, Ms. Nancy Wilson, representing the auditing firm of Deloitte & Touche, explained the suggested percentage limits on types of investments and also provided clarification regarding reverse, repurchase agreements.

Ms. Wilson acknowledged that the suggested policy is extremely conservative and restrictive, and she urged that the City review the documents on a regular basis, making changes as warranted.

Following further clarification by Ms. Wilson, Councilman Applegate recommended that the Council change the 20% maximum for U.S. Treasury Bills to "no limit".

Councilwoman Hardison indicated her concurrence with the idea of Council setting the guidelines and policies in place at this time, with further review in 30 days.

A SUBSTITUTE MOTION was offered by Councilman Walker to concur with the main motion, amending it further to eliminate the maximum of 20% on Category A, U.S. Treasury bills, notes and bonds, making that "no limit". His motion, seconded by Councilman Applegate, carried as shown below.

AYES: Councilmembers Applegate, Hardison, Mock, Nakano, Walker and Wirth.

NOES: Mayor Geissert [favored percentage limitations as presented].

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In response to an inquiry from Councilman Wirth, City Manager Jackson assured the Council that future modifications to the resolution would be appropriate should the Council so desire.

MOTION: Councilman Wirth moved to direct staff to return to the Council with more in-depth discussion on the issue of the investment manager/officer. His motion was seconded by Councilwoman Hardison.

Following further discussion, Councilman Wirth AMENDED this motion to include development of job specifications, with the matter to be returned to the Council as soon as possible. Councilwoman Hardison, as seconder of the motion, concurred with the amendment.

The amended motion carried by unanimous roll call vote.

* * *

At 9:38 p.m., the City Council recessed and reconvened as the Redevelopment Agency of the City of Torrance. The meeting of the Redevelopment Agency was adjourned at 9:39 p.m.

* * *

19. ORAL COMMUNICATIONS

19a. Councilman Applegate requested that the 1992 Armed Forces Day Parade and 5K-10K Run be reflected in the Community Calendar .

19b. Councilwoman Hardison expressed appreciation for a memorandum from the Deputy City Treasurer regarding the status of the \$1 million which was in Independence Bank. Mrs. Hardison announced, for the benefit of concerned citizens, that the \$1 million was received and interest will be included.

19c. Councilwoman Hardison requested Council recognition of seven cadets who were recently graduated from the Police Explorers' Post. City Manager to follow through.

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19d. Councilman Wirth requested that City staff attempt to locate appropriate space in the City of Torrance for utilization by the Head Start Program. City Manager to follow up.

19e. Councilman Wirth requested a monthly update regarding the status of anticipated signalization upgrades. Director of Transportation to respond.

19f. Councilman Wirth requested that, whenever possible, citizens be given prior knowledge when a medical jet will be utilizing the Torrance Airport.

19g. Mr. Charlie Oates, representing the Retired Police Officers Association, advised the Council of activities on the State level as a result of AB 702, which resulted in removal of funds from the Investment Dividend Disbursement Account [IDDA] and the Extraordinary Performance Dividend Account [EPDA] within the Public Employees Retirement System [PERS].

Mr. Oates requested that the City pursue appropriate reimbursement of these funds for utilization on behalf of retired employees.

At the request of Councilman Wirth, City Manager Jackson agreed to explore options available to the City and to provide an analysis and report to the Council. Councilman Aplegate also requested that the City Manager verify City Charter provisions related to PERS.

19h. Mr. Mack Oetting, 37780 Bearing Circle, Temecula Valley, urged the Council to react favorably to Mr. Oates' comments and requests.

19i. Mr. Dick Cahill, 1004 Sierra Place, expressed concerns on behalf of retired City employees.

19j. Mr. Ronald Ellis, 4302 Mesa Street, expressed his opinion that clarification is needed regarding the subject of compensation for Councilmembers by way of cross reference in the City Charter to related City Code sections.

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19k. Councilman Walker requested that the PERS matter discussed by Mr. Oates [Item 19g, Page 14] be referred to the City Attorney for verification of the City's obligations and recommended action. City Attorney Nelson to follow through and report to the Council at its meeting of February 11, 1992.

20. EXECUTIVE SESSION

20a. EXECUTIVE SESSION MATTERS:

Mayor Geissert read the following statement into the record.

The City Council will now recess to closed session to confer with the City Manager and/or the City Attorney on the following subjects.

- Salaries, salary schedules and compensation for certain unrepresented employees and represented employee groups as well as certain other personnel matters.
- Litigation entitled Securities and Exchange Commission vs. Institutional Treasury Management, Inc., United States District Court, Central District of California Civil Action Case No. 91-6715RG (Ex) .
- Pending litigation entitled Antolino Lopez vs. City of Torrance, et al., Los Angeles Municipal Court Case No. 91N00064.
- Potential litigation by the City against Integrated Resources and/or its successors.
- Potential litigation regarding a claim that has been filed by Nancy Frederickson.
- Acquisition of property for street widening located at 23624 Arlington Avenue, Torrance.
- Lease amendment negotiations update regarding Madison Park Ground Lease with Cohen and Torino.
- Review of potential City owned lease sites to Peyton Cramer Ford.

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Authority to hold an executive session for these purposes is contained in Government Code Sections 54957.6(a), 54956.9(a), 54956.9(c), 54956.9(b) and 54956.8.

At 10:22 p.m., the City Council recessed to closed session, returning at 11:44 p.m. No action was taken as a result of the executive session.

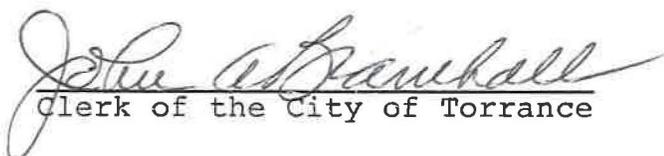
21. ADJOURNMENT

At 10:22 p.m., this meeting was formally adjourned to Tuesday, February 11, 1992, 7:00 p.m.

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Mayor of the City of Torrance



Clerk of the City of Torrance

Peggy Laverty
Minute Secretary

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