

JRG:SD
8/23/85

RESOLUTION NO. 58598

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ADOPTING A SOUTH AFRICA-FREE INVESTMENT POLICY FOR TEMPORARILY IDLE OR SURPLUS CITY FUNDS.

WHEREAS, the Charter of the City of San Jose authorizes the Director of Finance to maintain custody of all public funds and securities belonging to or under the control of the City and to deposit and invest funds in accordance with principles of sound treasury management and in accordance with applicable laws and ordinances; and

WHEREAS, on April 2, 1985, the Council adopted the "CITY OF SAN JOSE INVESTMENT POLICY", Resolution No. 58200; and

WHEREAS, the City Council has considered the matter of the investment of temporarily idle or surplus City funds in certain investments related to the Republic of South Africa; and

WHEREAS, in connection with the Council's consideration of said matter, the Council directed City staff to report on the consequences of limiting the investment of City funds to investments which are not related to the Republic of South Africa; and

WHEREAS, in memoranda dated March 29, 1985, and May 2, 1985, the Director of Finance has provided several analyses and reports regarding such investments; and

WHEREAS, the Council has determined that it is in the best interests of the City of San Jose to limit the investment of City funds to investments which are not related to the Republic of South Africa;

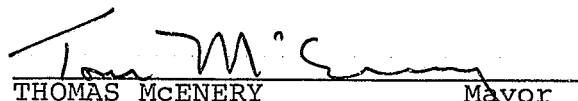
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. The City Council hereby adopts the "SOUTH AFRICA-FREE INVESTMENT POLICY", which is set forth in EXHIBIT A, attached hereto and incorporated herein, as a limitation on the future investment of temporarily idle or surplus City funds.

SECTION 2. The SOUTH AFRICA-FREE INVESTMENT POLICY shall supplement Resolution No. 58200 in the governance of the investment of temporarily idle or surplus City funds and shall supercede any provisions of Resolution No. 58200 which are inconsistent with said SOUTH AFRICA-FREE INVESTMENT POLICY. All other provisions of Resolution No. 58200 shall remain in full force and effect.

ADOPTED this 27th day of August, 1985, by the following vote:

AYES: ALVARADO, BEALL, HAMMER, IANNI, LEWIS, PUTNAM, SAUSEDO,
STABILE, WILLIAMS AND McENERY
NOES: RYDEN
ABSENT:NONE


THOMAS McENERY Mayor

ATTEST:


ANDREA M. PAVONE City Clerk

EXHIBIT A
SOUTH AFRICA-FREE INVESTMENT POLICY

Resl 58598

1. STATEMENT OF OBJECTIVES

In addition to the guidelines and restrictions outlined in the City of San Jose Investment Policy, the temporarily idle or surplus funds of the City shall be invested in a manner which complies with the intention of the City Council Minute Order passed June 11, 1985, establishing a South Africa-free restriction on the investment portfolio.

2. IMPLEMENTATION OF RESOLUTION

Effective upon adoption, no new investments will be placed in any of the following:

- a) Securities issued by the Republic of South Africa.
- b) Securities issued by South African corporations.
- c) Securities of U.S. corporations with South African subsidiaries.
- d) Banks which invest in or do business with the Republic of South Africa or its corporations.
- e) Banks which make loans to U.S. corporations in support of the activities of their South African subsidiaries.

3. TIME FRAME FOR DIVESTMENT OF INVESTMENTS IN VIOLATION

Less than 5% of the City portfolio (\$16 Million) and less than 3.5% of the Redevelopment Agency portfolio (\$3 Million) consist of the investment instruments listed in Section 2. The Treasury Division will monitor the market values of these investments and the instruments will be sold if and when it is profitable.

These securities will not be sold prior to maturity if such a sale will result in a loss. The \$3 Million in the Redevelopment Agency portfolio will mature January 11, 1988. The final \$5 Million in the City portfolio will mature April 6, 1989. (Schedule A)

4. REPORTING

Compliance with the restrictions imposed by the Council Resolution will be monitored by the Chief of Treasury and will be reported monthly in the Investment Report prepared by the Director of Finance for distribution to the City Council.

Non-compliance with these restrictions will be considered a violation of the Investment Policy and will be reported as a violation in the monthly Investment Report prepared by the Director of Finance.

SCHEDULE AINVESTMENTS IN INSTITUTIONS POSSIBLY DOING BUSINESS IN SOUTH AFRICA

	<u>PRINCIPAL</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>DATE PURCHASED</u>
CITY:	\$ 3,000,000	BANK OF AMERICA NCD	12/29/86	11.34	12/29/83
	3,000,000	BANK OF AMERICA NCD	10/13/87	10.70	03/10/83
	5,000,000	CROCKER BANK NCD	04/04/88	10.65	05/05/83
	<u>5,000,000</u>	CROCKER BANK NCD	04/06/89	11.10	05/25/83
	\$ 16,000,000	TOTAL			
REDEVELOPMENT AGENCY:					
	<u>\$ 3,000,000</u>	BANK OF AMERICA NCD	01/11/88	11.50	01/18/84
	\$ 3,000,000	TOTAL			

SCHEDULE B

Partial list of South Africa-free banking institutions:

BANKERS TRUST COMPANY
CHASE MANHATTAN
CHEMICAL BANK
FIRST NATIONAL BANK OF CHICAGO
MANUFACTURERS HANOVER
MORGAN GUARANTY TRUST
SECURITY PACIFIC
WELLS FARGO

(Based on response to direct inquiry
by Finance Department staff)