

RESOLUTION NO. 199019

WHEREAS, Section 144 of the Charter of The City of San Diego permits the Board of Administration of the San Diego City Employees' Retirement System to invest in any bonds or securities which are authorized by General Law for savings banks; and, further, is permitted to invest in such additional classes or types of investments as are approved by resolution of the Council of The City of San Diego; and

WHEREAS, the Council of The City of San Diego has previously approved by Resolution No. 194093, adopted June 27, 1968, an investment policy; and

WHEREAS, the independent investment counsel for the Board of Administration, Scudder, Stevens & Clark, Inc., has recommended a modification in investment policy; and

WHEREAS, said recommendation was approved by the Board of Administration of the City Employees' Retirement System on January 16, 1970; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

That this Council hereby approves and adopts the following recommendation of the independent investment counsel as the policy of this Council in relation to investment of funds of the Retirement System:

1. Investment in the bonds, notes or other obligations believed by the investment counsel to be appropriate for investment by pension funds operating under the prudent man rule as set forth in California Civil Code Section 2261, which are issued by:

- a. The United States of America or any of its agencies or instrumentalities;

b. Dominion of Canada or any of its provinces, cities or municipal corporations;

c. Any state, and any county, town, school district or other municipal corporation of any state of the United States of America;

d. Any solvent corporation created or existing under the laws of the United States of America, Dominion of Canada, any of the states of the United States, or of the District of Columbia, which are not in default as to either principal or interest at the time of purchase.

2. Investments in real estate, which investments may include land, buildings, or land and buildings as well as real estate loans, provided, however, that such investments may not be made outside San Diego County limits, and provided further that the total amount of such real estate investments shall not exceed forty percent (40%) of the total investments at cost at the time of purchase, excepting where it is necessary to exceed that percentage for limited periods of time to enable the Board to carry out a specific investment program, and such investments are approved by the Council by direct authorization or contractual relation. Purchases of first trust deeds that are insured by the Federal Housing Administration or that are guaranteed by the Veterans Administration should not be originated or serviced by the Retirement System. Purchases of real estate or of real estate loans other than those insured by the Federal Housing Administration or guaranteed by the Veterans Administration should be restricted to those investments that are believed by the investment counsel to be appropriate for investment by pension funds operating under the prudent man rule as set forth in California Civil Code Section 2261.

3. Investment in common stocks selected and recommended by the investment counsel, subject to the following policies and limitations:

a. Total investment in common stocks should not exceed 40% of total assets at cost at the time of purchase;

b. Purchases should be limited to stocks of corporations domiciled in the United States of America or the Dominion of Canada;

c. Purchases should be limited to stocks that are believed by the investment counsel to be appropriate for investment by pension funds operating under the prudent man rule. They should be restricted, moreover, to stocks that have paid dividends continuously for a period of five years preceding the date of purchase, but need not be restricted to issues that are listed on a stock exchange or that meet prescribed tests of interest or dividend coverage for the senior capital. However, it is expected that common stock selection will place emphasis upon the assurance of continued satisfactory earnings and dividends.

d. The amount invested in the common stock of any one company should not exceed at cost 1-1/2% of total assets at the time of purchase, and should not exceed 3% of the outstanding common stock of that company.

4. Investments in preferred stocks selected and recommended by the investment counsel as appropriate for investment by pension funds operating under the prudent man rule, subject to the following policies and limitations:

a. Total investment in preferred stocks should not exceed 10% of total assets at cost at the time of purchase;

b. Purchases should be limited to stocks of corporations domiciled in the United States of America or Dominion of Canada;

c. The amount invested in the preferred stock of any one company should not exceed at cost 1% of total assets at the time of purchase, and should not exceed 3% of the outstanding preferred stock of that company.

5. Investments in bonds, preferred stocks and common stocks of Canadian corporations should not exceed 5% of total assets at cost.

6. The Board of Administration is empowered to effect such purchases, sales, and exchanges as are desirable to accomplish the investment objectives of the Retirement System.

BE IT FURTHER RESOLVED, that Resolution No. 194093, adopted June 27, 1968, be, and it is hereby rescinded.

APPROVED: JOHN W. WITT, City Attorney

By R. Thomas Harris  
R. Thomas Harris, Deputy

RTH:K

1-19-70

Passed and adopted by the Council of The City of San Diego on FEB 10 1970,  
by the following vote:

RECEIVED  
CITY CLERK'S OFFICE  
1970 JAN 27 PM 3:00  
SAN DIEGO, CALIF.

Councilmen	Yeas	Nays	Excused	Absent
Helen Cobb	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sam T. Loftin	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry L. Landt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floyd L. Morrow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Martinet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allen Hitch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mike Schaefer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Frank Curran	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

FRANK CURRAN  
Mayor of The City of San Diego, California.

(Seal)

JOHN LOCKWOOD  
City Clerk of The City of San Diego, California.

By Elfa N. Hamel, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number 199019 Adopted FEB 10 1970

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