

SAN MATEO COUNTY
INVESTMENT ADVISORY COMMITTEE

MINUTES

January 12, 2005

MEMBERS IN ATTENDANCE

Rosalie O'Mahony (Acting Chairperson - Council Member, City of Burlingame)
Reyna Farrales (Deputy County Manager)
Ron Raimondi (Finance Manager, Bay Area Air Quality Management District)
Jessica Schackne (Associate Superintendent, County Schools)
Larry J. Shaw (Vice President UBS/PaineWebber)
Anthony J. Zidich (Treasurer, City of Daly City)

MEMBERS ABSENT

Marc J. Friedman (Member, Board of Trustees, Burlingame School District)

OTHERS IN ATTENDANCE

Lee Buffington (Treasurer-Tax Collector)
Charles M. Tovstein (Assistant Treasurer)
Joe Demee (Financial Services Manager)
Esther Garibay (Investment Services Specialist)
Carol Lawson (Manager, Financial Forecasting & Treasury, Transportation Authority)
Jesus Nava (Finance Director, City of Burlingame)

Dr. O'Mahony opened the meeting at 12:03 p.m. and welcomed Ms. Carol Lawson to the Investment Committee Meeting.

MINUTES OF October 18th and November 9th, 2004 Meeting

The minutes of the October 18th and November 9th meeting were approved as submitted.

MONTHLY REPORTS

Mr. Tovstein announced the rescheduling of the economic report by Mr. Peter Struck, Economist from Washington Mutual, to next quarter's meeting in April. He began his report by turning the committee's attention to the most recent investment packet, dated January 11, 2005, showing the gross earnings for December were 2.98%, and for the quarter ending December 31, 2.93%. He mentioned having a lot of liquidity (cash, floaters and short term investments) and is avoiding speculative trading due to little or no market volatility. Volatility remains non-existent in spite of the many wild cards out there, the weak dollar, terrorism, Iraq, inflation concerns, etc. The bond market continues to perform well in spite of the above concerns. He continues to look for rates to rise; therefore, little or no duration extension has occurred. Floaters are continuing to reset at a higher level due to the 3-month LIBOR (London Interbank Offered Rate) index rising. He invited the committee to review the cash flow chart noting the fund maintains high levels of liquidity and is in exceptional shape for the next 15 months. Mr. Tovstein mentioned doing

repurchase agreements as well as overnight discount notes and commercial paper, preferring commercial paper to overnight repos because he can pick up 5 to 10 basis points. In response to Dr. O'Mahony, the County continues to have the highest rating from FitchRatings for short term investing. Mr. Tovstein turned the committee's attention to the Merrill Lynch Taxable Bond Index vs. the County Pool and reported the fund results were very competitive considering the shortening of both the average life and duration of the pool. It was decided that a quarterly comparison between LAIF (Local Agency Investment Fund) and the County Pool would be added to the investment report. In response to his holding of cash, Mr. Tovstein prefers to hold cash and wait for higher rates rather than fill any deficits the pool may have in May, June and July. In the worst-case scenario, the majority of those months' deficit could be met with April's tax collection. He also noted December's tax collection brought in \$41 million more than last year. A discussion ensued regarding Check 21 and the clearing of checks.

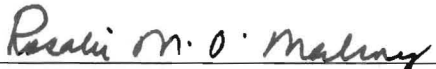
Mr. Buffington distributed The San Mateo County Investment Policy approved by the Board of Supervisors on January 4, 2005.

DATE OF NEXT MEETING

The next meeting of the Investment Advisory Committee will be held on Monday, April 18, 2005 at 12:00 noon.

ADJOURNMENT

There being no additional business and no further questions, the meeting was adjourned at 12:38 p.m.


 Rosalie O'Mahony (Acting Chairperson)


 Nilita Meitz (Executive Assistant)