

SAN MATEO COUNTY
INVESTMENT ADVISORY COMMITTEE

MINUTES

April 17, 2006

MEMBERS IN ATTENDANCE

Rosalie O'Mahony (Council Member, City of Burlingame)
Larry J. Shaw (Vice President UBS/PaineWebber)
Anthony J. Zidich (Treasurer, City of Daly City)

ABSENT

Reyna Farrales (Deputy County Manager)
Marc J. Friedman (Member, Board of Trustees, Burlingame School District)
Jessica Schackne (Associate Superintendent, County Schools)
Michael White (Bay Area Air Management District)

OTHERS IN ATTENDANCE

Lee Buffington (Treasurer-Tax Collector)
Charles M. Tovstein (Assistant Treasurer)
Joe Demee (Financial Services Manager, Treasurer's Office)
Patricia Reavey (Transportation Authority)
Jesus Nava (Finance Director, City of Burlingame)
Nilita Meitz (Executive Assistant, Treasurer's Office)

MONTHLY REPORT

Mr. Tovstein began his report at 12:03 p.m. and mentioned the decision to undergo a one-time portfolio repositioning strategy in order to raise additional cash. The move resulted in a one-time lower than normal monthly rate. Mr. Tovstein was looking for more cashflow and less price risk. This loss resulted in the gross earnings of 3.32% for the month of March and for the quarter ending March 31, 3.61%. He foresees earnings for 2006/2007 to be 4-1/8% to 4-1/4%. Both Mr. Tovstein and Mr. Buffington agreed the previous two months were very tough and now looking forward, the right decision was made as proven by the 3 month price chart provided. Mr. Tovstein mentioned the pool having lots of liquidity and is now trying to determine if the Federal Reserve Bank will continue to raise the rates beyond 5% after their May 10th meeting and feels 5.25% as highly likely in June. He believes that nine to twelve months after the cycle is finished, the Feds will need to consider cutting rates. He mentioned buying 2 year Treasuries yielding over 5% as something he will consider when the market gets there. He stated that TRAN (Tax and Revenue Anticipation Note) season is approaching and there are issues with school bonds and uncertainty regarding who will be issuing TRANS and if they decide to put their proceeds in the County pool. Mr. Buffington reported having 26 school districts and paying out over a billion dollars in school bonds. Mr. Tovstein went on to inform the committee of the recent budget meeting in the County Manager's Office predicting no growth in the fund for the next two years, compared to 3% in past years. He concluded his report by encouraging the committee to read the handout regarding real estate and mortgages. A short discussion ensued regarding mortgage rates.

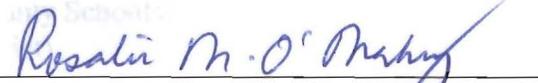
In closing, Mr. Buffington confirmed the acquisition of Revenue Services and reported being in the reviewing stages of their policies and procedures. Dr. O'Mahoney wished him good luck and the meeting ended with the announcement of an economist for the next investment meeting.

DATE OF NEXT MEETING

The next meeting of the Investment Advisory Committee will be held on Monday, July 24, 2006 at 12:00 noon.

ADJOURNMENT

There being no additional business and no further questions, the meeting was adjourned at 12:20 p.m.



Rosalie O'Mahony (Acting Chairperson)



Nilita Meitz (Executive Assistant)