

SAN MATEO COUNTY
INVESTMENT ADVISORY COMMITTEE

MINUTES

July 30, 2007

MEMBERS IN ATTENDANCE

Rosalie O'Mahony (Council Member, City of Burlingame)
Marc J. Friedman (Member, Board of Trustees, Burlingame School District)

ABSENT

Reyna Farrales (Deputy County Manager)
Theresa Parsons (Associate Superintendent, County Schools)
Patricia Reavey (Transportation Authority)
Jim Saco (Assistant Budget Director, County Manager's Office)
Larry J. Shaw (Vice President UBS/PaineWebber)
Anthony J. Zidich (Treasurer, City of Daly City)
Representative (Bay Area Air Management District)

OTHERS IN ATTENDANCE

Lee Buffington (Treasurer-Tax Collector)
Charles M. Tovstein (Assistant Treasurer)
Nilita Meitz (Executive Assistant, Treasurer's Office)

Although lacking a quorum, Dr. O'Mahony asked Mr. Tovstein if he could comment on last quarter's investment and trading activities.

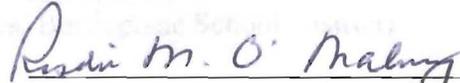
MONTHLY REPORT

Mr. Tovstein briefly spoke of the subprime scare the market recently encountered. He spoke of the impending credit crunch that has not yet affected the pool. He then turned the attention to the yield curve handout showing a significant difference, roughly 50 basis points, from July 2nd to the 30th. Mr. Tovstein mentioned what economic numbers were scheduled to be released that week and believes Treasuries should continue to increase in price, drop in yield. He reported the fund as having lots of liquidity and having to purchase Repos since the pool was maxed out on both Commercial Paper and CDs. Mr. Tovstein reported purchasing Repos at 5.16% that morning compared to Commercial Paper at 5.30%. He explained that when spreads between overnight Repos and Commercial Paper are that wide, it is usually indicative of there being "lots of cash" in the market. Unless the subprime crisis continues to worsen, he does not believe the Feds will ease in September and should stay on hold through the end of the year. In response to Dr. O'Mahony's inquiry, he reported the County Pool has little credit risk and no derivatives. He did mention he is monitoring Countywide, as the fund owns 10 million Floating Rate notes. Mr. Tovstein plans on maintaining a high cash position, looking for a big sell off in Treasuries and an opportunity to extend duration. He reported liquidating some Treasuries which if not replaced, will result in a net loss in Security Lending income. A short discussion ensued regarding the economy.

Dr. O'Mahony suggested cancelling future July meetings due to the low turnout every year. Mr. Buffington agreed to look into the matter and announced he will schedule an economist for the next meeting in October.

DATE OF NEXT MEETING

The next meeting of the Investment Advisory Committee will be held on Monday, October 15, 2007 at 12:00 noon.



Rosalie O'Mahony (Acting Chairperson)



Nilita Meitz (Executive Assistant)