

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

MINUTES OF THE INVESTMENT SUBCOMMITTEE
MEETING OF MARCH 26, 2009

A meeting of the Investment Subcommittee of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on March 26, 2009, at the Piccadilly Inn Hotel, Fresno, California.

SUBCOMMITTEE MEMBERS PRESENT: Robert Ford, Chairperson, Clovis
Ken Walker, Lindsay
Leon Compton, Ripon
Tim Przybyla, Kerman (arrived during item 5)
Jo Barrick, Shafter
David Powell, Arvin

SUBCOMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Jeanette Workman, Administrator
Mary Ann Reilly, Board Secretary
Jim Elledge, Director of Accounting and
Finance Services, Bickmore Risk
Services
Marty Cassell, Chandler Asset Management

1. CALL TO ORDER

The meeting was called to order by Chairperson Robert Ford at 12:14 p.m.

2. INTRODUCTIONS

Introductions of those present took place.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Leon Compton moved to approve the agenda as posted. Seconded by Ken Walker. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. REVIEW OF INVESTMENT POLICY

The CSJVRMA Bylaws require an annual review of the Investment Policy. The Investment Policy of the CSJVRMA was sent to Mr. Marty Cassell, Chandler Asset Management, for review. In addition, Mr. Jim Elledge, Assistant Treasurer, reviewed the policy. Prior to the meeting, the Subcommittee received a copy of the amended Investment Policy in underline/strikeout text.

Mr. Cassell noted that the change proposed is on page three under the Eligible Securities and Criteria section. The update provides the government code section pertaining to security purchases and holdings. Mr. Cassell also reported that an updated glossary was added.

Mr. Cassell notified the Subcommittee of an important change which has just taken place regarding agency securities. Mr. Cassell reported there is a new Federal Deposit Insurance Corporation (FDIC) program that has been implemented which allows for corporate notes to be issued with FDIC insurance and are guaranteed with the full faith and credit of the United States Government. Corporations issue the notes and pay the FDIC for the insurance. As a result, under state code these notes are categorized as being issued by agencies. Since the CSJVRMA Investment Policy only refers to state code, there is no update needed regarding this issue; however, Mr. Cassell noted he wanted the Subcommittee to review the first item in the updated glossary, agencies. Mr. Cassell pointed out that this updated glossary defines examples of agencies, including the FDIC.

Ken Walker moved to recommend to the Board of Directors approval of the amended Investment Policy. Seconded by Leon Compton. Motion passed unanimously.

6. REPORT ON INVESTMENTS BY CHANDLER ASSET MANAGEMENT

At the meeting, the Subcommittee received an investment report for the period ended February 28, 2009, prepared by Chandler Asset Management for Subcommittee members. Mr. Cassell reviewed the report with the Subcommittee and noted that the report includes a brief description of businesses included in the portfolio.

Mr. Cassell addressed the current economic downturn and noted that a recession has been officially declared and the economy has slowed down dramatically. Mr. Cassell reported that the impact on the CSJVRMA portfolio is that most rates have come down; treasury and agency rates in particular have dropped substantially over the past year. The government has developed a number of

different programs to help support the financial markets, credit markets, liquidity, and to stimulate the economy. Although many of these programs were announced in late 2008, they are only now being implemented. Mr. Cassell noted the Stimulus Plan is not being implemented until the end of 2009 and will continue through 2010 and 2011 and will take time to show results. Finally, Mr. Cassell noted that housing starts are down nationwide; as a result, inventory will go down to meet demand and housing prices should start to stabilize and perhaps recover.

Mr. Cassell noted the CSJVRMA portfolio consists of two accounts; a claims payment account and a long term growth account. At the time of the report, the claims payment account had a balance of approximately \$8.3 million with a modified duration of 2.55 and the long term growth account had a balance of approximately \$49.5 million with a modified duration of 3.45. Both accounts hold agency, treasury, commercial and corporate securities with very good credit ratings. In addition, both accounts have balances in a money market fund.

The member fund balance had a balance of approximately \$30 million with a modified duration of 2.55. This fund is comprised of monies invested by the member cities, and Mr. Cassell reported that the City of Wasco recently joined this portfolio.


Mr. Cassell provided graphs showing the total rate of return at three months, twelve months, two years, three years, five years, and since the inception of June 30, 1999, compared against the appropriate government index.

Mr. Cassell asked if the Subcommittee is satisfied with the report of investments and Ms. Jo Barrick, City of Shafter, requested that the next report include a trend of actual yields.

Mr. Cassell also reviewed the CSJVRMA's current portfolio holdings with the Subcommittee.

7. ADJOURNMENT

The March 26, 2009, CSJVRMA Investment Subcommittee meeting adjourned at 1:15 p.m.



Mary Ann Reilly, Board Secretary