



ABAG PLAN CORPORATION
Finance Committee Regular Meeting
Summary Minutes

Wednesday, March 18, 2009
101 Eighth Street
Oakland, CA 94607
Conference Room B

Presiding

Jim Steele

Jurisdiction

So. San Francisco

Committee Members Present

Emma Karlen
Jesus Nava
Jesse Takahashi
Jim O'Leary

Milpitas
Burlingame
Campbell / By Teleconference
San Bruno

Staff Present – ABAG PLAN Corporation

Marcus Beverly, ABAG Plan Risk Manager / by Teleconference
Herbert Pike, ABAG Finance Director
Joseph Chan, Retiring ABAG Finance Director
Gertruda Luermann, ABAG Risk Management Analyst
Carol Taylor, ABAG Plan Secretary

1. Call to Order:

Meeting called to order at 10:00 a.m. A quorum was present.

2. Public Comments:

None

3. Approval of Minutes for March 20, 2008

Meeting minutes of March 20, 2008, approved as presented.
/M/Nava/S/Steele/C/unanimously approved

4. Audited Financial Statements and Memorandum on Internal Control

Herbert Pike, ABAG's Finance Director, presented the audited Basic Financial Statements and Memorandum on Internal Control for the fiscal year ended June 30, 2008. He reported despite losses in FY 07/08, the confidence level for the pool was still above 90% as of June 2008.

After presentation the committee and staff discussed several aspects of the statements, including how the allocation of adjustment expenses was made and whether or not a sweep account is available and a better alternative than the current bank account terms.

After further review and discussion, the committee approved the audited financial statements and memorandum on internal control, with request ABAG staff investigate sweep account availability and report back to committee with results.

/M/Nava/S/Steele/C/unanimously approved

5. Investment Performance Report:

Herbert Pike, ABAG Finance Director, presented:

a) Investment performance report as of December 31, 2008.

The total book value of investments is almost \$49 million, with overall yield of 4.27%, and average maturity of 2.1 years. We continue to maintain a relatively short-term position with the overall portfolio due to the inverse yield curve of the last two years, but opportunities to purchase securities meeting our requirements still exist.

Most of the remaining discussion centered on the downgrade of \$2 million in HSBC bonds held by the PLAN. The downgrade is due to the general uncertainty over financial institutions, though recent news about HSBC has been more positive.

After further discussion and review the committee agreed two members and staff would schedule a teleconference with PFM Asset Management to discuss the risk and options for responding to it, with a follow-up meeting with committee members. Action tabled until above completed.

b) Investment Strategies for FY 09-10.

Staff presented the investment strategies, with most of the discussion centered on how to improve the safety of the PLAN's investments. Members noted there are no restrictions on concentration in market sectors, such as financial institutions, and the PLAN recently sold investments in Citi Group, without a loss, due to concerns over safety. There was discussion of limiting bonds and investments to those that are FDIC insured or otherwise government backed.

After discussion and review committee approved the investment strategies for FY 09-10 as presented but with a restriction on corporate notes (year) unless FDIC or government insured. /M/O'Leary/S/Steele/C/unanimously approved

c) Recommended Investment Policy Changes. After discussion and review the committee agreed no changes were needed at this time. No formal action was taken.

6. Other

Joe Chan, ABAG Finance Director, announced his retirement, and committee members thanked him for his years of service to the PLAN.

7. Adjournment

Meeting was adjourned at 11:00 a.m.

Respectfully Submitted,



Marcus Beverly
Risk Manager and Secretary