



**COUNTY OF LAKE
BOARD OF SUPERVISORS**

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September 28, 2021

Jayson Schmitt, CFA
Deputy Chief Investment Officer
Chandler Asset Management
6225 Lusk Boulevard
San Diego, CA 92121

RE: Client Directive regarding managing Lake County's investments

Dear Mr. Schmitt:

The County of Lake entered into a discretionary investment advisory agreement with Chandler Asset Management, a SEC-registered investment advisor, to manage a portion of the County's investment assets in a disciplined, active manner that complies with the County's primary objectives of safety, liquidity and return on investment, as stated in the County's investment policy.

After a recent consultation with Chandler's investment team, the County agreed to implement a strategy for its core funds that invests in a diversified portfolio of US dollar-denominated fixed income securities managed in compliance with the County's investment policy. Chandler will make best efforts to maintain the County's market risk, as measured by modified duration within +/- 10% of the duration of the ICE Bank of America Merrill Lynch 1-3 Year US Treasury and Agency Index. Chandler will transition to the strategy incrementally, as market changes provide opportunities to position the target duration.

This directive is in effect as of the date of this memo and will remain in effect until it is replaced by a revised directive.

Respectfully,

Bruno Sabatier, Chair