



736 F Street
Arcata CA 95521

City Manager
707-822-5953

Environmental Services
707-822-8184

Police
707-822-2428

Recreation
707-822-7091

Community Development
707-822-5955

Finance
707-822-5951

Engineering
707-825-2128

Transportation
707-822-3775

July 1, 2024

Kara Hooks
Portfolio Strategist
Chandler Asset Management
9255 Towne Centre Dr., Suite 600
San Diego, CA 92121

RE: City of Arcata's Management Directive

Dear Ms. Hooks:

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

After a recent consultation with Chandler's investment team, the City agreed to implement a strategy for its funds that invests in a diversified portfolio of US dollar-denominated fixed income securities managed in compliance with the City's investment policy. Chandler will make best efforts to maintain the City's market risk, as measured by modified duration within +/- 10% of the duration of the ICE BofA 1-5 year US Treasury and Agency Index. In addition, Chandler will collaborate with staff to integrate Socially Responsible Investing (SRI) preferences into the management of the City's portfolio to exclude from its "Authorized and Suitable Investments" section companies whose primary activity involves the extraction and production of fossil fuels.

Chandler will transition to the strategy incrementally, as market changes provide opportunities to position the target duration. This directive supersedes any previous directives on file and will remain in effect until it is replaced by a revised directive.

Respectfully,

Tabatha Miller
Director of Finance
City of Arcata