

BOARD MEETING DATE: December 2, 2016

AGENDA NO. 25

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, November 18, 2016 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, February 17, 2017 at 12:00 noon in Conference Room CC2.

RECOMMENDED ACTION:
Receive and file this report.

Michael Antonovich, Chair
Investment Oversight Committee

MBO:lg

Attendance: Present at SCAQMD Headquarters were Committee members Gary Burton, Dr. Joseph K. Lyou and Brent Mason. Supervisor Michael Antonovich and Mayor Pro Tem Michael Cacciotti attended by teleconference. Absent were Vice Chair Dr. William Burke, Richard Dixon and Supervisor Shawn Nelson.

Investment Committee Action Items:

Quarterly Report of Investments: The Committee reviewed the quarterly investment report that was provided to the Board. For the month of September 2016, the SCAQMD's weighted average yield on total investments of \$559,162,693 from all sources was .99%. The allocation by investment type was 92.99% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 7.01% in the State of California Local Agency Investment Fund (LAIF) and Special Purpose Investments (SPI). The one-year Treasury Bill rate as of September 30, 2016 was .59%.

Moved by Antonovich; seconded by Cacciotti; unanimously approved.

Ayes: Antonovich, Burton, Cacciotti, Lyou, Mason

Noes: None

Absent: Burke, Dixon, Nelson

Calendar Year 2017 Committee Meeting Dates: For CY 2017, quarterly Investment Oversight Committee meeting dates are Friday, February 17; Friday, May 19; and Friday, November 17. The August quarterly meeting has been cancelled in conjunction with the cancellation of all SCAQMD Board and Committee meetings during the month of August 2017.

Moved by Lyou; seconded by Mason; unanimously approved.

Ayes: Antonovich, Burton, Cacciotti, Lyou, Mason

Noes: None

Absent: Burke, Dixon, Nelson

Investment Committee Discussion Items:

Cash Flow Forecast: Michael O'Kelly reported on the cash flows for the current year and projected for the next three years. SCAQMD Investment Policy limits its Special Purpose Investments to 75% of the minimum amount of funds available for investment during the Cash Flow Horizon. That limit, which includes all funds (General, MSRC, Clean Fuels), is \$152.2 million. Current Special Purpose Investments are well below the maximum limit.

Financial Market Update: Sarah Meacham from PFM Asset Management provided the Committee with information on current investment markets, economic conditions, and the overall outlook. She presented market information on the recent increased Treasury yields, modest steepening of the Treasury yield curve, lower corporate yield spreads, and wide spreads between commercial paper/CD's and Treasuries. Economic indicators were also presented showing increased third quarter economic growth, growth in the labor market, national unemployment rate of five percent, slowly increasing inflation, and strong market expectations for a Federal Funds Target Rate hike.

Other Business: None

Public Comment: None