

BOARD MEETING DATE: March 7, 2014

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, February 21, 2014 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, May 16, 2014 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 were Committee members Dr. Joseph K. Lyou, and Gary Burton. Supervisor Michael Antonovich and Councilmember Michael A. Cacciotti attended by teleconference. Absent were Committee members Richard Dixon, Brent Mason, and Dr. William Burke.

Investment Committee Action Items:

Quarterly Report of Investments: The Committee reviewed the quarterly investment report that was provided to the Governing Board. For the month of December 2013, the SCAQMD's weighted average yield on total investments of \$538,119,684.63 from all sources was .62%. The allocation by investment type was 85.26% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 14.74% in the State of California Local Agency Investment Fund (LAIF) and Special Purpose Investments (SPI). The one-year Treasury Bill rate as of December 31, 2013 was .13%. The Committee unanimously approved the quarterly report.

Approval of Annual Investment Policy and Delegation of Authority to Appointed Treasurer to Invest SCAQMD Funds: The Committee reviewed the Annual Investment Policy for 2013 and SCAQMD's renewal of its delegation of authority to its treasurer. The SCAQMD Annual Investment Policy and the reauthorization of the Los Angeles County Treasurer to invest and reinvest SCAQMD funds were unanimously recommended for approval at the March 7, 2014 meeting of the Governing Board.

Cancel or Reschedule May 16, 2014 Investment Oversight Committee (IOC) Meeting Date: The Committee directed staff to reschedule the May 16, 2014 IOC meeting due to a conflict with the Governing Board Retreat scheduled for the same day.

Investment Committee Discussion Item:

Treasury Operations and Contingency Plan and Procedures: The Committee discussed the need to revise the Treasury Operations Contingency Plan and Procedures primarily due to an issue related to SCAQMD's account with the State of California Local Agency Investment Fund (LAIF) where the Los Angeles County Treasurer is not comfortable with SCAQMD employees as signatories on the LAIF account, as was previously allowed in the past. The original purpose of the LAIF account was to allow SCAQMD emergency access to operating funds outside of the Los Angeles County investment pool in the event of an unforeseen financial instability on the part of Los Angeles County. The Chief Financial Officer (CFO), Michael O'Kelly, stated that he will discuss the issue with the Executive Officer, explore options, and return with an agenda item at the next Investment Oversight Committee meeting.

Financial Market Update: Sarah Meacham and Carlos Oblites from PFM Asset Management provided the Committee with information on current investment markets, economic conditions, and the overall outlook. They presented market information on current low, but rising Treasury yields, continued steepening Treasury yield curve, the further narrowing yield spreads between Treasuries and U.S. Agencies, tightening corporate yield spreads, and fixed-income market performance. Economic indicators were also presented showing moderate economic growth, business inventory build-up, increased consumer spending and a shrinking federal budget deficit.

Other Business: None

Public Comment: None