

BOARD MEETING DATE: July 10, 2015

AGENDA NO. 31

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, June 19, 2015 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, November 20, 2015 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 Gary Burton, Richard Dixon, and Brent Mason. Supervisor Michael Antonovich and Councilmember Michael A. Cacciotti attended by teleconference. Absent were Committee members Dr. William Burke, Dr. Joseph K. Lyou, 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 March 2015, the SCAQMD's weighted average yield on total investments of \$546,050,855.54 from all sources was .70%. The allocation by investment type was 84.56% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 15.44% in the State of California Local Agency Investment Fund (LAIF) and Special Purpose Investments (SPI). The one-year Treasury Bill rate as of March 31, 2015 was .26%. The Committee unanimously approved the quarterly report.

Investment Committee Discussion Item:

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 \$136.3 million.

Financial Market Update: Carlos Oblites from PFM Asset Management provided the Committee with information on current investment markets, economic conditions, and the overall outlook. He presented market information on the recent downswing and subsequent upswing in Treasury yields, two-year and ten-year Treasury yields, flattening of the still-steep yield curve, foreign and domestic central bank policies, and higher yields in foreign bond markets. Economic indicators were also presented showing slowing first quarter economic growth, strengthening U.S. dollar, falling crude oil prices, strengthening labor market, and continued patient monetary policy.

Other Business: None

Public Comment: None