

BOARD MEETING DATE: March 6, 2015

AGENDA NO. 20

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, February 20, 2015 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, June 19, 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 Dr. Joseph K. Lyou. Supervisor Michael Antonovich and Councilmember Michael A. Cacciotti attended by teleconference. Absent were Committee members Dr. William Burke and Brent Mason.

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 2014, the SCAQMD's weighted average yield on total investments of \$579,678,189.97 from all sources was .66%. The allocation by investment type was 84.63% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 15.37% 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, 2014 was .25%. The Committee unanimously approved the quarterly report.

Approval of Annual Investment Policy and Delegation of Authority to Los Angeles County Treasurer to Invest SCAQMD Funds: The Committee reviewed the Annual Investment Policy for 2015 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 6, 2015 meeting of the Governing Board.

Approval of Revised Treasury Operations Contingency Plan and Procedures and Delegation of Authority to Appoint an Acting Treasurer: The Committee discussed the need to revise the Treasury Operations Contingency Plan and Procedures primarily to ensure it is up to date and current. The Committee discussed the Executive Officer's request that the delegation of authority to appoint an Acting Treasurer in certain emergency situations be revised to delegate this authority to the Governing Board Chair, Vice-Chair, and then the Executive Officer as opposed to the existing delegation which grants this emergency authority solely to the Executive Officer. In addition, the Committee discussed the requirement that the Chief Financial Officer or Controller would be designated as the Acting Treasurer. The SCAQMD Revised Treasury Operations Contingency Plan and Procedures and Delegation of Authority to Appoint an Acting Treasurer were unanimously recommended for approval at the March 6, 2015 meeting of the Governing Board.

Approve Rescheduling the May 15, 2015 Investment Oversight Committee Meeting Date to June 19, 2015: At the request of the Committee, polling was conducted to secure a date in June to when the May meeting could be rescheduled. June 19 best accommodated members' availability and did not conflict with other SCAQMD committee meetings. The Committee approved the June 19, 2015 meeting date.

Investment Committee Discussion Item:

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 upswing and subsequent downswing in Treasury yields, continued lower than average two-year and five-year Treasury yields, continued steep yield curve, heightened interest rate volatility, and fixed-income market performance. Economic indicators were also presented showing slowing economic growth, lower retail sales, falling gas prices, strengthening labor market, increased value of the dollar, and continued patient monetary policy.

Other Business: None

Public Comment: None