

BOARD MEETING DATE: March 4, 2016

AGENDA NO. 30

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, February 19, 2016 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, May 20, 2016 at 12:00 noon in Conference Room CC2.

RECOMMENDED ACTION:

Receive and file this report.

Michael Antonovich, Chair  
Investment Oversight Committee

MBO:lg

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

**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 December 2015, the SCAQMD's weighted average yield on total investments of \$546,167,810 from all sources was .73%. The allocation by investment type was 84.58% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 15.42% 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, 2015 was .65%.

*Moved by Antonovich; seconded by Lyou; unanimously approved.*

*Ayes: Antonovich, Burton, Cacciotti, Dixon, Lyou, Mason, Nelson*

*Noes: None*

*Absent: Burke*

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 2016 and SCAQMD's renewal of its delegation of authority to its treasurer. The Annual Investment Policy is being updated for a new investment type allowed for in California Government Code. Specifically, California Government Code Section 53601 was amended in 2015 to allow for investments in debt obligations of certain supranational institutions, including those obligations guaranteed by the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank. The Los Angeles County Treasurer amended their investment policy and the Los Angeles County Board of Supervisors adopted the amendment in 2015 to allow for these investments. Therefore, a similar SCAQMD Investment Policy revision is being recommended for 2016.

*Moved by Dixon; seconded by Cacciotti; unanimously approved.*

*Ayes: Antonovich, Burton, Cacciotti, Dixon, Lyou, Mason, Nelson*

*Noes: None*

*Absent: Burke*

**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 increased Treasury yields, continued flattening of the yield curve, money market yield curves, Fed funds target rate outlook, and expected modest increases in yields in the next year. Economic indicators were also presented showing slowing fourth quarter economic growth, better than expected growth in the labor market, decreased unemployment rate, muted inflation, significantly decreased oil prices, and expected moderate economic growth.

**Other Business:** None

**Public Comment:** None