

BOARD MEETING DATE: December 4, 2015

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, November 20, 2015 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, February 19, 2016 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, Dr. Joseph K. Lyou and Brent Mason. Supervisor Michael Antonovich attended by teleconference. Absent were Committee members Dr. William Burke, Councilmember Michael A. Cacciotti and Supervisor Shawn Nelson.

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 September 2015, the SCAQMD's weighted average yield on total investments of \$523,771,528.89 from all sources was .81%. The allocation by investment type was 88.68% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 11.32% 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, 2015 was .33%. The Committee unanimously approved the quarterly report.

Calendar Year 2016 Committee Meeting Dates: For CY 2016, quarterly Investment Oversight Committee meeting dates are Friday, February 19, Friday, May 20, and Friday, November 18. The August quarterly meeting has been cancelled in conjunction with the cancellation of all SCAQMD Board and Committee meetings during the month of August 2016.

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 \$146.0 million.

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, two-year Treasury yields, continued flattening of the yield curve, Fed funds target rate outlook, corporate spreads continued widening, and fixed income index returns. Economic indicators were also presented showing slowing third quarter economic growth, slower growth in the labor market, decreased unemployment rate, muted inflation, and continued downward pressure on oil prices.

Other Business: None

Public Comment: None