

BOARD MEETING DATE: June 1, 2018

AGENDA NO. 18

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, May 18, 2018. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Michael A. Cacciotti, Chair  
Investment Oversight Committee

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**Committee Members**

Present: Council Member Michael Cacciotti/Chair (teleconference), Committee Member Richard Dixon, Committee Member Brent Mason, Supervisor Shawn Nelson, and Committee Member Patrick Pearce (teleconference)

Absent: Dr. William A. Burke/Vice Chair, and Dr. Joseph K. Lyou

**Call to Order**

Council Member Michael Cacciotti called the meeting to order at 12:01 p.m.

**DISCUSSION ITEMS:**

1. Quarterly Report of Investments: The Committee reviewed the quarterly investment report that was provided to the Board. For the month of March 2018, the SCAQMD's weighted average yield on total investments of \$755,962,205.98 from all sources was 1.67%. The allocation by investment type was 88.12% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 11.88% 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, 2018 was 1.76%.

2. Cash Flow Forecast: Sujata Jain, Assistant Deputy Executive Officer of Finance, 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 \$183.3 million. Current Special Purpose Investments are well below the maximum limit. Staff is looking at the current increase in interest rates and opportunities for additional interest yield.
3. Financial Market Update: Richard Babbe from PFM Asset Management provided the Committee with information on current investment markets, economic conditions, and the overall outlook. He presented market information on increased short-term Treasury yields following the Federal Reserve's decision to increase rates at least two more times in 2018. Long-term yield curves are expected to go down. Inflation seems to have firmed up, but it is below the Federal target of 2.0% and is not expected to increase significantly in the near future. Economic indicators were also presented showing an increase in GDP at an annualized rate of 2.3% in the first quarter, consumer confidence has slowed, continued growth in the labor market, and the national unemployment rate was 4.1%.

#### **OTHER MATTERS:**

4. **Other Business**

There was no other business.

5. **Public Comment Period**

There were no public comments.

6. **Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for November 16, 2018 at noon.