

BOARD MEETING DATE: March 2, 2018

AGENDA NO. 24

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, February 16, 2018. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Dr. Joseph K. Lyou, Acting Chair  
Investment Oversight Committee

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**Committee Members**

Present: Dr. Joseph K. Lyou/Acting Chair, Committee Member Richard Dixon, Committee Member Brent Mason, and Supervisor Shawn Nelson (teleconference)

Absent: Council Member Michael Cacciotti/Chair, Dr. William A. Burke/Vice Chair, and Committee Member Gary Burton

**DISCUSSION ITEMS:**

1. *Quarterly Report of Investments:* The Committee reviewed the quarterly investment report that was provided to the Board. For the month of December 2017, the SCAQMD's weighted average yield on total investments of \$680,169,845.45 from all sources was 1.47%. The allocation by investment type was 86.81% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 13.19% 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, 2017 was 1.76%.

2. 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 several times in 2017 and three more expected increases in 2018. Long-term yield curves are expected to go down and inflation 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 2.6% in the fourth quarter, increased consumer confidence, continued growth in the labor market, and a national unemployment rate of 4.1%. Inflation is expected to slowly increase in the medium term to 2.0%.

**ACTION ITEM:**

3. 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 2018 and SCAQMD's renewal of its delegation of authority to its treasurer. The Annual Investment Policy is being updated to reflect the change in title of the Chief Administrative Officer to the Assistant Deputy Executive Officer of Finance.

Moved by Dixon; seconded by Nelson; unanimously approved.

Ayes: Dixon, Lyou, Mason, Nelson  
Noes: None  
Absent: Burke, Burton, Cacciotti

**OTHER MATTERS:**

**4. Other Business**

There was no other business.

**5. Public Comment**

There were no public comments.

**6. Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for May 18, 2018 at noon.