

BOARD MEETING DATE: June 7, 2019

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, May 17, 2019. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Michael A. Cacciotti, Chair  
Investment Oversight Committee

SJ:tm

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### **Committee Members**

Present: Council Member Michael Cacciotti/Chair (teleconference)  
Committee Member Richard Dixon

Absent: Dr. William A. Burke, Vice Chair  
Committee Member Brent Mason  
Committee Member Patrick Pearce

### **Call to Order**

Chair Cacciotti called the meeting to order at 12:04 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 2019, the South Coast AQMD's weighted average yield on total investments of \$874,239,235 from all sources was 2.19%. The allocation by investment type was 88.73% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 11.26% 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, 2019 was 2.40%. Councilmember Cacciotti inquired about the Negotiable CD of Rabobank Nederland in the amount of \$25 million that matures on June 24, 2019, and the process for

reinvesting. Sujata Jain, Assistant Deputy Executive Officer of Finance, responded that she would consult with LA County and our financial consultant (PFM Asset Management LLC) on the best type of reinvestment vehicle.

2. *Cash Flow Forecast*: Ms. Jain reported on the cash flows for the current year and projected for the next three years. South Coast AQMD 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 \$123.0 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 which forecasts Treasury yields to decrease following the Federal Reserves decision to not increase interest rates in 2019. Long-term yield curves are expected to be inverted. Inflation seems to still be below the Federal target of 2.0% and is not expected to increase significantly in the near future. Economic indicators were presented showing an increase in GDP at approximately 3% average increase, which is higher than the 2% previously forecasted. Consumer confidence has slowed, there has been continued growth in the labor market, and the national unemployment rate was at a historical low of 3.6%.

#### **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 15, 2019 at noon.