

BOARD MEETING DATE: September 4, 2020

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, August 21, 2020. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Michael A. Cacciotti, Chair
Investment Oversight Committee

SJ:tm

Committee Members

Present: Council Member Michael Cacciotti, Chair
Senator Vanessa Delgado (Retired)
Committee Member Brent Mason
Committee Member Patrick Pearce

Absent: Dr. William A. Burke, Vice Chair
Committee Member Richard Dixon

Call to Order

Council Member Michael Cacciotti called the meeting to order at 12:07 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 June 2020, the South Coast AQMD's weighted average yield on total investments of \$976,545,773 from all sources was 0.86%. The allocation by investment type was 96.0% in the Los

Angeles County Pooled Surplus Investment Fund (PSI) and 4.0% in the State of California Local Agency Investment Fund (LAIF) and Special Purpose Investments (SPI). The one-year Treasury Bill rate as of June 30, 2020 was 0.16%. Chairman Cacciotti requested a 10-year comparison of yield by county, to determine how Los Angeles County yields compared to those of San Bernardino, Riverside, Orange and San Diego Counties.

2. ***Financial Market Update:*** Richard Babbe from PFM Asset Management provided information on current overall economic conditions. He presented market information which mainly focused on the impact of COVID-19 on the economy. Even though some sectors such as government and manufacturing were rebounding in the second quarter, service sectors such as airlines, restaurants and movie theaters are still severely affected. Unemployment had come down to about 10% from the 14% at the end of the first quarter. Due to COVID-19, the stock market dropped by 34% in March. It has since then rebounded and was up by 50% in the second quarter. The Federal Reserve made significant cuts to the interest rates which are yielding 0.29% and 0.66% for a 5-year and 10-year treasury, respectively, and most likely will not increase these rates at least until the end of 2022. Now economists expect the recovery to be slower and of a U-shape rather than V-shape. This means it will be gradual and will pick up over the next two years.

OTHER MATTERS:

3. **Other Business**

There was no other business.

4. **Public Comment Period**

There were no public comments.

5. **Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for November 13, 2020 at noon.

Adjournment

The meeting adjourned at 12:41 p.m.