

BOARD MEETING DATE: June 5, 2020

AGENDA NO. 18

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, May 15, 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
Committee Member Richard Dixon
Committee Member Brent Mason
Committee Member Patrick Pearce

Absent: Dr. William A. Burke, Vice Chair
Senator Vanessa Delgado (Retired)

Call to Order

Council Member Michael 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 2020, the South Coast AQMD's weighted average yield on total investments of \$974,275,315 from all sources was 1.72%. The allocation by investment type was 94.0% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 6.0% 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, 2020 was 0.17%. Chair Cacciotti asked staff about the Negotiable CD from Toronto Dominion Bank in the amount of \$20,000,000 and their thoughts on how to reinvest the amount when it matures on June 29, 2020. Staff responded that after consultation with PFM Asset Management LLC they would most likely reinvest in LAIF or Los Angeles County as treasuries interest rates have dropped. Members of the committee agreed with that approach.

2. Cash Flow Forecast: Sujata Jain, Chief Financial Officer of Finance, 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 \$174.0 million. Current Special Purpose Investments are well below the maximum limit.
3. Financial Market Update: Richard Babbe from PFM Asset Management provided information on current investment markets, economic conditions, and the overall outlook. He presented market information which mainly focused on the impact of COVID-19 on the economy. Service sectors such as airlines, restaurants and movie theaters are more severely affected. Unemployment rose from historic low levels of 3.5% to a historic high of 14%. Although the stock market dropped by 34% in March, it has rebounded in April, to a certain degree. The Federal Reserve made significant cuts to interest rates which are yielding 0.21% and 0.59% for a 2-year and 10-year treasury, respectively. Economists expect a sudden downfall with a recovery that will most likely be U-shaped and which will gradually pick up over the next two years.

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 August 21, 2020 at noon.

Adjournment

The meeting adjourned at 12:45 p.m.