

BOARD MEETING DATE: March 6, 2020

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, February 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 (teleconference)
Richard Dixon
Patrick Pearce

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

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 December 2019, the South Coast AQMD's weighted average yield on total investments of \$879,969,282 from all sources was 1.87%. The allocation by investment type was 89.29% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 10.71% 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, 2018 was 1.59%.
2. Financial Market Update: Sarah Meacham from PFM Asset Management provided the Committee with information on current investment markets, economic

conditions, and the overall outlook. Predictions of a recession are lessening. The stock market rallied with an annual gain of approximately 31%. Some of the increase is due to the correction in December of 2018. Even though yields are falling, the yield curve has normalized, and longer-term investments are giving higher yield. Although GDP increased by 1.9 %, it fell in the fourth quarter mainly due to the Coronavirus. The current market is strong with unemployment at 3.5%. The housing market is still strong due to falling mortgage rates. Future uncertainties exist due to the upcoming election and the results of Brexit and trade tensions in Asia. Councilmember Cacciotti requested that a slide with information on the U.S. trade deficit with China, U.S. budget deficit, and interest paid on the Federal budget deficit be included in the next presentation to the Committee.

ACTION ITEM:

3. *Approval of Annual Investment Policy and Delegation of Authority to Los Angeles County Treasurer to Invest South Coast AQMD funds:* The South Coast AQMD adopts an Annual Investment Policy which, if done, is required to be considered at a public meeting of the Board. The following revisions to the Annual Investment Policy were recommended: 1) A change of title of the Assistant Deputy Executive Officer to Chief Financial Officer to match organizational changes in July 2019; 2) Change to South Coast AQMD to reference SCAQMD; and 3) changes to the *Implementation* to be consistent with the Los Angeles County's "Delegation of Authority to Invest and Annual Adoption of the Treasurer and Tax Collector Investment Policy." State law also requires the South Coast AQMD to annually renew its delegation of authority to its treasurer, the Los Angeles County Treasurer, to invest or to reinvest funds of the local agency. Staff recommended renewal of this delegation of authority.

Moved by Dixon; seconded by Pearce; unanimously approved.

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 May 15, 2020 at noon.

Adjournment

The meeting adjourned at 12:35 p.m.