

BOARD MEETING DATE: June 4, 2021

AGENDA NO. 24

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, May 21, 2021. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Michael A. Cacciotti, Chair
Investment Oversight Committee

SJ:gp

Committee Members

Present: Mayor Pro Tem Michael Cacciotti, Chair
Richard Dixon
Brent Mason
Patrick Pearce

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

Call to Order

Mayor Pro Tem Michael Cacciotti called the meeting to order at 12:00 p.m.

DISCUSSION ITEMS:

1. *Quarterly Report of Investments:* The committee reviewed the quarterly investment report that was provided to the Board. As of March 31, 2021, the South Coast AQMD's weighted average yield on total investments of \$974,819,679.34 from all sources was 0.48 percent. The allocation by investment type was 96.0 percent in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 4.0 percent in the State of California Local Agency Investment Fund (LAIF) and South Coast AQMD's Special Purpose Investments (SPI). The one-year Treasury Bill rate as of March 31, 2021 was 0.02 percent.

2. *Cash Flow Forecast*: Sujata Jain, Chief Financial Officer/Deputy Executive Officer, reported on the cash flows for the current year and the projections for the next three years. South Coast AQMD Investment Policy limits its Special Purpose Investments to 75 percent of the minimum amount of funds available for investment during the Cash Flow Horizon. That limit, which includes all funds such as General, MSRC, Clean Fuels, AB 617 Implementation, and Volkswagen is \$160.6 million. Current Special Purpose Investments are well below the maximum limit. Staff works with the Los Angeles County Treasurer for investments that will give additional interest yield.
3. *Financial Market Update*: Richard Babbe from PFM Asset Management provided information on current and overall economic conditions. Overall, the economy appeared to be picking up for various reasons, including the fact that almost 65 percent of the population has received at least the first of two doses of a COVID-19 vaccine. The \$3-4 trillion Federal stimulus has kept demand for new homes high and has resulted in strong stock market performance and an increase in disposable household income. Demand was higher than supply for construction materials due to a disruption in the supply chain and the GDP is expected to be higher by the end of the year than previously forecasted which might result in a higher CPI. The unemployment rate, though lower than it was at the start of the pandemic, was still at 6.1 percent nationwide, and it is projected that this is at least partially due to concerns regarding workplace safety as well as the sufficiency of unemployment benefits. Inflation is still expected to be below 2 percent and will be a factor in low interest rates at least until 2023, keeping the 2-year treasury rates at historic low levels of near zero. The Federal deficit and high level of imports are potential concerns for the future health of the economy.

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 20, 2021 at noon.

Adjournment

The meeting adjourned at 12:37 p.m.