

BOARD MEETING DATE: September 3, 2021

AGENDA NO. 25

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, August 20, 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
Senator Vanessa Delgado (Retired), Vice Chair
Board Member Veronica Padilla-Campos
Richard Dixon
Brent Mason
Patrick Pearce

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 June 30, 2021, the South Coast AQMD's weighted average yield on total investments of \$1,033,082,276.22 from all sources was 0.50 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 June 30, 2021 was 0.07 percent.

2. *Financial Market Update*: Richard Babbe from PFM Asset Management provided information on current and overall economic conditions. Increases in COVID cases since May have negatively impacted the economy. Only 51 percent of the population has received a COVID-19 vaccine, though that number may slowly be climbing. Compared to last year, overall consumer spending has increased, though a recent spike in COVID cases has been associated with a decline in consumer spending since March of this year. The employment market was strong, but unemployment is still not back to pre-pandemic levels perhaps due to childcare issues, job fit, or collection of unemployment benefits. Home prices rose by 15 percent while mortgage rates remained low at about 2.93 percent. Over the next five years, inflation is not expected to rise above 2.5 percent. GDP is strong at about 6.5 percent but is expected to decrease in the long run. The Federal Reserve might increase interest rates starting at the end of 2022, which is keeping current treasury yields very low. As of June, stock market returns are still strong at about 18.1 percent.

OTHER MATTERS:

3. Other Business

There was no other business to report.

4. Public Comment

There were no public comments.

5. Next Meeting Date

The next regular meeting of the Investment Oversight Committee is scheduled for November 19, 2021 at noon.

Adjournment

The meeting adjourned at 12:43 p.m.