

BOARD MEETING DATE: April 7, 2023

AGENDA NO. 19

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a hybrid meeting on Friday, March 10, 2023. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Michael A. Cacciotti, Chair  
Investment Oversight Committee

SJ:gp

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**Committee Members**

Present: Councilmember Michael Cacciotti, Chair  
Supervisor Curt Hagman  
Brent Mason

Absent: Board Member Veronica Padilla-Campos  
Richard Dixon  
Patrick Pearce

**Call to Order**

Chair Michael Cacciotti called the meeting to order at 8:03 a.m.

**DISCUSSION ITEMS:**

1. Quarterly Report of Investments: Staff presented the quarterly investment report and reported that by December 31, 2022, South Coast AQMD's weighted average yield on total investments of \$1,243,052,097.17 from all sources was 3.09 percent. The allocation by investment type was 93 percent in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 7 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 December 31, 2022 was 4.73 percent.

Chair Cacciotti asked if interest rates are expected to continue to increase. Ms. Jain confirmed that it is expected that interest rates will increase and that LA County has a lot of investments that are over 4 percent and that overall yield for the pool is catching up.

Chair Cacciotti thanked Ms. Jain for the \$10 million investment at 4.65 percent.

2. *Financial Market Update:* Richard Babbe from PFM Asset Management provided an overview of current economic conditions. Inflation went down to 6.4 percent from 9.1 percent in June of 2022. The GDP in the fourth quarter of 2022 remained the same as the prior quarter. Although home sales, manufacturing and construction sectors have contracted over time, the service sector and personal consumption sections have expanded. The unemployment rate remains at 3.6 percent. Consumer debt has gone up though personal savings are down. The Federal Reserve is most likely going to increase interest rates by at least 25 basis points to further curb inflation.

Supervisor Hagman asked Richard Babbe of PFM Asset Management how we interpret the current market to make policy decisions. Mr. Babbe stated that it's difficult to apply this information to other time periods.

### **ACTION ITEM:**

3. *Approval of Annual Investment Policy and Delegation of Authority to Los Angeles County Treasurer to Invest South Coast AQMD funds:* South Coast AQMD adopts an Annual Investment Policy which, if done, is required to be considered at a public meeting of the Board. Staff recommended approval of the Annual Investment Policy, with no additional updates or amendments. State law also requires 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: Hagman; Seconded by Cacciotti  
Ayes: Hagman, Mason, Cacciotti  
Noes: None  
Abstain: None  
Absent: Padilla-Campos, Dixon, Pearce

### **OTHER MATTERS:**

#### **4. Other Business**

There was no other business to report.

**5. Public Comment Period**

There were no public comments to report.

**6. Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for June 9, 2023 at 8:00 a.m.

**Adjournment**

The meeting adjourned at 8:44 a.m.