

BOARD MEETING DATE: December 6, 2019

AGENDA NO. 19

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting on Friday, November 15, 2019. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Michael A. Cacciotti, Chair  
Investment Oversight Committee

SJ:tm

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**Committee Members**

Present: Council Member Michael Cacciotti, Chair (teleconference)  
Senator Vanessa Delgado (Retired) (teleconference)  
Richard Dixon  
Patrick Pearce

Absent: Dr. William A. Burke, Vice Chair  
Brent Mason

**Call to Order**

Chair Cacciotti called the meeting to order at 12:07 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 September 2019, the South Coast AQMD's weighted average yield on total investments of \$878,907,155 from all sources was 2.08%. The allocation by investment type was 89.31% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 10.69% in the State of California Local Agency Investment Fund (LAIF) and Special Purpose Investments (SPI). The one-year Treasury Bill rate as of September 30, 2019 was 1.75%.

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% 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 \$134.6 million. Current Special Purpose Investments are well below the maximum limit. Staff works with Los Angeles County Treasurer for investments that will give additional interest yield.
3. *Financial Market Update*: Mr. Richard Babbe from PFM Asset Management provided information on current investment markets, economic conditions, and the overall economic outlook. He presented market information that shows an inverted yield curve. The biggest threat to the economy was trade war with China. Economic indicators showed jobs growth and GDP had slowed down and earnings have plateaued. Inflation is still below the federal 2% target. Although unemployment continues to be low at 3.5%, the labor market has slowed down. Even though consumer confidence was high, it was decreasing due to anticipated slow-down of the economy in the future. Even if there is no imminent threat of the recession, the economy seems to be slowing down.

#### **ACTION ITEM:**

4. *Calendar Year 2020 Committee Meeting Dates*: For calendar year 2020, quarterly Investment Oversight Committee meeting dates are as follows: Friday, February 21; Friday, May 15; Friday, August 21; and Friday, November 20.

Moved by Dixon; seconded by Pearce; unanimously approved.

Meeting adjourned at 12:47 p.m.

#### **OTHER MATTERS:**

##### **5. Other Business**

There was no other business.

##### **6. Public Comment Period**

There were no public comments.

##### **7. Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for February 21, 2020 at noon.