

BOARD MEETING DATE: December 4, 2020

AGENDA NO. 21

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, November 13, 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
Senator Vanessa Delgado (Retired)
Richard Dixon
Brent Mason
Patrick Pearce

Absent: Dr. William A. Burke, Vice Chair

Call to Order

Chair Cacciotti called the meeting to order at 12:02 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 2020, the South Coast AQMD's weighted average yield on total investments of \$966,837,679 from all sources was 0.68%. The allocation by investment type was 96.0% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 4.0% 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 September 30, 2020 was 0.12%.

2. *Cash Flow Forecast*: Sujata Jain, Chief Financial Officer/Deputy Executive Officer, reported on the cash flow 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, AB 617 Implementation, VW) is \$143.4 million. Current Special Purpose Investments are well below the maximum limit. Staff is working with the Los Angeles County Treasurer to seek investments that will yield additional interest.
3. *Financial Market Update*: Richard Babbe from PFM Asset Management provided information on current overall economic conditions. He presented market information which focused on the rise in COVID-19 cases and its potential negative impacts on the economy. Along with COVID-19, market volatility, a new presidential administration, and questions regarding the future makeup of Congress could cause uncertainty in future taxes, stimulus, national debt and other areas. There were a few favorable signs that some sectors such as retail and manufacturing are rebounding, however, small business revenues are still materially affected. Home sales are also up as interest rates are historically low. Unemployment has come down to about 8% from 10% at the end of the second quarter. Due to COVID-19, the stock market dropped by 34% in March but since then has rebounded and is up by 5.60% YTD. There is a long-term concern over the national debt, which is in excess of \$3 trillion, with GDP lagging.
4. *Discussion of Yield by County*: Ms. Jain reported on the historical yield comparison for the last 10 years. The data showed that, until 2019, LA County's yields were higher than Orange, Riverside, San Bernardino and San Diego. In August 2020, the LA County Treasurer and Tax Collector received approval to increase the weighted average maturity from 1-2 years to 1-3 years to increase yield. The committee does not recommend changing Los Angeles County as South Coast AQMD's treasurer.

ACTION ITEM:

5. *Calendar Year 2021 Committee Meeting Dates*: For calendar year 2021, quarterly Investment Oversight Committee meeting dates are as follows: Friday, February 19; Friday, May 21; Friday, August 20; and Friday, November 19.

Moved by Dixon; seconded by Senator Delgado; unanimously approved.

Meeting adjourned at 12:37 p.m.

OTHER MATTERS:

6. Other Business

There was no other business.

7. Public Comment Period

There were no public comments.

8. Next Meeting Date

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