

BOARD MEETING DATE: December 3, 2021

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, November 19, 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
Board Member Veronica Padilla-Campos
Richard Dixon
Brent Mason
Patrick Pearce

Absent: Senator Vanessa Delgado (Ret.), Vice Chair

Call to Order

Chair 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. For the month of September 2021, the South Coast AQMD's weighted average yield on total investments of \$1,011,660,827.46 from all sources was 0.52%. 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, 2021 was 0.09%.

2. Cash Flow Forecast: Sujata Jain, Chief Financial 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 \$195.7 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 focusing on COVID-19, which is still impacting the economy. Some sectors such as transit stations, retail and recreation are still below pre-COVID-19 levels, while other sectors such as residential have surpassed pre-COVID-19 levels. COVID-19 continues to disrupt the supply chain, specifically transportation of goods. However, there seems to be an expansion in the manufacturing sector. Although unemployment has declined to a national level of 4.6%, employers are having difficulty filling positions, with many employees having voluntarily dropped out of the workforce. Due to the surge of the Delta variant, GDP did not hit the expected levels of 4.5% and came in at 2% for the 3rd quarter. CPI reached 5.4% mainly due to shortages in energy, cars and trucks. This might be temporary because the Federal Reserve thinks that by next year inflation will drop down to the 2% target. Depending on the economic activity, the Federal Reserve might raise interest rates by mid-2022.

ACTION ITEM:

4. Calendar Year 2022 Committee Meeting Dates: For calendar year 2022, quarterly Investment Oversight Committee meeting dates are as follows: Friday, February 18; Friday, May 20; Friday, August 19; and Friday, November 18.

Moved by Richard Dixon; Seconded by Brent Mason; unanimously approved.

Ayes: Cacciotti, Dixon, Mason, Padilla-Campos, Pearce

Noes: None

Abstain: None

Absent: Delgado

OTHER MATTERS:

5. Other Business

There was no other business.

6. Public Comment Period

There was no public comment.

7. Next Meeting Date

The next regular meeting of the Investment Oversight Committee is scheduled for February 18, 2022 at noon.

Meeting adjourned at 12:37 p.m.