

BOARD MEETING DATE: September 2, 2022

AGENDA NO. 22

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, August 19, 2022. 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 Michael Cacciotti, Chair
Patrick Pearce
Richard Dixon

Absent: Senator Vanessa Delgado (Ret.), Vice Chair
Board Member Veronica Padilla-Campos
Brent Mason

Call to Order

Chair 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. By June 30, 2022, South Coast AQMD's weighted average yield on total investments of \$1,189,266,629.69 from all sources was 1.15 percent. The allocation by investment type was 94.0 percent in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 6.0 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, 2022, was 2.70 percent.

Financial Market Update: Richard Babbe from PFM Asset Management provided an overview of current economic conditions. Mr. Babbe reported that inflation is the biggest issue that the economy is dealing with. As of June 2022, inflation was 9.1 percent affecting all sectors of the economy. Gas and oil were up almost 50 percent. Inflation is expected to remain high, while the federal reserve target inflation rate is two percent. On the positive side, the labor market is very strong with the unemployment rate at 3.5 percent. However, due to rising inflation, consumer sentiment has gone down. If this trend continues and consumers spend less, there could be a recession in the future. Mortgage rates increased to approximately 5.66 percent compared to 3.0 percent last year. This caused a slight slowdown in home sales. Businesses were less optimistic and are looking to raise prices. The Gross Domestic Product (GDP) was negative for two consecutive quarters. The two-year and ten-year Treasury yields rose sharply to 3.25 percent and 2.98 percent, respectively. The stock market has been very volatile with the S&P 500 showing a 13.9 percent loss as of June 30, 2022.

OTHER MATTERS:

2. Other Business

There was no other business to report.

3. Public Comment Period

There were no public comments to report.

4. Next Meeting Date

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

Adjournment

The meeting adjourned at 12:48 p.m.