

BOARD MEETING DATE: March 5, 2021

AGENDA NO. 23

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee held a meeting remotely on Friday, February 19, 2021. 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  
Senator Vanessa Delgado (Retired)  
Brent Mason  
Patrick Pearce

Absent: Dr. William A. Burke, Vice Chair  
Richard Dixon

**Call to Order**

Council Member Michael Cacciotti called the meeting to order at 12:04 p.m.

**DISCUSSION ITEMS:**

1. Quarterly Report of Investments: The Committee reviewed the quarterly investment report that was provided to the Board. By December 31, 2020, the South Coast AQMD's weighted average yield on total investments of \$969,901,663.92 from all sources was 0.54 percent. The allocation by investment type was 96.0 percent in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 4.0 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 December 31, 2020 was 0.1 percent.

2. *Financial Market Update*: Richard Babbe from PFM Asset Management provided information on current overall economic conditions. Compared to the 3rd quarter of 2020, the 4th quarter showed decreased economic momentum, including in the areas of retail sales and business investments, most likely due to an increase in the number of COVID-19 cases. Mr. Babbe indicated that he is hopeful that by the summer of 2021, wider spread distribution of the vaccine may help shorten the duration of the pandemic. However, Mr. Babbe did note that the Centers for Disease Control and Prevention predicts that it will take at least seven years for the pandemic to end on a global scale. Overall, consumer confidence, retail, and manufacturing were down in the 4th quarter. Due to historically low federal interest rates however, home sales were still up.

U.S. unemployment at the end of 2020 was still high, at 6.7 percent, but California's unemployment rate for the same time period was even higher at 9 percent, as compared to 3.9 percent at the end of 2019, which indicates that full recovery is still a long way off. One positive sign was that, generally, disposable income had increased. This was mainly due to the federal stimulus package. By the end of 2021, it is predicted that the economy will grow by 4.2 percent but that it will take until 2023 for it to get to the pre-pandemic level. Inflation expectations are rising.

#### **ACTION ITEM:**

3. *Approval of Annual Investment Policy and Delegation of Authority to Los Angeles County Treasurer to Invest South Coast AQMD funds*: The South Coast AQMD adopts an Annual Investment Policy which, if done, is required to be considered at a public meeting of the Board. The following revision to the Annual Investment Policy was recommended: changes to the *Implementation* to be consistent with the Los Angeles County's "Delegation of Authority to Invest and Annual Adoption of the Treasurer and Tax Collector Investment Policy." State law also requires the 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 Delgado; seconded by Mason; unanimously approved.

#### **OTHER MATTERS:**

4. **Other Business**  
There was no other business.
5. **Public Comment Period**  
There were no public comments.

**6. Next Meeting Date**

The next regular meeting of the Investment Oversight Committee is scheduled for May 21, 2021 at noon.

**Adjournment**

The meeting adjourned at 12:45 p.m.