



August 23, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report For June 30, 2017

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "To:" and "From:" lines of the memo.

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the performance. Attached is the quarterly investment report for the Endowment Pool for the period ending June 30, 2017. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Approximately \$2.9 million on an annual basis will be deposited in the endowment. On March 1, 2017, Orange County Transportation Authority wired \$2,877,000 to CCF to be deposited in the Endowment Pool. These annual deposits are expected to continue for ten to 12 years, or until the fund totals approximately \$46.2 million.

Discussion

As of June 30, 2017, total pool assets in the CCF Endowment Pool were \$923.6 million. Total foundation assets were \$1.66 billion. Performance for the Endowment Pool was 0.1 percent for the month, while the benchmark was flat for the month; 2.2 percent for the quarter, exceeding the customized benchmark by 0.5 percent. The one year return was 13.1 percent, exceeding the benchmark by 3.9 percent.

At the end of each fiscal year, staff will report on the funding status relative to the amounts projected when the Endowment Fund was established. The actual balance as of June 30, 2017 is \$2,964,823. The number exceeds the projected balance of \$2,912,711 due to higher than projected investment earnings and lower than projected fees. The projected annualized cost for endowment services was 0.75 percent based on indications received during the due diligence process. The program is currently paying 0.39 percent fee on a sliding scale. That fee will continue to be reduced as assets grow.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Finance and Administration Committee. The report is for the quarter ending June 30, 2017.

Attachments

- A. CCF Fund Statement - June 30, 2017
- B. CCF Endowment Pool Investments – June 30, 2017

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