



**May 23, 2018**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2018

### **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 March 31, 2018. 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 (EMP). Approximately \$2.9 million on an annual basis will be deposited in the endowment. On March 1, 2017, The 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***

The second scheduled deposit for the program was made on August 31, 2017 for fiscal year 2018. As of March 31, 2018, total pool assets in the CCF Endowment Pool were \$1.07 billion. Total foundation assets were \$1.72 billion. Performance for the Endowment Pool was -0.9 percent for the month, 0.1 percent below the benchmark; -0.1 percent for the quarter, exceeding the customized benchmark by 0.8 percent. The one-year return was ten percent, exceeding the benchmark by one percent.

The balance as of March 31, 2018, is \$6,196,543.55. The number exceeds the projected balance of \$5,934,232 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 0.35 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 Board of Directors. The report is for the quarter ending March 31, 2018.

***Attachments***

- A. California Community Foundation Fund Statement - March 31, 2018
- B. California Community Foundation Endowment Pool Investments – March 31, 2018

**Prepared by:**



Rodney Johnson  
Deputy Treasurer  
Treasury/Public Finance  
714-560-5675

**Approved by:**



Andrew Oftelie  
Executive Director,  
Finance and Administration  
714-560-5649