



September 12, 2018

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Environmental Mitigation Program Endowment Fund Investment Report For June 30, 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 its performance. Attached is the quarterly investment report for the Endowment Pool for the period ending June 30, 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. Approximately \$2.9 million on an annual basis will be deposited in the endowment. As of June 30, 2018, the Orange County Transportation Authority has made two deposits to the Endowment Pool, each in the amount of \$2,877,000. The third deposit is scheduled to be made in August 2018, in the amount of \$2,877,000. 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, 2018, total pool assets in the CCF Endowment Pool were \$1.06 billion. Total foundation assets were \$1.70 billion. Performance for the Endowment Pool was -0.5 percent for the month, 0.20 percent below the benchmark; 0.7 percent for the quarter, below the benchmark by 0.1 percent. The one-year return was 8.3 percent, exceeding the benchmark by one percent.

The balance as of June 30, 2018, is \$6,241,770. 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 June 30, 2018.

Attachments

- A. California Community Foundation Fund Statement - June 30, 2018
- B. California Community Foundation Endowment Pool Investments – June 30, 2018

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