



May 22, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2019

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 March 31, 2019. 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 March 31, 2019, the Orange County Transportation Authority has made three deposits to the Endowment Pool, each 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 March 31, 2019, total pool assets in the CCF Endowment Pool were \$1.073 billion. Total foundation assets were \$1.78 billion. Performance for the Endowment Pool was 1 percent for the month, 0.3 percent below the benchmark; 8.3 percent for the quarter, 0.8 percent below the benchmark. The one-year return was 3.3 percent, exceeding the benchmark by 0.2 percent.

The balance as of March 31, 2019, was \$9,263,522. The number exceeds the projected balance of \$9,097,957 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. Based on the current balance of the endowment the cost for administration services is 0.25 percent.

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, 2019.

Attachments

- A. California Community Foundation Fund Statement – March 31, 2019
- B. California Community Foundation Endowment Pool Investments – March 2019

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