



February 26, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for December 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 are the quarterly investment reports for the Endowment Pool for the period ending December 31, 2019. The reports have been reviewed and are 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. Annually, approximately \$2.9 million will be deposited in the endowment. As of December 31, 2019, the Orange County Transportation Authority (OCTA) has made four 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 December 31, 2019, total pool assets in the CCF Endowment Pool were \$1.25 billion. Total foundation assets were \$1.97 billion. Performance for the Endowment Pool was 2.5 percent for the month, 0.2 percent below the benchmark; 5.2 percent for the quarter, 0.4 percent below the benchmark. The one-year return was 17 percent, 2 percent below the benchmark.

The balance as of December 31, 2019, was \$13,034,838. The number exceeded the projected balance of \$12,440,408 due to higher than expected investment earnings, and overall gains in the market.

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 OCTA is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending December 31, 2019.

Attachments

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

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