



May 27, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2020

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 programs. The California Community Foundation manages the non-wasting endowment required to fund 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.

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 March 31, 2020, the Orange County Transportation Authority has made four deposits to the CCF 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

Per Attachment A, as of March 31, 2020, total pool assets in the CCF Endowment Pool were \$1.06 billion. Total foundation assets were \$1.74 billion. Performance for the CCF Endowment Pool was -9.1 percent for the month, 1.2 percent above the benchmark; -14 percent for the quarter, 1.2 percent above the benchmark. The one-year return was -7.2 percent, 0.2 percent above the benchmark.

Per Attachment B, the balance as of March 31, 2020, was \$11,137,651. The balance is below the June 30, 2020, target of \$12,440,408, due to capital markets experiencing sharp declines due to the novel coronavirus (COVID-19), and its adverse effects on economic activity. As of March 31, 2020, the CCF Endowment Pool is down -14 percent for the first quarter of this year. In April, markets continued to experience various price swings with United States stocks ending the month positive, partially reversing any losses from March. Based on preliminary data, the CCF Endowment Pool is estimated to be up between 6 percent to 7 percent in April. The CCFs Endowment Pool portfolio is well diversified, with various asset classes that can handle changes in market volatility. Staff will continue to monitor the CCF Endowment Pool investment information and will bring the results for the period ending June 30, 2020, to the Finance and Administration Committee in August.

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, 2020.

Attachments

- A. California Community Foundation Fund Statement – 1/1/2020 – 3/31/2020
- B. California Community Foundation Endowment Pool Investments – March 31, 2020

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