



**February 24, 2021**

**To:** Finance and Administration Committee

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

**Subject:** Environmental Mitigation Program Endowment Fund Investment Report for December 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. These annual deposits are expected over a ten to 12 year period, or until the fund totals approximately \$46.2 million. As of December 31, 2020, the Orange County Transportation Authority (OCTA) has made five deposits to the CCF Endowment Pool, each in the amount of \$2,877,000.

***Discussion***

Per Attachment A, as of December 31, 2020, total pool assets in the CCF Endowment Pool were \$1.26 billion. Total foundation assets were \$2.33 billion. Performance for the CCF Endowment Pool was slightly below the benchmark in the short-term horizon of up to three years and exceeded the benchmark in the long-term five to ten-year horizon. Based on CCF's performance to date, OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year 2028.

Per Attachment B, the balance as of December 31, 2020, was \$17,664,006. The balance is above the fiscal year 2021 target of \$16,002,055 reflecting both the continued economic recovery from the sharp declines earlier in 2020, and the ongoing impact of the coronavirus. Throughout the fourth quarter, markets continued to experience various price swings with United States stocks ending the quarter on a positive note, but with continued high volatility. The CCF's Endowment Pool portfolio is well diversified, with various asset classes that can handle changes in market volatility.

***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 December 31, 2020.

***Attachments***

- A. California Community Foundation Endowment Pool Investments – December 2020
- B. California Community Foundation Fund Statement – 10/1/2020 – 12/31/2020

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