




**May 12, 2021**

**To:** Finance and Administration Committee

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

**Subject:** Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2021

**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 March 31, 2021, 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 March 31, 2021, total pool assets in the CCF Endowment Pool were \$1.31 billion. Total foundation assets were \$2.4 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 the CCF's performance to date, OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year (FY) 2028.

Per Attachment B, the balance as of March 31, 2021, was \$18,216,87. The balance is above the FY 2021 target of \$16,323,789, reflecting continued economic recovery from the sharp declines earlier in 2020. Equity markets surged higher during the quarter driven by the impacts of monetary and fiscal stimulus, as well as progress on the coronavirus, including optimism on vaccines and early movement towards opening the economy. 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 March 31, 2021.

***Attachments***

- A. California Community Foundation Endowment Pool, March 31, 2021
- B. California Community Foundation Fund Statement, OCTA – Measure M2 Environmental Mitigation Program Fund (V398), 1/1/2021 – 3/31/2021

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