



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for June 30, 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 June 30, 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 June 30, 2021, total pool assets in the CCF Endowment Pool were \$1.38 billion. Total foundation assets were \$2.62 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 five-, ten-, and 20-year time periods. Based on 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 June 30, 2021, was \$19,181,289. The balance is above the FY 2021 target of \$16,323,789. Global equity performance was strong in the quarter driven by the United States and Europe where the vaccine rollouts moved closer to herd immunity facilitating more expansive economic reopenings. Countries that are reopening more slowly have not performed as well, notably in emerging markets. Diversification, asset allocation, and appropriate sizing of underlying investments in the endowment portfolio are the main methods to protect the portfolio from outsized 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 June 30, 2021.

Attachments

- A. California Community Foundation Endowment Pool Investments – June 2021
- B. California Community Foundation Fund Statement – 4/1/2021 – 6/30/2021

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