



June 18, 2026

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2026

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 the Measure M2 Freeway Program. 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 is deposited in the endowment. These annual deposits are expected over a ten-to-twelve-year period, or until the fund totals approximately \$46.2 million. As of March 31, 2026, the Orange County Transportation Authority (OCTA) has made ten deposits to the CCF Endowment Pool (Pool), each in the amount of \$2,877,000.

Discussion

As of March 31, 2026, total assets in the Pool stood at \$1.19 billion (Attachment A), while foundation assets totaled \$2.60 billion. Pool performance lagged the Blended Benchmark over the short- and mid-term periods (up to ten years) but remained closely aligned over the 20-year horizon.

The endowment balance as of March 31, 2026, was \$38,797,315, exceeding the target of \$36,628,220 for the third quarter of fiscal year (FY) 2025-26. Based on CCF's performance to date, OCTA remains on track to meet the endowment target of \$46.2 million in FY 2027-28 (Attachment C). The total endowment portfolio returned -2.5 percent for the quarter and 10.3 percent over the trailing one-year period.

Global equity markets declined during the third quarter of FY 2025-26, as investor sentiment weakened amid increased geopolitical uncertainty, pressure on U.S. technology stocks, and concerns regarding inflation and interest rates. International equities continued to hold up better than U.S. equities in certain markets, while commodities benefited from higher energy prices. The Federal Reserve maintained its policy rate at a target range of 3.50 – 3.75 percent in March 2026, reflecting a cautious approach as it continued to monitor inflation, economic growth, and evolving market risks.

The Pool's results reflected the weaker market environment during the quarter. Public equities were negatively impacted by the broader equity market pullback, while fixed income and other diversifying asset classes helped moderate overall volatility. Overall, the Pool remains well diversified and positioned to support long-term objectives through disciplined risk management.

Diversification, strategic asset allocation, and appropriately sized investments within the endowment portfolio remain the primary strategies to safeguard the portfolio against outsized volatility while supporting long-term performance objectives.

Summary

Orange County Transportation Authority staff is submitting a copy of the California Community Foundation Investment Report for the quarter ended March 31, 2026.

Attachments

- A. California Community Foundation Endowment Pool Investments – March 31, 2026
- B. California Community Foundation Fund Statement – 1/1/2026 – 3/31/2026
- C. Environmental Mitigation Program Portfolio Performance – Actual/Projection vs. Target

Prepared by:



Robert Davis
Department Manager,
Treasury and Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649