



AGENDA

Measure M2 Environmental Oversight Committee

Committee Members

Jamey Federico, Chair
Melanie Schlotterbeck, Vice Chair
Mark Tettemer, OCTA Board of Directors
Melanie Burlaza, CA Dept. of Fish and Wildlife
Veronica Li, US Army Corps of Engineers
Derek McGregor, DMc Engineering
William Miller, US Fish and Wildlife Service
Joe Navari, CA Wildlife Conservation Board
Michael Neben, Taxpayer Oversight Committee
Bev Perry, Civic Engagement Consultant
Alben Phung, Caltrans
Dan Silver, Endangered Habitats League

Orange County Transportation Authority
Conference Room 07
550 South Main Street
Orange, CA

Wednesday, May 7, 2025 at 2:30 p.m.

Teleconference Locations:

Brea City Sports Park
3333 E. Birch Street
Brea, CA 92821

California Natural Resources Building
715 P Street
Conference Room 17-310
Sacramento, CA 95814

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, by telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Meeting Access and Public Comments on Agenda Items

Members of the public can either attend in person or listen to audio live streaming by clicking this link: <https://www.octa.net/about/leadership/board-of-directors/live-archived-audio/>.

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Nov. 6, 2024 Minutes**
- 4. Environmental Mitigation Program Endowment Fund Investment Report**
Dan Phu, OCTA

The Orange County Transportation Authority (OCTA) has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation



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Measure M2 Environmental Oversight Committee

properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. The California Community Foundation is building up the non-wasting endowment required to pay for 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. The last report was reviewed and is consistent with the pool objectives. Staff will provide a status summary of the endowment. Additional information as well as the latest quarterly investment report for the Endowment Pool are included.

5. Fairview Park Restoration Project Update

Lesley Hill, OCTA

Kelly Dalton, City of Costa Mesa

The Fairview Park Restoration Project was approved for funding through the Measure M2 Freeway Environmental Mitigation Program in 2011. The City of Costa Mesa (City) is the lead on this project, which included the creation and restoration of coastal sage scrub, riparian, wetland, and grassland habitat. Due to project complications, an additional area (within Fairview Park) will be restored for this project. Additional information is attached. City staff will provide a brief update on this project.

6. Aliso Creek Restoration Project

Lesley Hill, OCTA

The Aliso Creek Restoration Project was approved for funding through the Measure M2 Freeway Environmental Mitigation Program in 2012. The Laguna Canyon Foundation is the lead on this project, which includes the restoration of 55 acres of predominantly riparian habitat. This project is anticipated to be signed off soon by the wildlife and regulatory agencies. As previously shared with the EOC and OCTA Board, this project not only provided mitigation as part of the OCTA M2 Conservation Plan, but is also providing mitigation in compliance with Sections 404 and 401 of the Clean Water Act. Additional tasks are required for both OCTA (as the Permittee) and Orange County Parks, respectively as the property owner and manager. Additional information is attached. OCTA staff will provide a summary of the status of this project and the additional tasks that are necessary.

7. SCE Easements and Access Agreement

Lesley Hill, OCTA

As discussed previously during EOC meetings, impacts occurred at the Pacific Horizon and Silverado Chaparral Preserve due to Southern California Edison (SCE) contractors performing utility maintenance. OCTA staff continues to work with SCE to resolve these issues. Additional information is attached. OCTA staff will provide a brief update on the coordination.



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Measure M2 Environmental Oversight Committee

8. Hikes and Equestrian Rides

Marissa Espino, OCTA

The next docent-led hike is scheduled for June 7th at the Pacific Horizon Preserve and the next docent-led ride will take place on June 14th at the Trabuco Rose Preserve. The master calendar for 2025 is available at www.preservingourlegacy.org.

9. Public Comments

Members of the public may address the EOC regarding any item. Please complete a speaker's card and submit it to the EOC or notify the EOC of the item number on which you wish to speak. Speakers will be recognized by the Chair at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.

10. Committee Member Reports

11. Next Meeting – August 6, 2025

12. Adjournment



Minutes

Measure M2 Environmental Oversight Committee

Committee Members

*Alben Phung, Caltrans
Jamey Federico, Chair
Dan Silver Endangered Habitats League
Derek McGregor, DMc Engineering
William Miller, US Fish and Wildlife Service*

*Orange County Transportation Authority
Conference Room 07
550 South Main Street
Orange, CA*

***Wednesday, November 6, 2024, at
2:30 p.m.***

Member(s) Absent

*Bev Perry, Civic Engagement Consultant
Joe Navari, CA Wildlife Conservation Board
Melanie Burlaza, CA Dept. of Fish and Wildlife
Melanie Schlotterbeck, Vice Chair
Michael Neben, Taxpayer Oversight Committee
Veronica Li, US Army Corp of Engineers*

Member(s) Teleconferencing

No members were teleconferencing

1. Welcome

Chair Jamey Federico called the Environmental Oversight Committee (EOC) meeting to order.

2. Pledge of Allegiance

Jamey Federico lead the Pledge of Allegiance.

3. Approval of August 7, 2024, Minutes

No motion to approve was made due to lack of quorum. Minutes will be moved to next meeting.

4. Environmental Mitigation Program Endowment Fund Investment Report

Dan Phu, OCTA Planning, presented the update.

Committee Member Comments:

There were no committee comments.

5. Fairview Park Restoration Project Update

Lesley Hill, OCTA Planning, presented the update.

Committee Member Comments:

There were no committee comments.

6. OCTA Conservation Plan Annual Report

Lesley Hill, OCTA Planning, presented the report. <This presentation is available upon request>

Committee Member Comments:

A committee member asked if they had experienced the invasive species Oak Borer. Lesley Hill responded yes, the Goldspotted Oak Borer was first documented on the Wren's View Preserve about four years ago. OCTA has been collaborating with the UC Extensions group and the Orange County Fire Authority (using a Cal Fire grant) and monitoring for that beetle as well as the Invasive Shot Hole Borer. The Goldspotted Oak Borer has expanded into O'Neill Regional Park and other areas in Orange County. Monitoring is ongoing, following protocol on treatment recommendations and removal of dead trees.

A committee member asked about the scope of work for the grant with Cal Fire. Lesley Hill responded she did not have the specifics of the grant, but it is tied to the beetle's effect on the trees and their removal.

A committee member asked if the recent fires got close or affected any of the Preserves located along Live Oak Road. Lesley Hill responded they did not.

A committee member asked if the wildlife cameras shoot still shots or video. Lesley Hill responded the cameras are changed out depending on what they are targeting, but most are set to still photos.

7. Hikes and Equestrian Rides

Marissa Espino, Public Outreach, presented the update.

The last events were held in August and October. In partnership with the Sea and Sage Audubon Society, an acorn planting event was held November 20, on the Trabuco Rose property.

8. Public Comments

There were no public comments.

9. Committee Member Reports

There were no member comments

10.Next Meeting—February 5, 2025.

11.Adjournment-- Meeting was adjourned at 2:58 p.m.



May 7, 2025

To: Environmental Oversight Committee

From: Orange County Transportation Authority Staff

Subject: May Environmental Oversight Committee Information Items
(Items 4 – 7)

Item 4 - Environmental Mitigation Program Endowment Fund Investment Report Update

The Orange County Transportation Authority (OCTA) has developed a Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan), acquired conservation properties, and funded habitat restoration projects (Attachment A) to mitigate the impacts of Measure M2 freeway projects. Permits were issued by the United States Fish and Wildlife Service and the California Department of Fish and Wildlife (CDFW) (Wildlife Agencies) in mid-2017. As a result, the M2 environmental process has been streamlined, allowing OCTA to expedite the M2 freeway projects. The Conservation Plan requires the establishment of an estimated \$34.5 million (principal) endowment to fund the long-term management of the Preserves.

The California Community Foundation manages the establishment of the non-wasting endowment required to pay for 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. To date, OCTA has made nine endowment deposits (~\$2.9 million annually). Quarterly investment reports are provided to the Board of Directors (Board). The most recent report was provided to the Board in March 2025 and is included in Attachment B. As of December 31, 2024, the endowment balance was \$32,674,489, which is above the target of \$31,759,663 for the second quarter of fiscal year (FY) 2024-25. Based on the performance to date, current projections indicate that OCTA remains on track to meet the endowment target of \$46.2 million (including interest earnings) in FY 2027-28; however, future performance of the endowment fund may affect the timeframe. Staff will continue to assess market conditions and provide regular endowment updates to the Board, the Finance and Administration Committee, and the Environmental Oversight Committee (EOC). The reports

have been reviewed and are consistent with the pool objectives. Staff will provide a summary of the latest report.

Item 5 - Fairview Park Restoration Project Update

In February 2011, OCTA awarded the City of Costa Mesa (City) \$2 million for a 23-acre habitat restoration project within the City's Fairview Regional Park. To date, approximately 13 acres have been restored. Once the project receives final approval from the Wildlife Agencies and is permanently protected, OCTA will be able to use the restored habitat as mitigation under its M2 Conservation Plan.

As discussed in previous EOC meetings, the City, OCTA, and the Wildlife Agencies worked to resolve various project-related issues. However, the project currently falls short by about ten acres of the originally committed restoration habitat types. Additionally, the City has not yet recorded the required conservation easement for the project area. If these requirements are not fulfilled, OCTA would be in violation of the Conservation Plan and the City would be in breach of its contractual obligations with OCTA.

Over the past several years, the City has collaborated with the Wildlife Agencies, OCTA, and its contractor to identify a supplemental restoration area and develop a plan to restore the remaining acreage. This new project area is shown in Attachment C. Funding for the project has been secured through the City's Capital Improvement Project budget and a state grant. The City anticipates the allocated funding will fully cover project costs, with implementation expected to continue through 2033.

In 2024, a rare, state-protected species was documented at the restoration site delaying implementation. Due to the presence of this species, the City is working with the CDFW to obtain the necessary permits and develop appropriate project level avoidance and minimization measures. Due to these measures, project implementation is now scheduled to begin in fall 2025. Because the initial restoration activities are the most disruptive, the project is not anticipated to begin until after the protected species' active period. Ongoing updates will be provided to the Board and the EOC. City staff will present a brief update on this item.

Item 6 - Aliso Creek Restoration Project

The Aliso Creek Restoration Project (project) was approved for funding through the Measure M2 Freeway Environmental Mitigation Program in 2012. The project location and a fact sheet are included as Attachments A and D. The Laguna Canyon Foundation (LCF) is the lead on this Project, which included the restoration of 55 acres of predominantly riparian habitat within the County

owned Aliso and Wood Canyons Wilderness Park. Work included the removal of over 1,000 tons of invasive, non-native *Arundo* and restoration of a critically important segment of Aliso Creek which supports a wide array of threatened and endangered plants and wildlife. This critical project not only provides mitigation as part of the OCTA M2 Conservation Plan, but it also provides mitigation in compliance with the Clean Water Act. A total of seven OC Go freeway projects, and 19 separate permits have been issued to date that have utilized this project as mitigation.

In accordance with the United States Army Corps of Engineers (USACE) and Environmental Protection Agency regulations, additional management tasks, long-term protection assurances and associated funds were necessary for the project. The USACE required that OCTA provide a formal letter of commitment of these additional funds before the USACE Section 404 Clean Water Act permit could be issued for the I-405 widening project. Approval by the OCTA Board was necessary for staff to provide this financial letter of commitment. These funds (and associated next steps) were approved by the EOC and Board in 2017. This staff report is included as Attachment D.

Since that time, OCTA has been working with USACE, the Wildlife Agencies, and the County (staff and legal counsel) to complete the necessary documents (restoration plan, restricted covenant, long-term management plan, endowment funding agreement, and long-term funding agreement) associated with this Project. This coordination process has spanned several years, as the completion of each document was contingent upon the finalization of the preceding one, with all documents required to maintain consistency throughout. Some delays occurred due to staff and legal counsel changes. Once the County Board of Supervisors has approved the restricted covenant and other legal documents, County staff will record them. This will enable OCTA to deposit the one-time endowment payment into a USACE-approved finance manager account. USACE protocol requires that this money remains in this account and that no disbursements occur for three years.

The latest Aliso Creek restoration project annual report documents that the Project has met all required success criteria. OCTA is waiting for concurrence from the USACE and Wildlife Agencies that all project metrics have been satisfied. During this interim period, LCF (and OC Parks) will continue to perform the necessary duties outlined in the long-term management plan. A summary of this project and next steps will be provided by staff.

Item 7 – Southern California Edison Easements and Access Agreement

As previously shared with the EOC and Board, unauthorized biological impacts occurred in 2020 at two OCTA Preserves (Pacific Horizon and Silverado Canyon) as a result of Southern California Edison's (SCE) utility powerline

maintenance work (Attachment E). OCTA's goal is to ensure that the necessary maintenance needs of SCE are coordinated and completed while also minimizing impacts to protected Preserve habitat. SCE did not have easements for their facilities at most of the Preserves. Many of the poles are located on adjacent lands, but access through OCTA Preserves is still often necessary. After several years of coordination, an access agreement and easements on the Preserves have been finalized and were recorded. These documents define utility access to all the Preserves and identify expected procedures and information requirements related to any future SCE activities to help avoid and minimize habitat impacts.

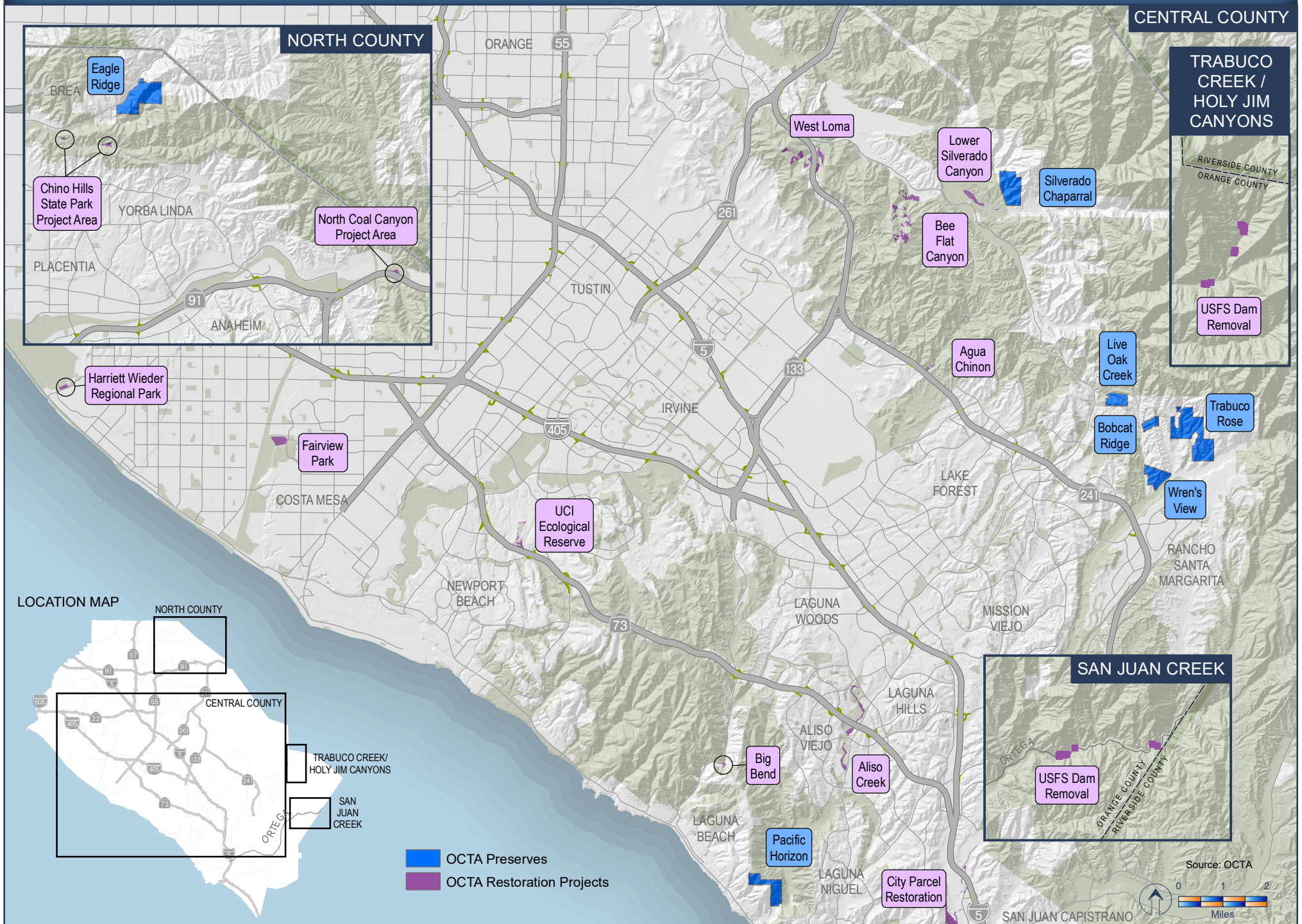
The California Coastal Commission (CCC) required SCE to obtain a Coastal Development Permit for its previous actions (2019/2020) that impacted the Pacific Horizon Preserve. The original application was submitted in 2022 before the Coastal Fire burned portions of the Preserve. In 2024, SCE submitted additional application information to the CCC. OCTA staff provided comments and questions to the CCC on the revised materials. In early 2025, SCE confirmed they were working on addressing comments and questions provided by the CCC (and OCTA), which included addressing outstanding SCE mitigation. OCTA will continue to collaborate with the CCC, SCE and the Wildlife Agencies to ensure all permanent impacts and related mitigation needs are resolved.

Attachments:

- A. OCTA Preserves and Restoration Projects
- B. March 12, 2025 OCTA Environmental Mitigation Program Endowment Fund Investment Report for December 31, 2024 Staff Report
- C. Fairview Park restoration area
- D. September 11, 2017 Measure M2 Environmental Mitigation Program Restoration Projects Additional Funding Request Staff Report
- E. SCE Impact Figures

OCTA Preserves and Funded Restoration Projects

ATTACHMENT A





March 12, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for December 31, 2024

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-twelve-year period, or until the fund totals approximately \$46.2 million. As of December 31, 2024, the Orange County Transportation Authority (OCTA) has made nine deposits to the CCF Endowment Pool (Pool), each in the amount of \$2,877,000.

Discussion

As of December 31, 2024, total assets in the Pool were \$1.16 billion (Attachment A). Total foundation assets were \$2.38 billion. Pool performance lagged behind the Blended Benchmark (Benchmark) in both the short- and mid-term horizons of up to ten years. However, over the 20-year time frame, the pool slightly exceeded the benchmark's performance.

The balance as of December 31, 2024, was \$32,674,489 (Attachment B), which is slightly above the target of \$31,759,663 for the second quarter of fiscal year (FY) 2024-25. Based on the 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 was down 0.3 percent for the quarter but up 7.9 percent for the trailing one year.

At the close of calendar year 2024, the United States (U.S.) equities market recorded its strongest two-year performance since 1997. This remarkable growth was driven by robust corporate earnings, supported by the U.S. economy's soft landing, strong consumer spending, and continued advancements in artificial intelligence and related investments. Market performance in 2024 was significantly influenced by Federal Reserve Policy signals and the U.S. election. As the year concluded, investor focus shifted to the potential impacts of President Trump's stated policy agenda, including tariffs, tax cuts, and budget deficit management, particularly in relation to inflation. Uncertainty in these areas, coupled with ongoing economic strength, contributed to volatility in U.S. Treasuries, with the ten-year yield ending the year at 4.6 percent. Amid mixed performance across asset classes, the portfolio's performance for the quarter ending December 2024 aligned precisely with its benchmark (-0.8 percent). However, on an annual basis, portfolio returns trailed the blended benchmark due to the outsized influence of mega-cap technology stocks (market capitalization exceeding \$200 billion), which were a dominant force driving equity markets. This concentration resulted in relative underperformance for the portfolio. Diversification, strategic asset allocation, and appropriate sizing of investments within the endowment portfolio remain the primary strategies to protect the portfolio from outsized volatility.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment December 31, 2024.

Attachments

- A. California Community Foundation Endowment Pool Investments – December 31, 2024
- B. California Community Foundation Fund Statement – 10/1/2024 – 12/31/2024
- 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



Endowment Pool December 31, 2024

INVESTMENTS

Total Pool Assets

\$1.158 billion (Endowment Pool), \$2.38 billion (total foundation assets) as of December 31, 2024.

Pool Objective

Prudent investment of funds to provide real growth of the assets over time while protecting the value of the assets from undue volatility or risk of loss. Managed on a total return basis (i.e., yield plus capital appreciation) while taking into account the level of liquidity required to meet withdrawals from the pool - mainly expenses and grants to external organizations. While the Investment Committee recognizes the importance of the preservation of capital, they also adhere to the principle that varying degrees of risk are generally rewarded with commensurate returns over full market cycles (5-10 years).

Outsource CIO

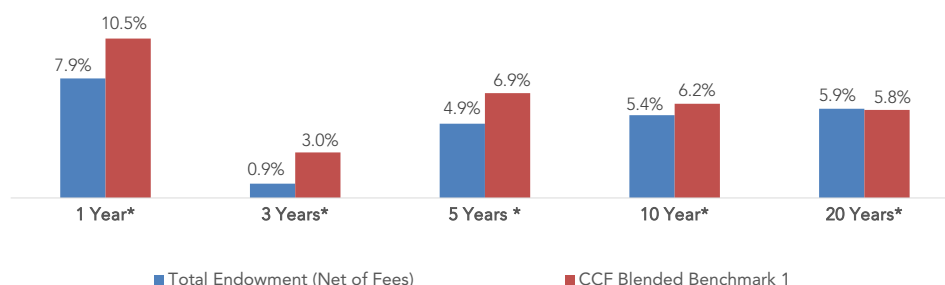
Hall Capital Partners

Performance & Asset Allocation

Performance for December 2024 was -1.8% ^(2,5)

Performance for the three months ended December 31, 2024 was -0.26%

CCF Total Endowment (net of fees) vs. Blended Benchmark ⁽¹⁾



Asset Class		% of Port	Long-Term Target Range ⁽⁴⁾
Cash & Equivalent ⁽³⁾	\$4	0.4%	0 - 5%
Fixed Income	\$148	12.8%	10 - 20%
Public Equities	\$552	47.5%	40 - 60%
Alternative Assets	\$120	10.4%	10 - 25%
Hybrid Investments	\$26	2.2%	0 - 10%
Private Investments	\$194	16.8%	10 - 20%
Real Assets	\$114	9.9%	5 - 10%
Total Endowment Assets	\$1,158	100.0%	

* Represents Annualized Returns.

Q4 + 2024 MARKET COMMENTARY

Following a strong 2023, strategists predicted a 50% probability of recession and more modest equity returns for 2024. However, markets defied these expectations, with the S&P 500 achieving its highest 2-year performance since 1997. This impressive run was fueled by robust earnings growth resulting from the US economy's soft landing, strong consumer spending and ongoing AI innovation and related investments.

The market was driven by US mega cap stocks for the second straight year as the S&P 500 equal weighted underperformed the S&P 500 by roughly 12%. The equal weighted index has only underperformed by double digits three times since the index was created in 1971 and two of those are 2023 and 2024 (a remarkably tough set up for active management). US and global indices remain the most concentrated they have been in over 40 years with ~27% of the S&P 500 comprised of just six technology stocks. While these few stocks have driven the performance of indices for 2024, we continue to build portfolios from the bottom up, with globally diverse drivers of return. Lower starting valuations may benefit segments and geographies that have been out-of-favor in recent years.

Fed signaling and the US election significantly influenced market performance in 2024. As the year ended, attention shifted to Trump's stated policy agenda—particularly tariffs, tax cuts, and the budget deficit—and their potential impacts on inflation. Uncertainty in these areas, combined with continued economic strength, led to notable fluctuations in US Treasuries, with the 10-year yield ending the year at 4.6%.

Given political clarity following the 2024 election season, heightened dry powder, and the more favorable interest rate environment, we anticipate that 2025 will support a resurgence in private equity deal-making, particularly across more 'traditional' investment types (such as LBOs). Activity and performance in private markets (private equity and real estate) was muted over the year, especially relative to the strong year for public assets

EP COMMENTARY

Excluding private investments, the portfolio was up 9.1% YTD. The total Endowment portfolio was up an estimated 8.0% through Q4 2024, which includes private investment marks that report on a lag and are held at zero for the latest quarter.

For Q4, performance for the EP was exactly in-line with its benchmark (-0.8%). However, for the entire year 2024, performance lags the blended benchmark return. 2024 has seen consistent themes in terms of EP performance. All asset classes have performed better or in-line with expectations and relative benchmarks with the exception of public equities.

Hedge funds have performed well, earning 9.1%, taking advantage of still attractive base yields within the credit space. Long/short equity managers also performed well in a year that saw a wide dispersion between in stocks. We view this return as a strong absolute return for investment strategies that provide diversification and downside protection in the portfolio.

In fixed income, the EP benefitted from a shorter duration stance than the benchmark, returning to 2.7% versus 2.3%.

As for public equities, the second half of 2024 saw the EP equity portfolio outperform its benchmark (MSCI ACWI) by 100 basis points. However, the first half of the year was challenging given the market environment. The dynamic of mega-cap technology stocks (e.g. NVIDIA where the EP does not have equivalent exposure) driving overall equity markets was a powerful theme that results in relative underperformance for the EP for 2024.

Looking forward, we maintain conviction that our actively managed equity portfolios can outperform global indices over the coming decade and do so with more diversified drivers of return and therefore lower risk. The top five stocks in the MSCI ACWI are trading at a valuation of nearly twice the rest of the index, leaving the broader market looking more reasonable for active managers. Historical data suggests that mega-cap and large-cap outperformance versus smaller cap stocks and US outperformance versus other geographies is cyclical.

We have made good progress this year in rebalancing the portfolio towards the EP's long-term targets. First, we have been slowly investing more dollars in private equity and are excited about the private commitments, which are still relatively early in terms of duration. As stated above, private investments report on a lag and are therefore held at a 0% return for Q4'24, muting overall performance relative to strongly positive public markets in 2024. As we receive full Q4 reporting from managers, we expect returns for the overall EP to increase in the margin. Longer term, we believe this exposure will drive higher returns for the EP.

Footnotes:

1 – Total benchmark intended to roughly match CCF portfolio asset allocation with relevant constituent benchmarks. Current blended benchmark effective since 1/1/24.

Current blend: ML 3M T-Bills (3%), Barclays Agg. Bond Index (7.8%), Barclays 1-5Y Government-Credit Index (5.2%), MSCI ACWI (45%), Hedge Fund Blend (7.5% BofA ML High Yield, 3.75% ML 3-Month T- bills, 3.75% MSCI ACWI), Cambridge PE Index (9.8%), Cambridge VC Index (4.2%), Cambridge RE Index (7%), S&P Infrastructure Index (3%).
CPI+5%.

CCF benchmark blends 7/1/21 to 12/31/23 : ML Treasury 1-3 (2%), Barclays Agg. Bond Index (18%), MSCI ACWI (50%), Hedge Fund Blend (7.5% BofA ML High Yield, 3.75% ML 3-Month T- bills, 3.75% MSCI ACWI), Cambridge PE Index (3.5%), Cambridge VC Index (1.5%), Cambridge RE Index (7%), S&P Infrastructure Index (3%).

CCF benchmark blends prior to 7/1/21: Total Fund Benchmark is a combination of: 48% MSCI ACWI - 2% Cambridge PE Index 1-Qtr Lag / 14% HFR FOF / 5% ODCE - 5% S&P Global Large Mid NR - 4% S&P Global Infrastructure / 9% Barc Agg. - 3% Barc 1-5 Yr. Gov/Cr - 3% Barc 0-5 Yr. US Treasury TIPs / 2% Barc High Yield - 2% S&P/LSTA Leveraged Loan - 3% JP Morgan EMBI Global Diversified.

2 – Performance is preliminary and at times estimated pending final reporting from all investments. Managers often report on substantial lags, particularly private illiquid investments. In the instances where we do not have actual or estimated performance for a manager, we default to a 0% performance. Investment performance is presented net of investment expenses, including fund manager incentive fees

3 – Includes cash in transit to or from investments. For example, 2/28 cash could include money that is being sent to an investment on 3/1

4 – Current portfolio allocations may be outside of strategic ranges as it can take substantial time to adjust investments to meet range goals. This is particularly true for private illiquid investments that call capital into strategies over time and typically necessitate multi-year periods to gain exposure for appropriate vintage diversification

5 – Investment expense ratio approximates weighted-average 1.16% excluding fund manager incentive fees.



Fund Name: OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date: 2/28/2017
Investment Pool(s): Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

10/1/2024 - 12/31/2024

Fund Summary

	This Period 10/01/2024 - 12/31/2024	Calendar YTD 1/1/2024 - 12/31/2024
Opening Fund Balance	\$32,759,656.63	\$27,593,905.17
Contributions	0.00	2,877,000.00
Investment Activity, net	(85,167.17)	2,273,368.21
Administration & Grant Management Fees	0.00	(69,783.92)
Net Changes to Fund	(85,167.17)	5,080,584.29
Ending Balance	\$32,674,489.46	\$32,674,489.46

Investment Pool Performance as of 12/31/2024

	1 - Year	3 - Years	5 - Years	10 - Years
Endowment Pool	7.9%	0.9%	4.9%	5.4%
Social Impact Endowment Pool	17.7%	5.2%	9.5%	8.3%
Conservative Balanced Pool	9.6%	3.1%	4.9%	4.9%
Short Duration Bond Pool	3.7%	0.9%	1.3%	1.6%
Capital Preservation Pool	5.3%	3.9%	2.5%	1.8%

Endowment Pool - Invested for long-term growth and appreciation across multiple investment managers. It seeks to preserve the purchasing power of assets over an indefinite time horizon through long-term investment opportunities, while providing a relatively predictable and stable stream of distributions that keeps pace with inflation.

Social Impact Endowment Pool - Invested in a diversified pool of equities and fixed income aiming to offer capital growth for long-term grantmaking. It seeks to preserve the purchasing power of assets over an indefinite time horizon by following a sustainable investing approach that combines rigorous financial, environmental, social and governance (ESG) analysis, while providing a relatively predictable and stable stream of distributions that keeps pace with inflation.

Conservative Balanced Pool - Invested to strike a balance between growth and liquidity by combining current income with an opportunity for moderate capital appreciation. It seeks to offer diversified exposure to fixed income with maturities from 1-5 years as well as the entire U.S. equity market for purposes of grantmaking over an intermediate horizon.

Short Duration Bond Pool - Invested to offer diversified exposure to fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon.

Capital Preservation Pool - Invested to meet the needs of funds with short-term grant objectives. It seeks to preserve principal and provide liquidity and working funds for present and future needs through investment in high-quality, short-term fixed income and cash instruments.

Definition of Terms

Opening Fund Balance - Your fund's balance at the beginning of the statement period.

Contributions - Irrevocable financial additions to your fund.

Grants - Grants you recommended to IRS-qualified public charities that have been approved and distributed from your fund. This also includes refunds and voids of grants made.

Administrative Fee - CCF charges administrative fees to cover general operating activities. These activities could include gift establishment, receipt of assets and contributions, grants and fund administration, research on nonprofit agencies and issue areas, and other charitable purposes.

Investment Activity, net – This represents the financial returns from the CCF investment pool(s) in which your fund is invested, including interest, dividends and gains/losses as well as the deduction of any investment-related fees.

Fund Balance Transfer - Money transferred to or from another CCF fund.

Other Expenses - Permissible expenses (i.e., legal, phone charges, etc.) related to the administration of your fund.

Net Changes to Fund - The net amount of your fund after contributions, income, grants, administration and grant management fee, investment managers' fees, fund balance transfers, and other expenses.

Ending Fund Balance - The fund's balance at the end of the statement period reported on this statement. This amount includes any contributions, grant distributions, fund balance transfers, and increase or decrease in market value.

Meet Our Team

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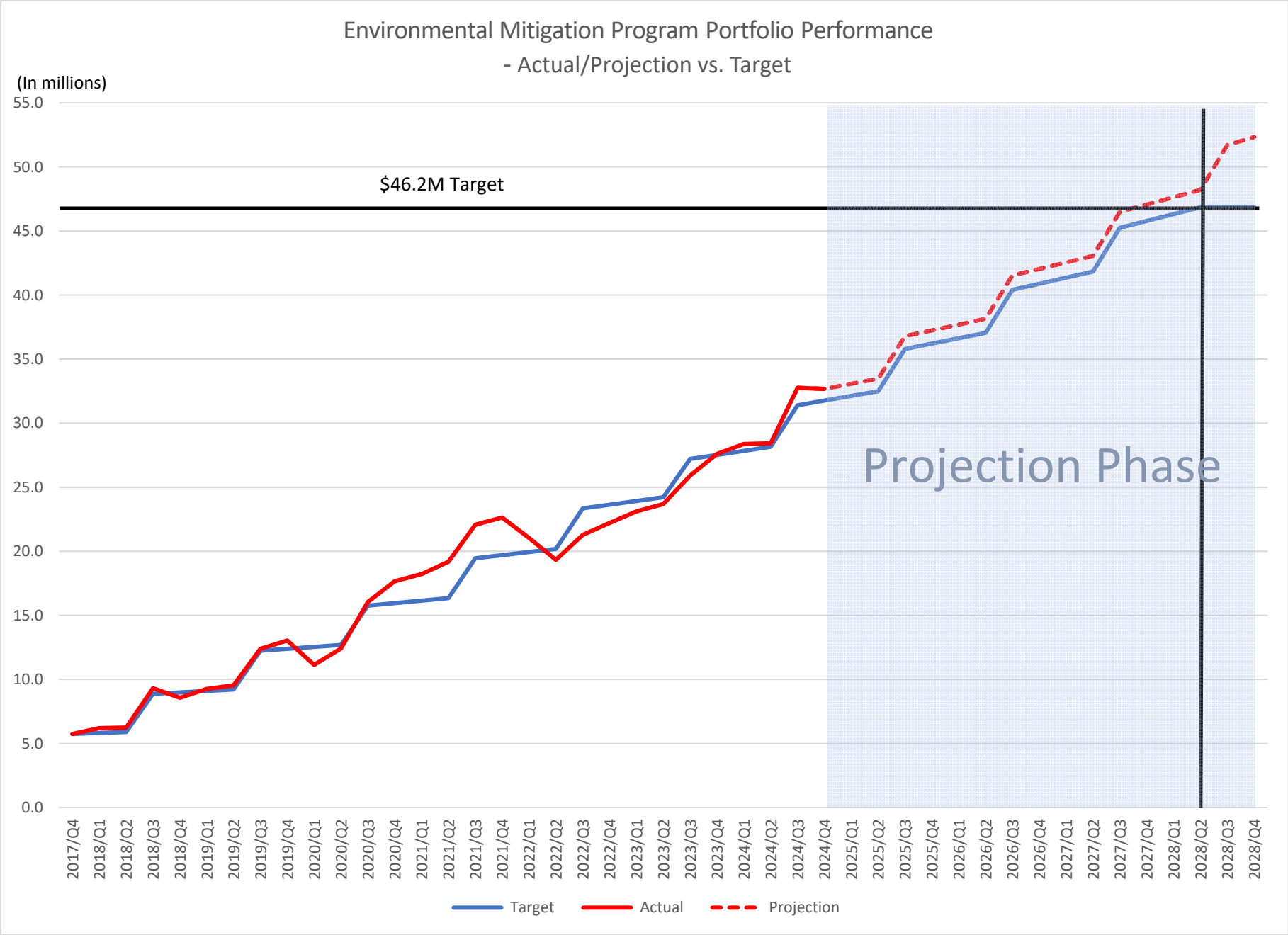
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COMMITTEE TRANSMITTAL

September 11, 2017

To: Members of the Board of Directors

From: Laurena Weinert, Clerk of the Board

Subject: Measure M2 Environmental Mitigation Program Restoration
Projects Additional Funding Request

Regional Planning and Highways Committee Meeting of September 7, 2017

Present: Directors Delgleize, Do, Donchak, M. Murphy, Nelson, and Steel

Absent: Director Spitzer

Committee Vote

This item was passed by the Members present.


Committee Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute an amount up to \$805,000 to fund the expedited clean water permitting requirements.
- B. Authorize staff to amend the fiscal year 2017-18 budget to include the recommended funding amount.



September 7, 2017

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Measure M2 Environmental Mitigation Program Restoration Projects Additional Funding Request

Overview

Measure M2 includes a program to deliver comprehensive mitigation for the environmental impacts of freeway projects in exchange for streamlined project approvals from the state and federal wildlife agencies. On a parallel path, the Orange County Transportation Authority has developed a similar approach to work with the State Water Resources Control Board and the United States Army Corps of Engineers regarding state and federal clean water permitting requirements to facilitate expedited implementation of the Measure M2 freeway projects. A request for funding authorization to advance the streamlined permitting process is submitted for Board of Directors consideration and approval.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute an amount up to \$805,000 to fund the expedited clean water permitting requirements.
- B. Authorize staff to amend the fiscal year 2017-18 budget to include the recommended funding amount.

Background

Measure M2 (M2) includes an innovative comprehensive Environmental Mitigation Program (EMP) to address the biological impacts of M2 freeway projects. This is achieved through the development of a Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP), approved by the California Department of Fish and Wildlife and the United States Fish and Wildlife Service (Wildlife Agencies). These documents were finalized and approved by the Orange County Transportation Authority (OCTA) Board of Directors (Board) in November 2016. The final permits were issued to OCTA by the

Wildlife Agencies in June 2017. It should be noted that the Board previously approved \$34.5 million in funding for the maintenance and operation of the seven Preserves, as committed to in the NCCP/HCP. Payments began in March 2017 to establish an account over a ten to 12 year time period.

On a parallel path, OCTA and the California Department of Transportation staff have been coordinating with the State Water Resources Control Board (State Board) and the Army Corps of Engineers (Corps), collectively referred to as Regulatory Agencies. This coordination has resulted in defining a process that would utilize some of the same mitigation within the NCCP/HCP to also obtain state and federal clean water permits to further streamline the M2 freeway projects. Separate funding is needed to meet the Regulatory Agencies' requirements. This request was presented to and endorsed by the Environmental Oversight Committee (EOC) on August 17, 2017. A summary of the additional funding needs is presented.

Discussion

The construction of the M2 freeway projects is anticipated to result in impacts to jurisdictional waters of the state and United States. These impacts will require that OCTA obtain Section 401 and 404 clean water permits from the Regulatory Agencies, which will require mitigation. On a parallel process to the NCCP/HCP, staff is finalizing program-level authorizations with the Regulatory Agencies, which is further described in Attachment A. This permit will enable OCTA to utilize mitigation included in the NCCP/HCP, as well as lay out an abbreviated process for project level 401 and 404 permit issuance.

Agency coordination has resulted in the determination that the Agua Chinon and Aliso Creek restoration projects, as well as a small portion of the Ferber Ranch Preserve, should satisfy the Regulatory Agencies mitigation needs for the M2 freeway projects. These restoration projects and this Preserve are also included in the NCCP/HCP. Fact sheets for both of these restoration projects are included as Attachment B and Attachment C. As previously discussed, state and federal regulatory requirements include additional compliance that is above and beyond what is required within the NCCP/HCP. For example, these regulations require specific language within the long-term protection assurances, as well as funding to cover long-term management needs of the mitigation sites.

After collaboration with the Regulatory Agencies and the restoration project property owners (County of Orange and The Irvine Company), it has been determined that additional management tasks are necessary to satisfy compliance needs. Additional tasks include activities such as biological monitoring, weed removal, photo documentation, and annual reporting. The Corps requires that funding is provided to facilitate these tasks in perpetuity. This amount has been estimated at approximately \$805,000. On August 17, 2017, the EOC endorsed the course of action and funding amount.

It is important to note that these additional funding needs are separate from the NCCP/HCP endowment. It is anticipated that a one-time payment will be made to a Corps-approved entity that will manage and disperse these funds to the land owners. For example, the National Fish and Wildlife Foundation has been approved to handle these types of services by the Corps.

The additional funding needs for Corps compliance was anticipated and included in the May 2015 Board-approved EMP Long-Term Funding Strategy and Guiding Principles. The EMP Guiding Principles contained the commitment to responsibly meet the M2 obligations, which include complying with regulatory requirements to ensure that freeway project mitigation obligations are met. In addition, the Long-Term Funding Strategy includes the commitment to complete the negotiations with the Corps and State Board, and allocate funding to meet regulatory permit requirements.

If OCTA does not provide this funding, additional mitigation opportunities would need to be explored. Specifically, mitigation would need to be identified within both the San Juan Creek and the San Diego Creek Special Area Management Plan areas to obtain clean water permits for the construction of the freeway projects. These watersheds are known to be challenging to locate mitigation opportunities and the same long term funding requirements would apply. This would take additional time and funding that is expected to exceed the amount presented herein.

Next Steps

Additional funding for the mitigation projects is required as a part of the regulatory permitting process related to clean water requirements. Upon Board approval, OCTA will issue a letter of commitment to the Corps for the restoration projects financial needs. In turn, the Corps and the State Board are anticipated to issue their programmatic authorizations which will help streamline the implementation of the M2 freeway projects. Additional steps are required, and OCTA will continue to work with the Corps and the State Board to complete the regulatory permitting process in order to obtain the applicable clean water authorizations, and are further described in Attachment A.

Summary

M2 includes an EMP that provides funding for programmatic mitigation to off-set impacts of the 13 freeway projects. To expedite the delivery of the freeway projects, this program was initiated in 2007 to implement early project mitigation through property acquisition and habitat restoration. This program is administered through a NCCP/HCCP, which was completed and approved by the Board in November 2016, and permits received in June 2017. State and federal programmatic clean water permits have also been developed and additional mitigation funding needs have been identified and presented for approval.

Attachments

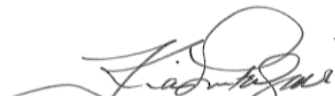
- A. Draft United States Army Corps of Engineers and State Water Resources Control Board Mitigation Funding Needs Summary
- B. Aliso Creek Restoration Project
- C. Agua Chinon and Bee Flat Canyons Restoration Project

Prepared by:



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United States Army Corps of Engineers and
State Water Resources Control Board
Mitigation Funding Needs Summary

Overview: The Orange County Transportation Authority (OCTA) is coordinating with the United States Army Corps of Engineers (Corps) and the State Water Resources Control Board (State Board) to obtain programmatic Clean Water Act (CWA) Section 401 and 404 permits for the Measure M2 (M2) Environmental Mitigation Program (EMP). These permits will provide OCTA with assurances that the mitigation provided to date is acceptable to offset potential M2 freeway project impacts to state and federal jurisdictional waters. OCTA will utilize a subset of the conservation efforts (i.e. mitigation) included in the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP). These mitigation sites are illustrated in Figure 1. Separate funding is required by the State Board and the Corps to comply with this process.

Background: On April 6, 2015, the Corps released a Special Public Notice regarding the proposed Section 404 Letter of Permission (LOP) procedures (i.e. program level permit) for the OCTA M2 EMP. These LOPs will establish alternative permitting procedures to address anticipated discharges into Waters of the United States (WOTUS) associated with constructing the freeway projects over the next 15-20 years. LOP procedures are expected to be established via issuance of a CWA Section 404 Individual Permit. The State Board has also committed to issuing an authorization to approve the use of M2 mitigation once the Corps issues the 404 permit. This State Board authorization will provide the needed mitigation assurances and will further streamline the implementation of the M2 freeway projects.

Discussion: The Corps regulations require compliance with the April 10, 2008 mitigation rule. In addition, some M2 freeway projects may impact the San Diego and the San Juan Creek watersheds. These watersheds are subject to federal regulations that include specific Special Area Management Plan requirements. These mitigation requirements are in addition to what the Wildlife Agencies (United States Fish and Wildlife Service and California Department of Fish and Wildlife) require, and what OCTA has committed to in the NCCP/HCP. These regulations also require the development and funding of a long-term management plan for all mitigation sites before the Corps or State Board can issue their permits.

In order to satisfy the applicable CWA compensatory mitigation requirements, OCTA is proposing the following:

1. Freeway project avoidance and minimization measures: Avoidance and minimization measures are a required component of the freeway projects design and construction processes.
2. Two mitigation sites that provide enhancement and rehabilitation of the Waters of the United States: The two sites that provide the most appropriate enhancement and rehabilitation of WOTUS are the Aliso Creek and Agua Chinon restoration projects (also included in the M2 NCCP/HCP). Both restoration projects are within already managed lands. OCTA has been coordinating with the Corps and the property owners

United States Army Corps of Engineers and
State Water Resources Control Board
Mitigation Funding Needs Summary

of the Agua Chinon (The Irvine Company and the County of Orange) and Aliso Creek (the County of Orange) projects. Coordination included the review of the existing management plans and land protection documents (i.e. irrevocable offers of dedication). The Corps has determined that additional management tasks and long-term protection assurances are required. The additional management tasks require OCTA to provide a one-time payment to a Corps-approved finance manager to fund long-term maintenance costs.

3. One mitigation site that provides preservation of important physical, chemical, and biological aquatic functions: Ferber Ranch provides preservation of important physical, chemical, and biological aquatic functions. OCTA will record a conservation easement to assure that the Ferber Ranch Preserve is protected. This is also a commitment within the NCCP/HCP. The clean water requirements can be addressed through the management actions being performed as part of the existing NCCP/HCP commitments. However, the Corps has requested that supplemental funds be set aside in case future conservation easement violations occur at Ferber Ranch.

Overview of Additional Mitigation Requirements:

Mitigation Project Name	Property Owner	Location	Summary of Management Tasks	Estimated Amount Needed*
Ferber Ranch Preserve	OCTA	Trabuco Canyon	None	\$10,000
Aliso Creek Restoration Project	County of Orange (OC Parks)	Aliso and Wood Canyons Wilderness Park	Biological surveys, spot treat weeds, photo documentation and reporting	\$718,500
Agua Chinon Restoration Project	County of Orange (OC Parks) and the Irvine Company	Unincorporated Orange County	Same as above	\$76,000

*Amount based on ~2.5% real interest earnings

Total: \$804,500

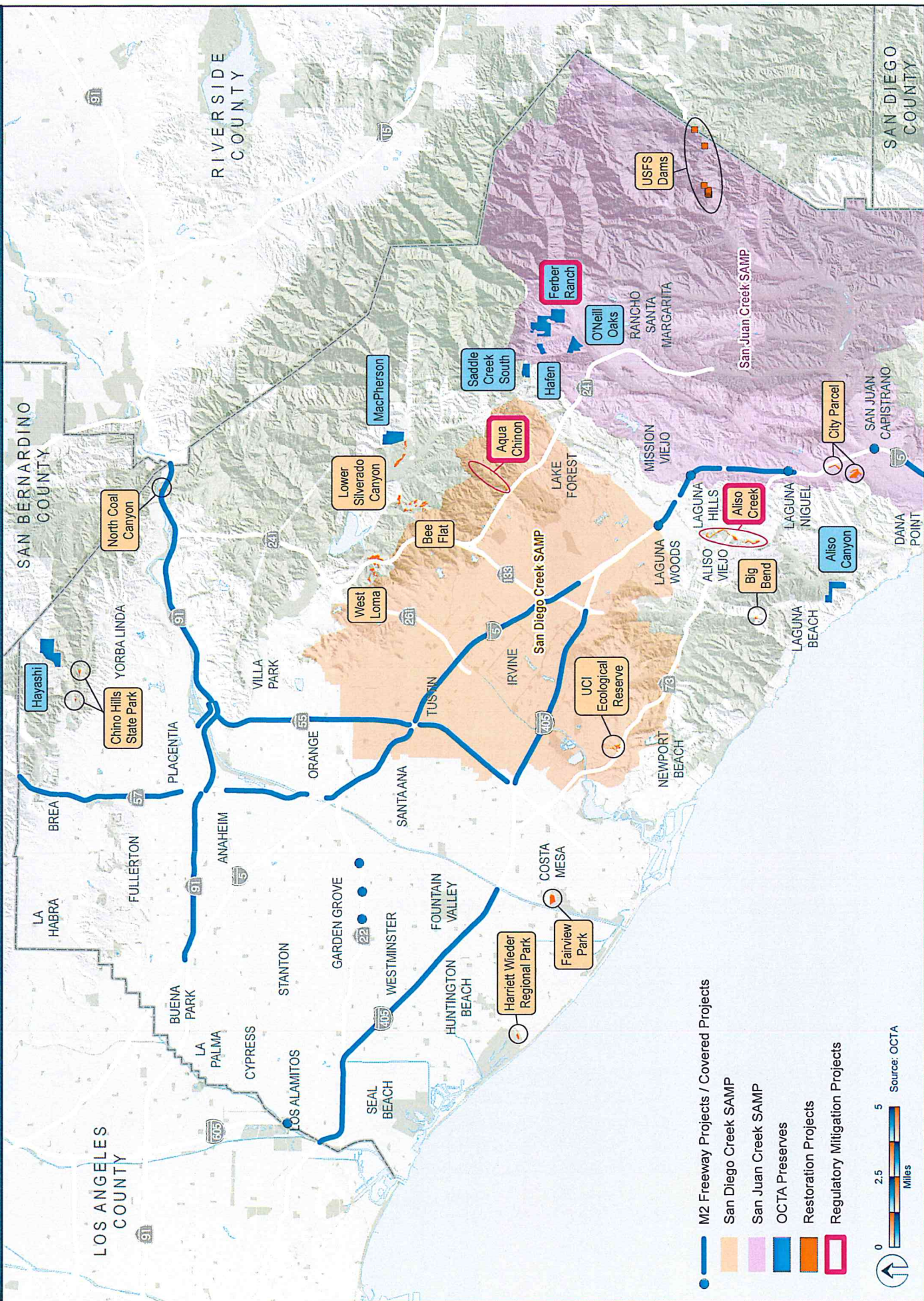
United States Army Corps of Engineers and
State Water Resources Control Board
Mitigation Funding Needs Summary

If the funding amounts are approved, OCTA must complete the following steps to meet the CWA permit requirements:

1. Issue a letter of commitment to the Corps for the restoration projects.
2. Continue coordination with the Corps and State Board to finalize the habitat and mitigation monitoring plans (i.e. restoration plans).
3. Obtain Section 401 and 404 authorizations from the State Board (general order/ letter of authorization) and the Corps (LOP procedures).
4. Obtain an agreement between the Corps and a fund manager (i.e. San Diego Community Foundation, California Community Foundation, etc.) and make a one-time payment to the mutually-agreed upon fund manager.
5. Execute an agreement between OCTA and a fund manager to manage and disperse funds on behalf of OCTA to the restoration site land managers.
6. Continue to coordinate with the land owners, Corps, State Board, and the Wildlife Agencies to finalize or amend the land protection documents for the restoration sites.
7. Record a conservation easement over the Ferber Ranch Preserve.
8. Ensure the restoration projects meet their NCCP/HCP set success criteria and performance standards.
9. Record the assignment of assumption document with the land manager of the mitigation sites. This will transfer mitigation responsibilities to the land manager.
10. Request a letter from the Corps documenting mitigation release once the land protection documents have been recorded and funding for the long-term management has been obtained.

OCTA NCCP/HCP Preserves and Funded Restoration Projects

FIGURE 1





ALISO CREEK RESTORATION PROJECT

M2: ENVIRONMENTAL MITIGATION PROGRAM

OCTA's M2 Freeway Environmental Mitigation Program (EMP) provides comprehensive mitigation to offset the environmental impacts of the 13 Measure M2-funded freeway projects.

The EMP presents a comprehensive mitigation approach that provides not only replacement habitat, but also the opportunity to improve the overall functions and value of sensitive biological resources throughout Orange County.

Based on the evaluation of mitigation opportunities in the County, priority conservation areas were identified, including candidate parcels and properties that could be considered for wilderness preservation purposes. Properties were then selected for acquisition and restoration. These properties are protected to enhance wildlife connectivity, safeguard sensitive species and preserve substantial parcels of valuable habitat.

ABOUT ALISO CREEK

The Aliso Creek restoration project is located in the City of Aliso Viejo within the 4,000-acre Aliso and Wood Canyons Wilderness Park, owned and operated by the County of Orange. The project, managed by the Laguna Canyon Foundation, takes place within and around Aliso Creek. The northernmost boundary of the project is Moulton Parkway and the project boundaries extend southward to approximately 500 feet south of the junction of Alicia Parkway and Avila Road.

The wilderness park is located near the Trabuco Creek Wildlife Linkage and is a part of the 19,000-acre Laguna Coast Greenbelt and the 38,000-acre Nature Preserve of Orange County. The restoration site contains the following general vegetation types:

- **Willow scrub**
- **Riparian woodland**
- **Coastal sage scrub**

The following listed and non-listed special status species have been reported from the wilderness park:

- **Least Bell's vireo**
- **Coastal California gnatcatcher**
- **Orange-throated whiptail**
- **Thread-leaved brodiaea**
- **Big-leaved crownbeard**
- **Catalina mariposa lily**
- **Western pond turtle**

The restoration goal is to improve habitat quality for riparian plants and wildlife species by increasing native habitat diversity, density, and structure within 55 acres of Aliso Creek and associated regions.



Western pond turtle



AGUA CHINON AND BEE FLAT CANYONS RESTORATION PROJECT

M2: ENVIRONMENTAL MITIGATION PROGRAM

OCTA's M2 Freeway Environmental Mitigation Program (EMP) provides comprehensive mitigation to offset the environmental impacts of the 13 Measure M2-funded freeway projects.

The EMP presents a comprehensive mitigation approach that provides not only replacement habitat, but also the opportunity to improve the overall functions and value of sensitive biological resources throughout Orange County.

Based on the evaluation of mitigation opportunities in the County, priority conservation areas were identified, including candidate parcels and properties that could be considered for wilderness preservation purposes. Properties were then selected for acquisition and restoration. These properties are protected to enhance wildlife connectivity, safeguard sensitive species and preserve substantial parcels of valuable habitat.



ABOUT AGUA CHINON AND BEE FLAT CANYONS

The Agua Chinon and Bee Flat Canyons restoration project is located east of the city of Irvine in unincorporated Orange County. Although this was funded as one project, it involves restoring lands within two distinct geographical areas, Agua Chinon and Bee Flat Canyons.

The Agua Chinon mitigation site includes acreage owned by the OC Parks and The Irvine Company. The Bee Flat canyon site is owned by the OC Parks. Both sites are being managed by the Irvine Ranch Conservancy.

These restoration sites are within the Central and Coastal Subregion Habitat Reserve System created under the Orange County Natural Communities Conservation Plan/Habitat Conservation Plan.

The restoration sites are located within large areas of open space. The Cleveland National Forest is located east of the area, while there is commercial and residential development across State Route 241 to the west of the site. The restoration site contains the following general vegetation types:

- Grassland
- Coastal sage scrub
- Riparian

The following listed and non-listed special status species have been reported from the sites:

- Least Bell's vireo
- Coastal California gnatcatcher
- Orange-throated whiptail
- Coastal cactus wren
- Many-stemmed dudleya
- Intermediate mariposa lily

The restoration goal is to enhance degraded biological habitat areas in order to help protect these lands from invasive plant species and fire within 90 acres of Agua Chinon and Bee Flat Canyons.

