



# AGENDA

## Measure M2 Environmental Oversight Committee

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### **Committee Members**

*Jamey Federico, Chair*  
*Melanie Schlotterbeck, Vice Chair*  
*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*  
*OCTA Board Member Representative-Vacant*

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

**Wednesday, Aug. 7, 2024 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 Feb. 7, 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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# AGENDA

## Measure M2 Environmental Oversight Committee

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*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

Travis Brooks, City of Costa Mesa Consultant (Land IQ)

*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) has been the lead on this project, which included the creation and restoration of coastal sage scrub, riparian, wetland, and grassland habitat. Additional information is attached. City staff will provide an overview of the new proposed restoration project component recently developed to help meet the restoration project commitments.*

### **6. West Loma Restoration Project Completion**

Lesley Hill, OCTA

Collin Raff and Robert Freese, Irvine Ranch Conservancy

*In July 2024, the Wildlife Agencies provided their official sign-off on the OCTA-funded West Loma restoration project. The West Loma restoration project was funded in 2012 and work began in 2013. The project is within lands owned by Orange County Parks and was planned and implemented by the Irvine Ranch Conservancy. This is the eighth OCTA-funded restoration project to meet its' success criteria. A brief summary of the project is attached. The Irvine Ranch Conservancy will provide an overview of the project to the committee.*

### **7. OCTA Live Oak Creek Encroachment**

Lesley Hill, OCTA

*In late 2023, it was discovered that an adjacent landowner made improvements to an accessory structure at 19041 Live Oak Canyon Road, which impacted the Live Oak Creek Preserve. OCTA did not approve these encroachments and is coordinating with the adjacent landowner to remove these encroachments. Additional information is attached. Staff will provide a brief update on this coordination.*

### **8. Southern California Edison Coordination Update**

Lesley Hill, OCTA

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# AGENDA

## Measure M2 Environmental Oversight Committee

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*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. OCTA staff will provide a brief update on the coordination. Additional information is attached.*

### **9. Spring Restoration Tour**

Lesley Hill, OCTA

*The Laguna Canyon Foundation (LCF) Aliso Creek Restoration Project (Project) is nearly complete. The Project's purpose was to restore 55 acres of riparian habitat along Aliso Creek, in the City of Laguna Niguel. The project includes removing non-native invasive plants and planting riparian and transitional upland habitats. This project complements other restoration projects in the same watershed funded by other entities. The site is in the Aliso Creek watershed and within the boundaries of the Aliso and Wood Canyons Wilderness Park. An EOC site visit occurred within the project area on June 4th. Additional information is attached. An overview of the project and a summary of the site tour will be provided.*

### **10. Hikes and Equestrian Rides**

Marissa Espino, OCTA

*The next docent-led ride is scheduled for August 17<sup>th</sup> and the next docent-led hike will take place on October 12<sup>th</sup>. Both events will be held at the Trabuco Rose Preserve. The master calendar for 2024 is available at [www.preservingourlegacy.org](http://www.preservingourlegacy.org).*

### **11. 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.*

### **12. Committee Member Reports**

### **13. Next Meeting – November 6, 2024**

### **14. Adjournment**

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## ***Minutes***

### ***Measure M2 Environmental Oversight Committee***

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#### **Committee Members**

Jamey Federico, Chair  
Ajay Khetani, Taxpayer Oversight Committee  
Alben Phung, Caltrans  
Dan Silver Endangered Habitats League  
David Mayer, US Fish and Wildlife Service  
William Miller, US Fish and Wildlife Service

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

**Wednesday, February 7, 2024, at  
2:30 p.m.**

#### **Member(s) Absent**

Derek McGregor, DMc Engineering  
Veronica Li, US Army Corp of Engineers

#### **Member(s) Teleconferencing**

Bev Perry, Civic Engagement Consultant  
Joe Navari, CA Wildlife Conservation Board  
Melanie Schlotterbeck, Vice Chair

#### **Teleconference Location:**

Brea City Hall Park  
401 S. Brea Blvd.  
Brea, CA 92821

New Natural Resources Headquarters  
715 P Street  
Conference Room 17-201  
Sacramento, CA 95814

#### **1. Welcome**

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

#### **2. Pledge of Allegiance**

Marissa Espino lead the Pledge of Allegiance.

#### **3. Approval of November 1, 2023, Minutes**

A motion was made by Melaine Schlotterbeck, seconded by Ajay Khetani to approve the minutes. Motion passed.



#### **4. Environmental Mitigation Program Endowment Fund Investment Report**

Dan Phu, OCTA Planning, presented the update.

Committee Member Comments:

There were no committee comments.

#### **5. OCTA Preserves Fire Management Plans**

Lesley Hill, OCTA Planning, and Carol Rice, Wildland Resource Management, presented the update. <This presentation available upon request.>

Committee Member Comments:

A committee member asked if all the fire agencies have signed off on the plan. Lesley Hill responded yes.

A committee member asked if there were additional communications that need to happen with new changes in the local agencies. Carol Rice responded that they have met with new personnel and the agencies and are in sync.

A committee member asked would the documents be made available to the public online to see before they are rolled into the Resource Management Plan. Lesley Hill responded that the plans will be posted on the OCTA website and will be included as an appendix to the Resource Management Plan.

A committee member asked was it correct there were no landscape level treatments on a pre-fire basis and limited access points, roadside hardening and defensible space for structures. If there are, does access include any fuel breaks, and if so, how wide and extensive are they and what attention is given to non-native species in those areas. Lesley Hill responded they had worked with the Orange County Fire Authority and City of Laguna Beach to develop the vegetation modification areas around the habitable structures. There were no recommended changes or alterations to that. The other treatments are the existing fire roads on the property that are maintained and the non-native species are removed first with some limited thinning of the native species.

#### **6. Fairview Park Restoration Project Update**

Lesley Hill, OCTA Planning, and Kelly Dalton, Fairview Park Administration, City of Costa Mesa, presented the update. Raja Sethuraman, Public Works Director, City of Costa Mesa, was in attendance and introduced. <This presentation available upon request.>

Committee Member Comments:

A committee member asked if the social trails in the new supplemental acreage are going to go away. Kelly Dalton responded some informal social trails are intended to be closed and there are two designated trails that will be kept open.

A committee member asked what is the process in capturing this new acreage, has it been signed off on. Kelly Dalton responded that is still being worked out with the agencies. Lesley Hill responded that a draft of the city's restoration plan will be provided to the agencies for

their concurrence, including the US Fish and Wildlife Service, CA Department of Fish and Wildlife Service and OCTA. Coordination and sign off on the acreage that has been completed and under maintenance for a while is being looked at along with the completion of a document from the city for protection of the acreage OCTA has funded in perpetuity.

A committee member asked if the conservation easement was a work in progress. Kelly Dalton responded yes.

A committee member asked if the proposed area covers the type of habitat that was missing from the original work plan. Kelly Dalton responded yes. There is a slight deviation from the original plan that proposed native grassland. The contracted native ecologist states much of the park is not really suited for the original planned habitat and is suited for similar forb land habitat that will provide many of the same biological functions for the target species.

## **7. OCTA Live Oak Creek Encroachment**

Dan Phu, OCTA Planning and Lesley Hill, OCTA Planning, presented the overview. <This presentation available upon request.>

### Committee Member Comments:

A committee member asked how long has the encroachment been. Lesley Hill responded it appears to have been put in within the last year.

A committee member asked if the owner would be responsible for any restoration that may be needed after removal. Cassie Trapesonian, OCTA General Counsel, responded a letter had been sent in December 2023, putting him on notice that the encroachment was trespassing and if it was not removed by February 17, 2024, that OCTA would seek authorization from the OCTA Board of Directors to file an action against him. The action would include two potential things: 1. Enforcing OCTA's right as the property owner and 2. OCTA would be potentially recovering damages depending on the extent of the clearing that occurred.

A committee member asked what is the County's approach to the corner of the garage encroaching on OCTA's property and is this Airbnb legal. Cassie Trapesonian responded the garage has been there a long time, and the owner could potentially claim he has Adverse Possession of the corner of property that is encroaching. The legality of the Airbnb is up to the County.

Dan Phu, OCTA Planning, commented that in conversation with the County, they had asked if OCTA would be amenable to working with the property owner on whatever structures are on OCTA property. The answer was absolutely not, as the reason for the acquisition of those properties is for conservation purposes. Dan continued that the County Code Enforcement would work toward a resolution with the property owner to remove everything that is on the adjacent property.

A committee member asked if there had been a response to the original letter that was sent. Cassis Trapesonian responded she had received a call from the owner a couple of weeks ago

and he asked if there was any way we could work with him, could he purchase the property. Cassie responded that was not an option and has not heard anything back. OCTA will go out in a couple of weeks to see if the encroachment has been removed or if there is any substantial work toward that.

A committee member asked if Airbnb could be contacted to have the listing removed as it is not on his property. Dan Phu responded they could direct that question to the County Code Enforcement.

A committee member asked if we know what the owner's parcel looks like. Lesley Hill responded it is eight acres.

A committee member asked if they had seen encroachment before. Dan Phu responded yes, but all are very different in type of encroachment situations and their outcomes.

A committee member asked do property owners know or if there was notification to those who have properties that adjoin OCTA properties that the OCTA property is a preserve. Dan Phu responded that generally they know, there had been a public knowledge campaign when the acquisitions started and there is current work with local communities to help them understand our agency's conservation programs. The answer is yes unless they are new property owners and new to the area. Lesley Hill responded there also is signage.

A committee member commented that if a solution is worked out where the structure stays, there could be further impact to the preserve due to the requirement to have a defensible fire zone. Cassie Trapesonian responded, yes the Orange County Fire Authority requires a 100-foot vegetation modification zone around any habitable structure which would bring further impact to the preserve.

## **8. Hikes and Equestrian Rides**

Marissa Espino, Public Outreach, presented the update.

### Committee Member Comments:

There were no member comments.

## **9. Public Comments**

There were no public comments.

## **10. Committee Member Reports**

A committee member thanked OCTA and David Mayer, Senior Environmental Scientist at California Department of Fish and Wildlife for participation in The Southern California Association of Governments Advanced Mitigation Policy Framework.

Lesley Hill on behalf of OCTA acknowledged and thanked David Mayer for his contributions to the EMP and OCTA projects and staff requests for assistance.

## **11. Next Meeting-- May 1, 2024.**

**12.Adjournment--** Meeting was adjourned at 3:43 p.m.



***August 7, 2024***

**To:** Environmental Oversight Committee

**From:** Orange County Transportation Authority Staff

**Subject:** August Environmental Oversight Committee Information Items  
(Items 4 – 9)

***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 (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 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. The most recent report was provided in June 2024 and is included as Attachment B. As of March 31, 2024, the endowment balance was \$28,374,041, which is slightly above the target of \$27,836,263 for the third quarter of fiscal year (FY) 2023-24. 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 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. Approximately 13 acres of the proposed project have been implemented. Once the restoration is completed, approved by the Wildlife Agencies, and permanently protected; OCTA can utilize the restored habitat for mitigation as part of the OCTA M2 Conservation Plan. As discussed during previous EOC meetings, various project concerns have been discussed between the City, OCTA, and the Wildlife Agencies. The project is deficient of approximately 10 acres of the committed restoration habitat types. In addition, the City has yet to record a required conservation easement over the project area. If these project requirements are not completed, OCTA would be out of compliance with the Conservation Plan provisions and the City would be out of compliance with their contractual obligations with OCTA.

During the last few EOC meetings, the City indicated that they will continue to work with the Wildlife Agencies, OCTA, and their consultant to identify a project area for the outstanding remaining acreage. The City has developed a restoration plan for the remaining restoration acreage to be included as part of the OCTA funded restoration project commitments. The proposed project area is adjacent to the existing OCTA funded project area within Fairview Park, as shown in Attachment C. The City currently has a tentative schedule to begin site implementation in fall 2024 and potentially continue through 2027-2032, depending on vegetation performance. Updates will continue to be provided to the Board and EOC. City staff will provide a brief update on this item.

***Item 6 – West Loma Restoration Project Completion***

In July 2024, the Wildlife Agencies provided their sign off on the OCTA funded West Loma restoration project (approximately 62.4 acres near Irvine) (see Attachments A and D). The project is within lands owned by Orange County Parks and was planned and implemented by the Irvine Ranch Conservancy (IRC). The degraded habitat that has been restored lies within an area containing patches of intact habitat. Restoring these degraded patches has improved contiguity to further benefit habitat quality of both restored and intact components. Seeding and planting operations began in 2014. This project also capitalizes on a large-scale restoration project that is currently taking place within the same watershed. Bird surveys in 2023 documented 22 nesting locations including three OCTA Conservation Plan covered bird species (least Bell's vireo, coastal California gnatcatcher and the coastal cactus wren). The

projects' 2023 annual status report documented that all success criteria had been met.

The original restoration project design included the realignment of fencing along the 241 Toll Road to improve wildlife movement, but it was determined this was not feasible. In place of realigning fencing, this project now includes the placement of plantings and wildlife cameras at the State Route - 91 Coal Canyon undercrossing and culvert. This is the eighth OCTA funded restoration project to meet its' success criteria. Staff from IRC will provide an overview of this project to the EOC.

#### ***Item 7 - OCTA Live Oak Creek Encroachment***

In 2023, American Land Title Association surveys were reviewed and, when necessary, additional surveys were conducted for all of the Preserves. During this process, it was discovered that an adjacent landowner made improvements to an unpermitted accessory structure at 19041 Live Oak Canyon Road which further encroached and impacted the Live Oak Creek Preserve. Figures and photos of the encroachment area are shown in Attachment E. OCTA did not authorize these encroachments and is concerned about the resulting damage and risks. OCTA staff has discussed the matter with the County's Planning and Development team and have been informed that there are no existing permits for the accessory structure (or related recent improvements). In December 2023, OCTA sent a letter to the County Planning and Development team pertaining to the encroachment (Attachment E). OCTA has requested updates from the County and has been told that the case is still open and that they are working towards a resolution.

The recent outdoor expansion (and affiliated use) not only impacted the OCTA preserve habitat, but also greatly increased the fire risk to OCTA's Preserve and surrounding area. Specifically, OCTA is highly concerned about the fire risk associated with outdoor open flames within and adjacent to heavily vegetated areas. OCTA sent a separate letter to the property owner requesting they halt all outdoor activities and remove all encroaching improvements. OCTA is eager to resolve these issues through a process that respects property boundaries, restores the damaged habitat by the adjacent property owners, and ensures that future improvements on the adjacent property conform to the County's planning and permitting requirements. OCTA staff and legal counsel are currently coordinating with the landowner to seek removal of the encroachment and restoration of the disturbed habitat in order to remain in compliance with the terms of the Conservation Plan that supports OCTA's ability to deliver the M2 freeway improvements. Staff will continue to keep the EOC, the Regional Transportation Planning Committee, and the Board of Directors apprised of this matter. A brief update will be shared with the EOC.

### ***Item 8 – Southern California Edison Coordination Update***

As previously shared with the EOC and Board, biological impacts occurred at the Pacific Horizon (in the City of Laguna Beach) and Silverado Chaparral (in Silverado Canyon) Preserves as a result of Southern California Edison (SCE) utility powerline maintenance work (Attachment F). 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. OCTA and SCE are working cooperatively toward these goals. Agreements have been collaboratively developed to define utility access to all the Preserves and identify expected procedures and information requirements related to any future SCE activities.

SCE does not have easements for the power poles or facilities at either of these Preserves. Consequently, surveys for the utility poles and facilities were completed. The surveys determined that while most of the poles are located on adjacent County-owned land, with one occurring on City of Laguna Beach property, the related access involves the Preserves. Survey information is necessary to develop easements and agreements for the poles and affiliated work areas near and within all of the Preserves. In early 2024, OCTA completed the legal description and depiction of all Preserve property lines and adjacent utilities. The survey documentation and all associated legal documents are currently under review for approval by SCE staff and legal counsel.

SCE is working on obtaining a Coastal Development Permit (CDP) from the California Coastal Commission (CCC) for the operational activities including vegetation management within the Pacific Horizon Preserve. The original application was submitted in 2022. In July 2024, SCE submitted additional requested information to CCC which included an updated project description. In general, the updated information includes:

- after-the-fact vegetation maintenance and pole replacements completed in 2019 and 2020 which included cut access paths and 10-foot radius clearing around poles (as previously shared in Attachment E)
- future annual vegetation maintenance, removal and replacement of 14 wood poles with fire resistant poles, removal of eight poles and conductors (line of poles on the eastern side of the Preserve), replacement of two anchors, conduct overhead work at one pole and replace an existing conductor with a wrapped conductor along a length of approximately 4,695 feet

SCE also provided a conceptual habitat restoration plan to the CCC to offset the impacts within the Pacific Horizon Preserve. OCTA staff is reviewing the information included in the CDP application and coordinating with the Wildlife Agencies on the conceptual restoration plan. Comments will be provided to the



CCC for their consideration. On a parallel path, OCTA is working with SCE to record the easements and access agreement for all Preserves.

***Item 9 – Spring Restoration Tour***

An Environmental Mitigation Program restoration project tour was offered to all EOC members and was held on June 4<sup>th</sup>. Staff facilitated a tour of the Laguna Canyon Foundation (LCF) Aliso Creek Restoration Project (Project). OCTA contributed \$1,482,100 towards this project which began in 2015. The site is within the boundaries of the Aliso and Wood Canyons Wilderness Park owned and operated by Orange County Parks.

The Project's purpose was to restore 55 acres of riparian habitat along Aliso Creek, in the City of Laguna Niguel. The project includes removing nonnative invasive plants (primarily *Arundo donax*) and planting riparian and transitional upland habitats. This project benefits multiple OCTA Conservation Plan covered species such as least Bell's vireo, southwestern willow flycatcher, pond turtle, coastal California gnatcatcher and bobcat which have all been recorded within the restoration site.

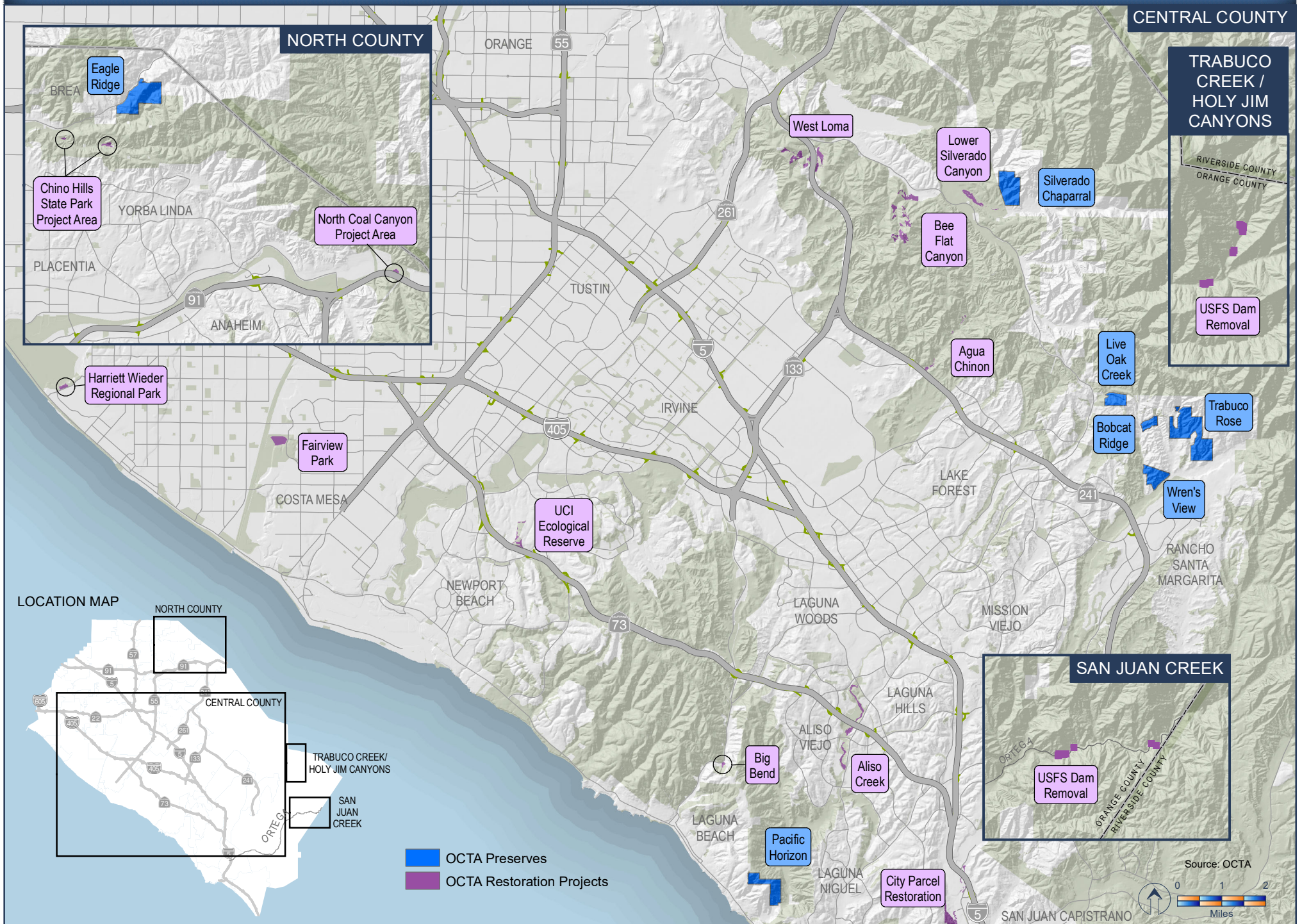
The project is on track and depending on spring 2024 surveys, sign off may be requested in 2024/2025. Staff will share an overview of the site tour.

**Attachments:**

- A. OCTA Preserves and Restoration Projects
- B. OCTA Endowment Pool March 31, 2024 Quarterly Investment Report
- C. OCTA Existing and Proposed Restoration Areas at Fairview Park
- D. OCTA M2 EMP Funded Restoration Projects Status Table
- E. Pacific Horizon/Southern California Edison Poles and Impacts
- F. Live Oak Creek Preserve Encroachment Figures and December 18, 2023  
OCTA Letter to Orange County Planning

# OCTA Preserves and Funded Restoration Projects

ATTACHMENT A





## COMMITTEE TRANSMITTAL

***June 24, 2024***

**To:** Members of the Board of Directors

**From:** Andrea West, Clerk of the Board *Andrea West*

**Subject:** Environmental Mitigation Program Endowment Fund Investment Reports for March 31, 2024

Finance and Administration Committee Meeting of June 12, 2024

**Present:** Directors Do, Harper, Hennessey, Klopfenstein, Nguyen and Sarmiento

**Absent:** Director Federico

**Committee Vote**

This item was passed by the Members present.

Director Klopfenstein was not present to vote on this item.

**Committee Recommendation**

Receive and file as an information item.



**June 12, 2024**

**To:** Finance and Administration Committee

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

**Subject:** Environmental Mitigation Program Endowment Fund Investment Report for March 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 March 31, 2024, the Orange County Transportation Authority (OCTA) has made eight deposits to the CCF Endowment Pool (Pool), each in the amount of \$2,877,000.

***Discussion***

Per Attachment A, as of March 31, 2024, total assets in the Pool were \$1.18 billion. Total foundation assets were \$2.43 billion. Performance for the Pool was below the Blended Benchmark (Benchmark) in both the short- and mid-term horizon of up to ten years. However, over the 20-year time frame, the Pool closely mirrored the performance of the Benchmark.

Per Attachment B, the balance as of March 31, 2024, was \$28,374,041. The balance is slightly above the target of \$27,836,263 for the third quarter of fiscal year (FY) 2023-24. Based on CCF's performance to date, OCTA is on track to meet the endowment target of \$46.2 million in FY 2027-28 (Attachment C). The total endowment portfolio was up 3.1 percent for this quarter. The strong performance in the quarter was primarily driven by the continued rally in equity markets led by a few large-cap technology companies. In contrast, the fixed-income market remained flat due to expectations of higher-for-longer interest rates. Despite a reduction in market expectations for rate cuts from six at the start of the year to three, which could have weakened equities, several factors contributed to robust performance. These factors included earnings growth, expanding company margins, and tailwinds from artificial intelligence advancements. Diversification, asset allocation, and appropriate sizing of underlying investments in the endowment portfolio are the main strategies to protect the portfolio from outsized volatility.

***Summary***

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



***Attachments***

- A. California Community Foundation Endowment Pool Investments – March 31, 2024
- B. California Community Foundation Fund Statement – 1/1/2024 – 3/31/2024
- C. EMP 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 March 31, 2024

## INVESTMENTS

### Total Pool Assets

\$1.18 billion (Endowment Pool), \$2.43 billion (total foundation assets) as of March 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

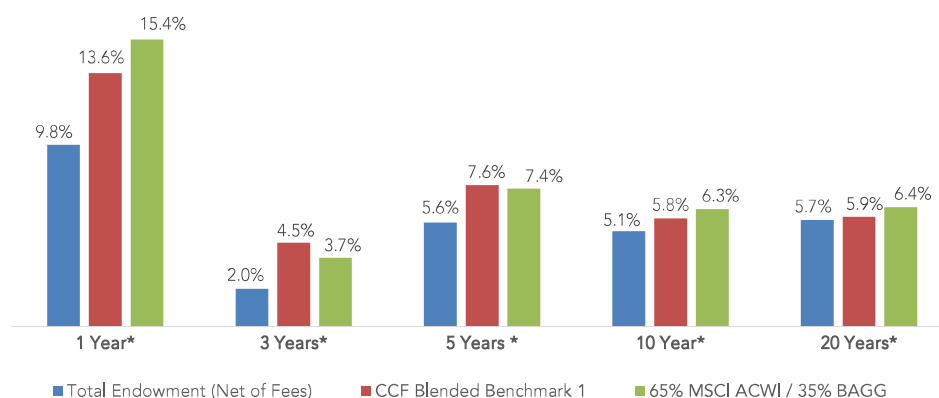
Hall Capital Partners

### Performance & Asset Allocation

Performance for March 2024 was 0.9% <sup>(2,5)</sup>

Performance for the three months ended March 31, 2024 was 3.1%

CCF Total Endowment (net of fees) vs. Blended Benchmark <sup>(1)</sup>



| Asset Class                      | Balance (\$m)  | % of Port     | Long-Term Target Range <sup>(4)</sup> |
|----------------------------------|----------------|---------------|---------------------------------------|
| Cash & Equivalent <sup>(3)</sup> | \$4            | 0.3%          | 0 - 5%                                |
| Fixed Income                     | \$151          | 12.8%         | 10 -20%                               |
| Public Equities                  | \$566          | 47.8%         | 40 - 60%                              |
| Alternative Assets               | \$165          | 13.9%         | 10 - 25%                              |
| Hybrid Investments               | \$147          | 12.4%         | 0 - 10%                               |
| Private Investments              | \$130          | 11.0%         | 10 - 20%                              |
| Real Assets                      | \$21           | 1.8%          | 5 - 10%                               |
| <b>Total Endowment Assets</b>    | <b>\$1,184</b> | <b>100.0%</b> |                                       |

## MARKET COMMENTARY – Q1 2024

In Q1, equity markets continued the strong performance from 2023, led by US large-cap technology companies. The MSCI ACWI index was up 8.2%. While bond performance was muted, a balanced 60% equity / 40% bond portfolio produced a return of 4.6%.

Market expectations for rate cuts fell from six at the start of the year to three priced in by the end of the quarter. This recalibration came on the heels of continuous economic and labor market strength as well as mixed inflation data. Though these revisions could have led to weakness in equity markets, a combination of factors including earnings growth, expanding company margins, and AI tailwinds boosted performance throughout the quarter.

Also as a continuation from 2023, equity market returns have been very concentrated. Just four stocks (Nvidia, Microsoft, Meta, and Amazon) accounted for nearly half of the S&P 500's gain, with Nvidia alone contributing about a quarter. Small cap US stocks were up 5.2%. Outside of US indices, equity returns were positive, albeit more muted in Europe (MSCI Europe: +5.2%) and China (CSI 300: +1.4%).

The near-term path for inflation and Fed policy remains uncertain. If the economy remains healthy and inflation stays slightly elevated, interest rates could decline more slowly than the market currently anticipates. Against this backdrop, fundamentals continue to play a pivotal role in determining asset prices in public markets and guiding valuation adjustments in private markets. The persistence of higher rates creates material bifurcation among companies and a favorable backdrop for active managers with deep underwriting and security selection capabilities (both in equity and credit).

## EP COMMENTARY

Excluding private investments, the portfolio was up 4.3% YTD, roughly in-line with the EP's liquid only benchmark of 4.6% (60/40 stocks/bonds). The total Endowment portfolio was up an estimated 3% in Q1 which includes private investment marks that report on a lag are held at zero for Q1.

The EP fixed income portfolio outperformed its benchmark by 60 bps although performance was effectively flat (-0.2%) given expectations of higher-for-longer interest rates.

Overall equity markets performed very well in Q1, although "alpha" over the benchmark index was difficult to generate. The EP equity portfolio was up 5.9% YTD versus its benchmark (the MSCI All Country World Index) of 8.2%. We believe the EP equity portfolio is more balanced across sectors and market-cap than the index. Slightly higher exposure to EM, healthcare and biotech (that did not keep pace with the MSCI ACWI) weighed on relative EP performance.

The current backdrop presents attractive opportunities for security selection. While large capitalization tech stocks have become more expensive (deserved given the strength of the franchises and strong growth), the broader market, including stocks outside the US, continues to be reasonably priced, or even cheap. Looking forward, our equity managers are reporting strong fundamentals for companies in their portfolios and pipelines.

The EP Hedge Funds portfolio generated solid performance in Q1 and should continue to generate more consistent returns than equities given 1) higher credit exposure from absolute return managers; 2) moderated net exposure from equity hedge managers. The hedge fund portfolio was up 2.6% in Q1 versus 3.1% for the EP hedge fund benchmark.

We are excited about the private commitments we have made to date, which are still relatively early in terms of duration and are only beginning to contribute to performance. Most have "dry powder" to be invested at what we believe will prove to be attractive entry points. We now have most private marks for CY 2023 including Q4. As stated above, private investments report on a lag and are therefore held at a 0% return for Q1'24, again muting overall performance relative to strongly positive public markets in the first quarter. However, we believe this exposure will drive higher returns for the EP over the longer term. Lastly, the real assets portfolio was down 2.2% in CY 2023 driven by declines in legacy real estate managers with real estate down 5.9% in 2023.



\* Represents Annualized Returns.

**Footnotes:**

1 – Total benchmark intended to roughly match CCF portfolio asset allocation with relevant constituent benchmarks. Current blended benchmark effective since 7/1/21.

Current blend: 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%).

65% MSCI ACWI / 35% Barclays Aggregate Bond Index Blend.

CPI +5%.

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 1.17% excluding fund manager incentive fees.



## ATTACHMENT B

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

### FUND STATEMENT

#### OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

1/1/2024 - 3/31/2024

#### Fund Summary

|                                        | Report Period<br>1/1/2024 - 3/31/2024 | Calendar YTD<br>1/1/2024 - 3/31/2024 |
|----------------------------------------|---------------------------------------|--------------------------------------|
| <b>Opening Fund Balance</b>            | \$27,593,905.17                       | \$27,593,905.17                      |
| Contributions                          | 0.00                                  | 0.00                                 |
| Investment Activity, net               | 849,919.63                            | 849,919.63                           |
| Administration & Grant Management Fees | (69,783.92)                           | (69,783.92)                          |
| Net Changes to Fund                    | 780,135.71                            | 780,135.71                           |
| <b>Ending Balance</b>                  | <b>\$28,374,040.88</b>                | <b>\$28,374,040.88</b>               |

#### Investment Pool Performance as of 3/31/2024

|                                     | 1-Year | 3-Years | 5-Years | 10-Years |
|-------------------------------------|--------|---------|---------|----------|
| <b>Endowment Pool</b>               | 9.8%   | 2.0%    | 5.6%    | 5.1%     |
| <b>Social Impact Endowment Pool</b> | 21.0%  | 6.2%    | 10.0%   | 7.9%     |
| <b>Conservative Balanced Pool</b>   | 10.5%  | 2.7%    | 5.0%    | 4.6%     |
| <b>Short Duration Bond Pool</b>     | 3.1%   | -0.4%   | 1.2%    | n/a      |
| <b>Capital Preservation Pool</b>    | 5.5%   | 2.6%    | 2.1%    | 1.4%     |

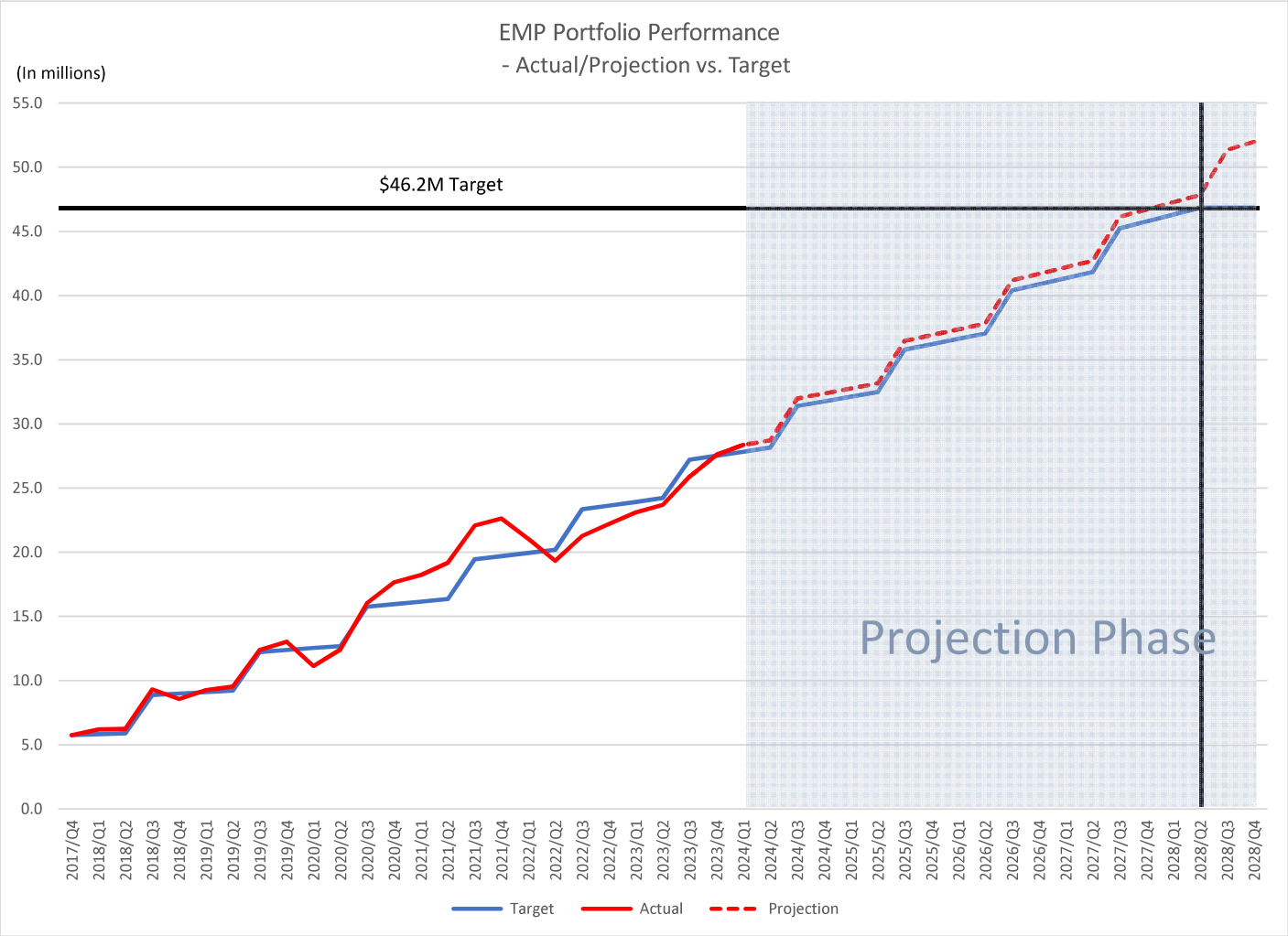
**Endowment Pool** - Invested for long-term growth and appreciation across multiple investment managers. It seeks to preserve the purchasing power of assets over an indefinite time horizon through long-term investment opportunities, while providing a relatively predictable and stable stream of distributions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







Source: OCTA





**OCTA M2 EMP Funded Restoration Projects Status Table**

| <b>Project Name</b>                            | <b>Sponsor/<br/>Geographic Area</b>                                        | <b>Cost</b>  | <b>Approximate<br/>Acreage and Habitat<br/>Types</b>                                                                    | <b>Land Protection<br/>Document Type/Status</b>                                                                          | <b>Year<br/>Began</b> | <b>Project Status</b>                                                                                                                                                                             |
|------------------------------------------------|----------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Big Bend                                       | Laguna Canyon Foundation/<br>Laguna Beach                                  | \$87,500     | 3.7<br>Coastal sage scrub<br>(CSS) and riparian<br>woodland                                                             | Restrictive Covenant/<br>Complete                                                                                        | 2011                  | Signed off 2017                                                                                                                                                                                   |
| City Parcel/2C<br>Ranch                        | City of San Juan Capistrano/<br>San Juan Capistrano                        | \$1,500,000  | 53<br>CSS, native grassland,<br>oak woodland, and<br>riparian                                                           | Restrictive Covenant/<br>Complete                                                                                        | 2011                  | Signed off 2018                                                                                                                                                                                   |
| UCI Ecological<br>Reserve                      | Natural Community Coalition/<br>Irvine                                     | \$325,000    | 8.5<br>Cactus scrub                                                                                                     | Central/Coastal<br>NCCP/HCP Reserve                                                                                      | 2011                  | Signed off 2021                                                                                                                                                                                   |
| United States<br>Forest Service<br>Dam Removal | United States Forest Service/<br>San Juan Capistrano and<br>Trabuco Canyon | \$185,000    | 31*<br>Dams,<br>creek bed and riparian                                                                                  | USFS Protected Lands                                                                                                     | 2018                  | Signed off 2022                                                                                                                                                                                   |
| Bee Flat<br>Canyon                             | Irvine Ranch Conservancy/<br>Irvine                                        | \$1,597,860* | 90.1* (84 acres Bee<br>Flat/6.1 acres Agua<br>Chinon)<br>chaparral, CSS, native<br>grassland, riparian, and<br>woodland | Restrictive<br>Covenant/Complete                                                                                         | 2011                  | 84 acres signed off<br>2020                                                                                                                                                                       |
| Agua Chinon                                    |                                                                            |              |                                                                                                                         | Central/Coastal<br>NCCP/HCP Reserve<br><br>Land Protection Document<br>Pending Corps approval<br>(County area 0.31 acre) | 2011                  | 6.1 acres signed off<br>2023<br>(Wildlife Agencies)<br><br>0.83 acres (The<br>Irvine Company<br>portion) signed off<br>2023 (Corps)<br>0.31 acres (County)<br>pending Corps legal<br>requirements |
| Lower<br>Silverado<br>Canyon                   | Irvine Ranch<br>Conservancy/County of<br>Orange                            | \$1,414,435* | 28.4*<br>Riparian                                                                                                       | Conservation Easement/<br>Complete                                                                                       | 2014                  | Signed off 2023                                                                                                                                                                                   |

## OCTA M2 EMP Funded Restoration Projects Status Table

| Project Name                     | Sponsor/<br>Geographic Area                          | Cost         | Approximate<br>Acreage and Habitat<br>Types           | Land Protection<br>Document Type/Status                                                    | Year<br>Began | Project Status                |
|----------------------------------|------------------------------------------------------|--------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------|-------------------------------|
| West Loma                        | Irvine Ranch<br>Conservancy/County of<br>Orange      | \$1,454,570* | 62.4*<br>CSS and riparian                             | Conservation<br>Easement/portion covered<br>by a Restrictive Covenant/<br>Complete         | 2013          | Signed off 2024               |
| Harriett Weider<br>Regional Park | Bolsa Chica<br>Conservancy/Huntington<br>Beach       | \$475,000    | 8.2<br>CSS, native grassland,<br>and riparian         | Restrictive Covenant/<br>Complete                                                          | 2016          | Pending<br>(anticipated 2024) |
| North Coal<br>Canyon             | RECON Environmental/<br>Yorba Linda                  | \$247,500    | 5.5<br>CSS                                            | Restrictive Covenant/<br>Conserved by the<br>Land and Water<br>Conservation Fund<br>(LWCF) | 2019          | Pending<br>(anticipated 2025) |
| Fairview Park                    | City of Costa Mesa/<br>Costa Mesa                    | \$2,000,000  | 23<br>CSS, native grassland,<br>riparian, and wetland | Needed                                                                                     | 2011          | Pending                       |
| Aliso Creek                      | Laguna Canyon Foundation/<br>Laguna Niguel           | \$1,482,100* | 55<br>Riparian                                        | Restricted Covenant<br>Pending                                                             | 2015          | Pending<br>(anticipated 2025) |
| Chino Hills<br>State Park        | Habitat Restoration Sciences,<br>Inc/<br>Yorba Linda | \$193,000    | 11<br>Cactus scrub                                    | Conserved by the LWCF                                                                      | 2020          | Pending<br>(anticipated 2025) |

Approximate acreage is subject to change and may be adjusted slightly once the restoration work is completed.

Shaded cells indicate the project is complete and has obtained "sign off" from the Wildlife Agencies.

\*Amounts depicted in the table were revised/amended pursuant to the OCTA Board-approved contracting procedures.

### Acronyms

Corps - United States Army Corps of Engineers

EMP - Environmental Mitigation Program

M2 – Measure M2

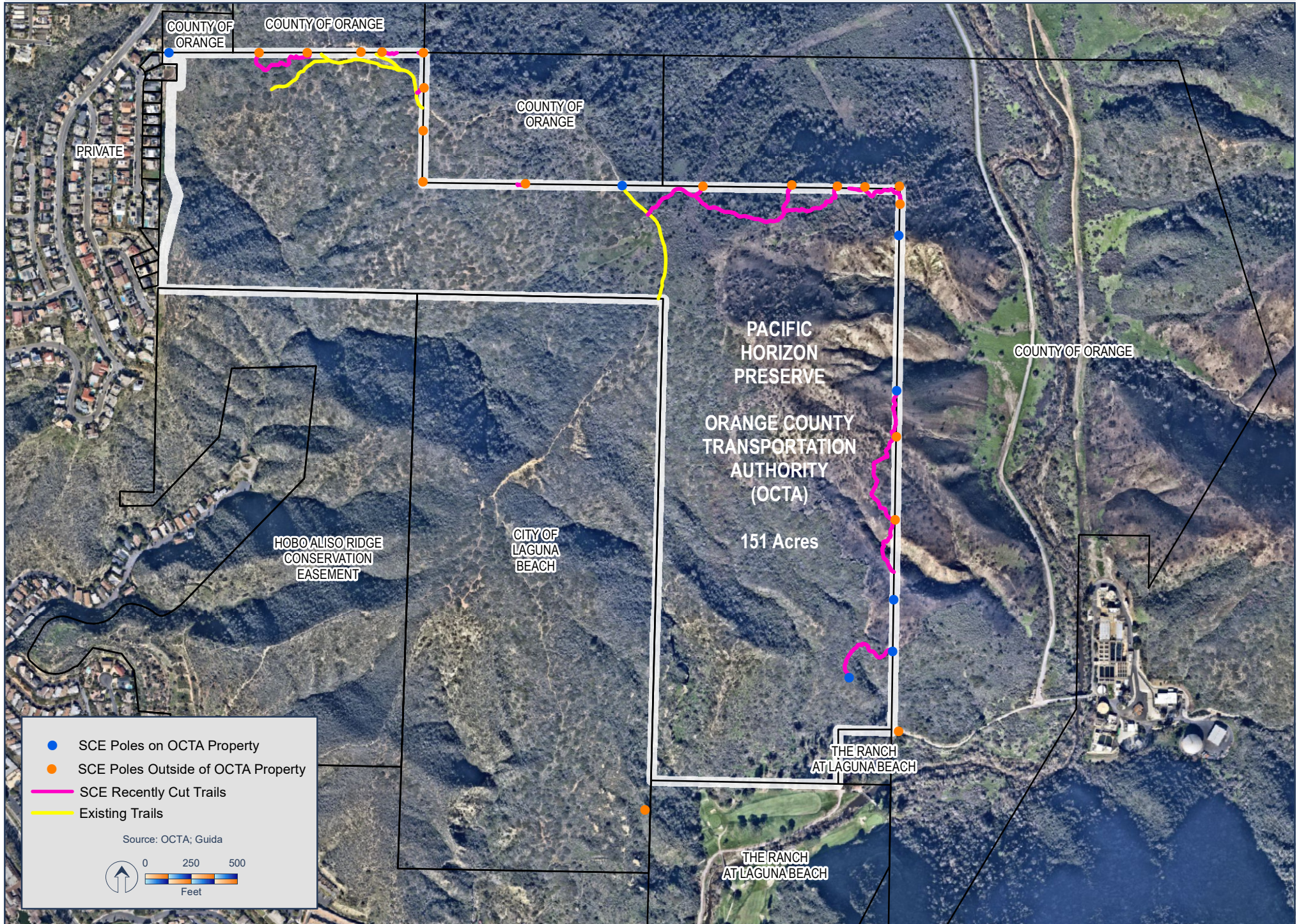
NCCP/HCP - Natural Community Conservation Plan/Habitat Conservation Plan

OCTA – Orange County Transportation Authority

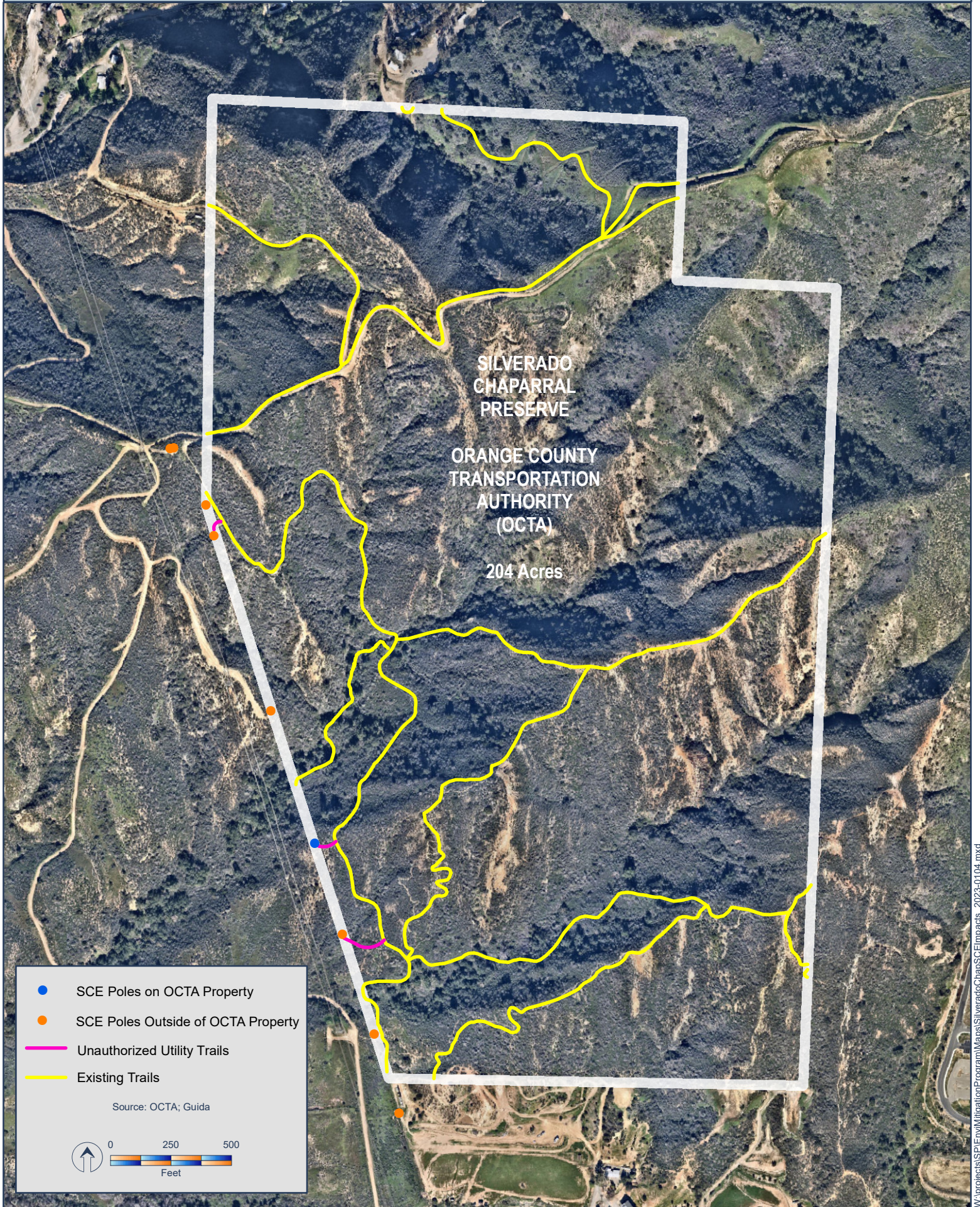
UCI – University of California, Irvine

USFS – United States Forest Service

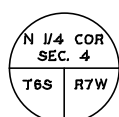




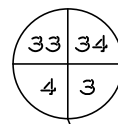








FOUND 2" IRON PIPE WITH O.C.S. 3-3/4"  
ALUMINUM CAP PER R.S.B. 141/5-19



FOUND MAG NAIL SET IN CONCRETE  
PER R.S.B. 141/5-19

N89°34'15"W 2614.65' SEC 33, T5S, R7W  
SEC 4, T6S, R7W

RETAINING ROCK GROUND COVER

APN: 856-021-27  
APN: 856-021-26

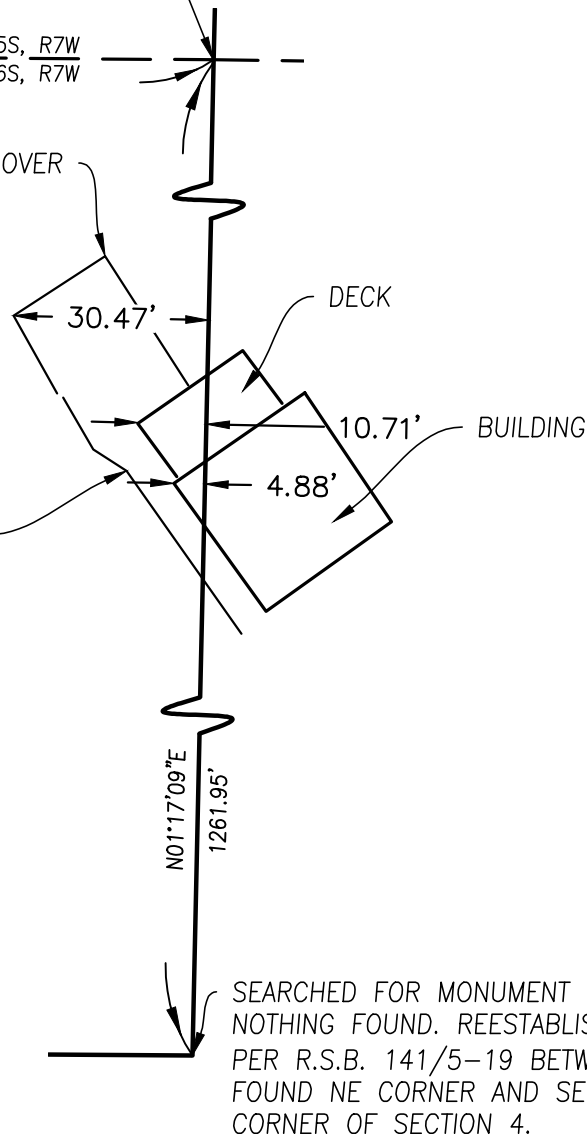
PARCEL 2  
LLA NO. LL-2008-007  
INST. NO. 2008000473333, O.R.  
RECORDED 10/10/2008



SCALE: 1" = 30'

**LEGEND & ABBREVIATIONS**

- LIVE OAK CREEK PRESERVE BOUNDARY
- SECTION LINE
- CENTERLINE



PREPARED BY ME OR UNDER MY DIRECTION.

JONATHON J. CORREA  
PLS 8950

DATE: 11/15/2023



**GUIDA SURVEYING INC.**  
220 COMMERCE, SUITE 150  
IRVINE, CALIFORNIA 92602  
TOLL FREE 1.855.90GUIDA  
WWW.GUIDASURVEYING.COM

Project No. 0122-02461 Live Oak Creek\_Building.dwg

**SHEET 1 OF 1**

**EXHIBIT MAP**  
OCTA LIVE OAK CREEK  
COUNTY OF ORANGE  
STATE OF CALIFORNIA  
NOVEMBER 2023

















**AFFILIATED AGENCIES**

*Orange County  
Transit District*

*Local Transportation  
Authority*

*Service Authority for  
Freeway Emergencies*

*Consolidated Transportation  
Service Agency*

*Congestion Management  
Agency*

December 18, 2023

Mr. Cameron Engelhart  
Orange County Development Services  
Planning and Development, Neighborhood Preservation  
601 N Ross Street  
Santa Ana, CA 92701

Via email: [Cameron.Engelhart@ocpw.ocgov.com](mailto:Cameron.Engelhart@ocpw.ocgov.com)

Subject: **19041 Live Oak Canyon Road and the Live Oak Creek Preserve  
(CE230465)**

Dear Mr. Englehart:

The Orange County Transportation Authority (OCTA) was recently informed of a code enforcement action for an unpermitted business (which includes encroaching structure improvements) at 19041 Live Oak Canyon Road in Trabuco Canyon. OCTA owns the adjoining property, the Live Oak Creek Preserve [Preserve] (APNs 856-021-26 and 856-021-27). An American Land Title Association survey recently conducted by OCTA determined the accessory structure and associated outdoor improvements at 19041 Live Oak Canyon Road crosses into the OCTA Preserve. OCTA did not approve these encroachments and is concerned about the resulting damages and risks.

The recent outdoor expansion (and affiliated use) not only impacted the habitat but also greatly increased the fire risk to OCTA's Preserve and surrounding area. This area is already in a Very High Fire Hazard Severity Zone (CAL FIRE mapping). Specifically, OCTA is highly concerned about the fire risk associated with outdoor open flames (fire pit, hot tub, and outdoor cooking) within and adjacent to heavily vegetated areas.

As background, the 84-acre Preserve is one of seven protected conservation properties owned by OCTA. The Preserve provides essential habitat for sensitive native plants and wildlife. These Preserves are part of a program known as OC Go, OCTA's half-cent transportation sales tax measure to provide mobility solutions and funding for environmental preservation and enhancement programs.

As part of the code enforcement action, OCTA understands the County neighborhood preservation team will require that the unpermitted short-term rental business (and use of the outdoor facilities) be halted until the code violations are resolved. OCTA staff had discussions with the County's planning and development team and have been informed that there are no existing

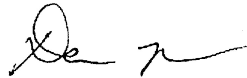


Mr. Cameron Englehart  
December 18, 2023  
Page 2

permits for the accessory structure (or related improvements). The County also indicated that since the structure crosses the property line into the OCTA Preserve, a code enforcement case would be opened against the property owners. OCTA is eager to resolve these issues through a process that respects property boundaries, restores the damaged habitat by the adjacent property owners and ensures future improvements on the adjacent property conform to the County's planning and permitting requirements.

OCTA appreciates the efforts of the County's development services department to restore site compliance with applicable County ordinances. Throughout the development of this code enforcement action, we encourage open communication with OCTA on this matter and would appreciate being updated on this issue. If you have any questions or comments, please contact me at 714-560-5907 or at [dphu@octa.net](mailto:dphu@octa.net) or Lesley Hill at [lhill@octa.net](mailto:lhill@octa.net) or 714-560-5759.

Sincerely,



Dan Phu  
Sustainability Planning Manager

DP:lh

c: Ilene Lundfelt, County of Orange  
Cora Villegas, County of Orange