



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: November 7, 2018

SUBJECT: **Agenda Item VI(d): Consideration of resolution authorizing MRCA to utilize the services of the National Fish and Wildlife Foundation (NFWF), for the management of long term mitigation project funds.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing MRCA to utilize the services of the National Fish and Wildlife Foundation (NFWF), for the management of long term mitigation project funds.

Background: The Mountains Recreation and Conservation Authority (MRCA) is coordinating with the National Fish and Wildlife Foundation (NFWF), to establish a long term land management and maintenance (LTMM) fund, for an upcoming mitigation project in Soledad Canyon. This would be the first of potentially many separate project-specific funds with NFWF.

NFWF has the ability to invest funds in a manner that yields higher interest rates than those currently achievable by MRCA. These higher yields would allow MRCA to utilize greater annual funding for perpetual maintenance of mitigation sites.

California Department of Fish and Wildlife supports the use of NFWF for mitigation funding, and would be involved in the process of outlining tasks to be funded by the long term investment.

Subject mitigation funds would be managed by NFWF's Impact-Directed Environmental Accounts (IDEA) department. The IDEA department receives, manages, and disburses funds that originate from regulatory permits and mitigation plans, among others.

NFWF has the capacity to achieve reasonable rates of return on the investment of those funds similar to those of other prudent investors for endowment funds and shall manage and invest the endowment in good faith and consistent with the Uniform Prudent Management of Institutional Funds Act.

Funds advanced to NFWF are managed by outside professional investment managers based on Investment Policy Statements (IPS) that are either approved by the provider of the funds, proffered by NFWF, or both. In all cases, NFWF ensures compliance between a specific funding source under management and its guiding IPS.

When NFWF receives and manages LTMM funds, they act solely as an agent, trustee, or escrow provider for the permitting agency solely to ensure the funds are applied to pay for LTMM requirements specified in applicable permits and regulations.

For each project, certain tasks, costs, and contingencies for LTMM of a property have been outlined, the next step is to apply a capitalization rate to determine the amount of funds to be drawn each year to meet the cash need to pay for work on the property.

LTMM funds would be deposited directly from the provider into a uniquely identifiable financial account, which charges a one percent administration cost annually.

Two attachments to this item further describe the background and investment strategies of NFWF.

Fiscal Impact: This action would provide greater annual funding for projects than would be possible through current investment practices.