

Investment Pools Performance & Commentary

December 31, 2015

THE ECONOMIC CLIMATE

Global growth has benefited from improvements in Europe and Japan, but headwinds persist in emerging market economies. Real GDP came in at 2% in the third quarter, and 2.1% on a year-over-year basis. The Atlanta Fed GDPNow model forecasts continued weaker growth of 1.2% real for Q4, as of December 31st 2015. There is continuing global disinflationary pressure from falling commodity prices and excess manufacturing capacity. Despite this, inflation in the U.S. and other developed markets rose slightly in Q4. Some emerging market economies are experiencing economic depression. With high unemployment rates and negative GDP growth rates, Brazil and Russia's economies are under stress. The slowing economic growth in China continues to cause concern.

MARKET PORTFOLIO IMPACTS

The U.S. dollar strengthened in the fourth quarter to levels not seen since 2003. This appreciation had a negative impact on unhedged equity exposure, commodity markets, and earnings of international businesses. Emerging market equity continued to experience volatility and losses. The effect of a lower price of oil has translated to broad currency depreciation for the emerging markets. In equity markets negative sentiment and economic challenges may cause ongoing concerns. Domestic credit spreads widened further during the quarter, led by the energy sector. However most spreads remain in a broadly normal range. Emerging market economies have experienced great pain, reflected in wider CDS spreads following the drop in the price of oil. The market is increasingly concerned about the possibility of high yield weakness spreading across the credit spectrum.

THE INVESTMENT CLIMATE

Sentiment across risk markets seems to be shifting in a more bearish direction. The Federal Reserve implemented a 25 bps rate hike in December. This move was generally expected and priced in. Initial Fed expectations of further rises may be tempered by market conditions. On a P/E basis foreign equity markets appear relatively cheap compared to the U.S. This does not imply a buy signal as the lower valuations may be due to higher risk associated with these markets.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a decline in the second quarter ending December 31, 2015. During the period, Domestic Equity, International Equity, Domestic Fixed Income, Alternatives and Commodities composites posted negative returns. The allocation to REITs saw a gain but underperformed its benchmark.

Investment Pools	Three months ended 12/31/15	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.0	0.2	0.2	0.2	0.3	0.6
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	1.2	-1.2	-1.8	-1.2	3.1	4.7
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	2.3	-2.1	-3.2	-2.1	5.0	5.7
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	2.3	-2.7	-4.3	-2.7	5.5	5.5
Endowment	2.2	-1.6	-4.4	-1.6	5.4	5.4
Market Benchmarks						
Cash - 90-Day Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0
Bonds - Barclays Capital Aggregate	-0.6	0.6	0.7	0.6	1.4	3.2
International Stocks - MSCI ACWI ex U.S. Gross	3.3	-5.3	-9.2	-5.3	1.9	1.5
Domestic Stocks - S&P 500	7.0	1.4	0.2	1.4	15.1	12.6
Blended Benchmark - Endowment¹	2.5	-0.5	-3.1	-0.5	5.9	5.7

1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% BC Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 7% CPI +6.5% Index.

Notes: The above are the historical returns for each of the five investment pools. Investment performance of individual funds may vary from the total pool return due to the timing of contributions and grants. Historical returns are not a predictor of future returns. The returns above are net of fees paid to investment managers. This fee represents the plans' blended expense ratio and is between 50 and 60 basis points annually. The fee for our investment consultant, Verus, is not reflected in the returns.

CASH EQUIVALENT

A cash-equivalent pool designed for donors or nonprofits that wish to make grants immediately or for funds that cannot sustain any loss of principal over any time horizon.



During the quarter, the Short Term Pool returned 0.0% given the tepid yields available across the CD and money market universes. Over the past year, the Short-Term Pool has returned 0.2% as the Federal Reserve continues to keep rates near historic lows.

GLOBAL CONSTRAINED INCOME & GROWTH

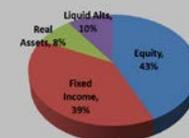
Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Income & Growth Pool gained 1.2% during the quarter and was down -1.2% over the past year. Domestic and International Equities were up over the quarter. Total Equities account for 22% of the portfolio, and both Domestic and International equities underperformed their respective composite benchmarks. The Pool's Fixed Income securities, which comprises 61% of its total assets, slipped -0.5% for the quarter. The allocation to REITs, which is 7% of the portfolio, saw a gain of 7% over the quarter. A new manager, AQR was added to the Alternatives allocation, replacing the existing manager that had been lagging in this current environment.

GLOBAL CONSTRAINED BALANCED

Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Balanced pool gained 2.3% during the quarter and was down -2.1% over the past year. Domestic and International Equities were up over the quarter. Total Equities account for 43% of the portfolio, and both Domestic and International equities underperformed their respective composite benchmarks. The Pool's Fixed Income securities, which comprises 39% of its total assets, slipped -0.5% for the quarter. The allocation to REITs, which is 8% of the portfolio, saw a gain of 7% over the quarter. A new manager, AQR was added to the Alternatives allocation, replacing the existing manager that had been lagging in this current environment.

GLOBAL GROWTH & INCOME

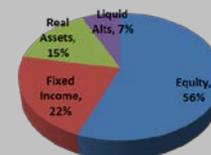
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Growth & Income pool gained 2.3% during the quarter and was down -2.7% over the past year. Domestic and International Equities were up over the quarter. Total Equities account for 56% of the portfolio, and both Domestic and International equities underperformed their respective composite benchmarks. The Pool's Fixed Income securities, which comprises 22% of its total assets, slipped -0.5% for the quarter. The allocation to REITs, which is 10% of the portfolio, saw a gain of 7% over the quarter. Within Alternative asset classes, Commodities posted weak returns but were a small detractor as the portfolio is underweighted in Commodities. A new manager, AQR was added to the Alternatives allocation, replacing the existing manager that had been lagging in this environment.

ENDOWMENT POOL

Designed for donors or nonprofits with endowment-like objectives (20+ years), willing to accept moderate illiquidity and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool may include an allocation to illiquid alternative investments. The management of this pool will be consistent with endowment best practices.



The Endowment pool gained 2.2% during the quarter which ranked in the 57th percentile. For the trailing one year the Endowment was down -1.6%. Domestic and International Equities were up over the quarter. Total Equities account for 56% of the portfolio, and both Domestic and International equities underperformed their respective composite benchmarks. The Pool's Fixed Income securities, which comprises 22% of its total assets, slipped -0.5% for the quarter. Real Estate saw a gain of 2.3% over the quarter. Within Alternative asset classes, Commodities posted weak returns but were a small detractor as the portfolio is underweighted in Commodities. A new manager, AQR was added to the Alternatives allocation, replacing the existing manager that had been lagging in this current environment.

Underlying Investment Managers

Domestic Equity: Vanguard 500 Index, T. Rowe Price Large Cap Growth, Touchstone Value fund Ins, Vanguard Extended Market ETF

International Equity: Dodge & Cox International Stock, EuroPacific Growth, DFA International Small Cap, DFA Emerging Market Core

Fixed Income: Dodge & Cox Income, Met West Total Return, JP Morgan High Yield, Vanguard Inflation Protected Securities

Alternative Investments: AQR Style Premia Fund

Real Assets: Gresham Commodity, TownSquare Real Estate, Penn Square, UBS Trumbull, Vanguard REITs

Note: Performance for Penn Square Global Real Estate II and Town Square Real Estate Alpha Fund I is lagged by one quarter.