Investment Pools Performance & Commentary
June 30, 2014

Second Quarter 2014 Market Environment

To recap, in September 2012, the Fed announced $85 billion/month in QE purchases with no end date (QE Infiniti). In December 2013, the Fed started tapering QE purchases and continued throughout the second quarter of 2014. From September 2012 to December 2013, GDP was lower, non-farm payrolls remain in the same range over 2.5 years, and the unemployment rate is lower by 1.5%, though more than 50% is due to falling participation rates. Tapering was not announced in recognition of meeting Fed economic targets, rather due to concerns of distorting markets. While the Fed's long-term objective might still be full employment and price stability, their short-term objective has been to reduce QE to zero and figure it out from there.

The economic recovery continues to muddle along in Europe, but some of the recent indicators are beginning to turn lower. Both PMI and retail sales have started to show some weakness. Conversely, the great QE experiment in Japan has pushed both inflation and GDP higher. However, the Japanese government has instituted a tax hike similar to the one implemented in 1997, and the results have been strikingly similar. In both the 1997 and 2014 tax hikes, consumption increased significantly in the quarter prior to the hike going into effect. Following the quarter of high consumption growth in 1997, consumption fell followed by a significant drop in the equity markets. Elsewhere, emerging markets continued to experience positive, but historically slow growth. Consumption has been trending lower since 2010, with Brazil turning negative for the first time since 2003. Unlike developed economies, EM central banks have yet to provide stimulus sufficient to generate growth as inflationary fears continue. The EM countries have been performing, but have not at the pace of the broad US equity markets.

Broadly speaking, the economy has been recovering since 2009, but healing does not take 5 years. Either potential GDP is structurally lower or there is an impediment to growth. Currently, there is an active discussion around Wall Street that the "Great Recession" was so severe that potential GDP growth has shifted lower from 2.5% to 2.0%, or even 1.75%. Will the US economy return to potential or above potential GDP? We believe it will, but not until a more stable credit equilibrium has been reached. In our view, GDP has not been permanently shifted downward, but the US economy is facing a structural headwind with excess debt.

Underlying Investment Managers

Domestic Equity: Vanguard 500 Index, T. Rowe Price Large Cap Growth, Barrow Hanley Large Cap Value, Vanguard Extended Market ETF
International Equity: Dodge & Cox International Stock, EuroPacific Growth, DFA International Small Cap, Vanguard Emerging Market ETF
Fixed Income: Dodge & Cox Income, PIMCO Total Return, JP Morgan High Yield, Vanguard Inflation Protected Securities
Real Assets: Schroders Commodity, TownSquare Real Estate, Penn Square, UBS Trumbull, Vanguard REITs
Liquid Alternatives: PIMCO All Asset All Authority

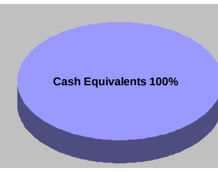
Investment Pools	Three months ended 6/30/14	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	*0.1*	*0.2*	*0.4*	*0.4*	*0.7*	*0.6*
Global Constrained Income & Growth 25% Equity, 75% Fixed Income	*3.5*	*6.0*	*11.2*	*11.2*	*7.1*	*10.3*
Global Constrained Balanced 50% Equity, 50% Fixed Income	*3.9*	*6.4*	*14.7*	*14.7*	*9.1*	*12.6*
Global Growth & Income 65% Equity, 30% Fixed Income, 5% Commodities	*4.1*	*7.0*	*18.1*	*18.1*	*9.2*	*13.5*
Endowment	*3.5*	*6.0*	*17.1*	*17.1*	*8.9*	*12.5*
Market Benchmarks						
Cash **-** *90-Day Treasury Bills*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.1*
Bonds - *Barclays Capital Aggregate*	*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*
International Stocks - *MSCI ACWI ex U.S. Gross*	*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*
Domestic Stocks - *S&P 500*	*5.2*	*7.1*	*24.6*	*24.6*	*16.6*	*18.8*
Blended Benchmark - Endowment[1]	*3.8*	*6.1*	*16.3*	*16.3*	*8.5*	*

1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% BC Aggregate, 10% NCREIF Property Index, 5% DJ UBS Commodity Index, 7% CPI +6.5% Index.
** Benchmark was created in 2010*

Notes: *The above are the historical returns for each of the five investment pool.* ***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, Wurts & Associates, is not reflected in the returns.***

CASH EQUIVALENT

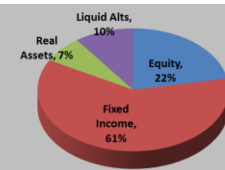
A cash-equivalent pool designed for donors or nonprofits that wish to make grants immediately or for funds that cannot sustain any loss of principal over any time horizon.



During the quarter, the Short Term Pool returned 0.1% given the tepid yields available across the CD and money market universes. Over the past year, the Short-Term Pool has returned 0.4% as the Federal Reserve continues to keep rates near historic lows. When the Fed starts raising short-term interest rates, the yield for the Short-Term Pool should improve.

GLOBAL CONSTRAINED INCOME & GROWTH

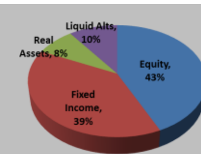
Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The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



The Global Constrained Income & Growth Pool gained 3.5% during the quarter and is up 11.2% over the past year. Both Domestic and International Developed Equities experienced positive returns during the quarter. The Pool's Fixed Income securities, which comprise 61% of its total assets, posted positive returns with TIPS contributing most to performance. The allocations to REITs and Liquid Alternatives were positive contributors to performance during the quarter.

GLOBAL CONSTRAINED BALANCED

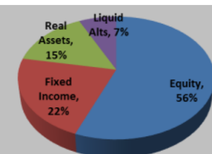
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool gained 3.9% during the quarter and is up 14.7% over the past year. The allocations to Domestic and International Equities were positive during the quarter amongst the entire portfolio. The allocation to Fixed Income was positive with TIPS contributing most to performance. The allocations to REITs and Liquid Alternatives also were positive contributors to performance during the quarter.

GLOBAL GROWTH & INCOME

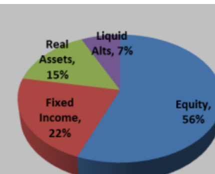
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool gained 4.1% during the quarter and is up 18.1% over the past year. Most asset classes within the portfolio were positive contributors to performance during the quarter. The allocation to Equities was positive across the portfolio. Fixed Income also posted positive across the sub-allocations, with TIPS contributing the strongest gains. Within alternative asset classes, REITs contributed most to the positive performance.

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 3.5% during the quarter and ranked in the 55th percentile in the Endowment Universe. The Pool is up 17.1% over the past year. All asset classes contributed positively to performance over the quarter, except for commodities, which was a very slight detractor overall. Within both Domestic and International Equity, large caps contributed most to the positive performance. Within Fixed Income, TIPS provided the strongest return. Within alternative asset classes, liquid alternatives contributed most to the positive performance.