

THE ECONOMIC CLIMATE

The U.S. economy continues to progress in a way which indicates a small interest rate increase is likely by year-end. US GDP YoY growth remains in the 2% to 3% range, and is noticeably higher than the previous 12 month figure. We expect continuing adequate, but not impressive, growth. Overseas, core Eurozone economies are making progress while the periphery continues to struggle. In 2015, Quantitative Easing continues in Europe and Japan, and China joined the ranks of economies pursuing QE programs. On the inflation front, low inflation globally persists while US inflation expectations have been flat over the quarter.

MARKET PORTFOLIO IMPACTS

Moderated dollar strength has mitigated the Q1 strengthening effect on foreign asset values but the continuing trend retains its effect on earnings. There has been a retracement of the very low global interest rate environment we reported last quarter, with negative impacts on fixed income prices. The emerging markets remain volatile in the face of commodity and economic challenges.

THE INVESTMENT CLIMATE

Overall, risk markets (equities generally) remain expensive relative to history, but not at bubble levels yet. Within fixed income, durations continue to be extended due to continued low interest rates, which have driven fixed income volatility.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio increased in the fourth quarter ending June 30, 2015. During the period both domestic equity and international equity composites saw small gains, fixed income and alternatives slipped marginally, and commodities posted a strong positive quarter, beginning to claw the 25+% declines they had seen in the prior several quarters, as a result of freefalling oil prices.

| Investment Pools | Three months ended 6/30/15 | Year to Date | Fiscal Year to Date | One (1) Year Return | Three (3) Year Return | Five (5) Year Return |
|--|----------------------------|--------------|---------------------|---------------------|-----------------------|----------------------|
| Cash Equivalent 100% Cash Equivalents | 0.04 | 0.07 | 0.15 | 0.15 | 0.4 | 0.6 |
| Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments | -1.3 | 0.6 | 0.3 | 0.3 | 5.6 | 6.8 |
| Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments | -1.2 | 1.2 | 0.7 | 0.7 | 8.7 | 9.3 |
| Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments | -0.7 | 1.7 | 0.3 | 0.3 | 9.8 | 10.2 |
| Endowment | 0.4 | 2.6 | 1.1 | 1.1 | 9.6 | 9.9 |
| Market Benchmarks | | | | | | |
| Cash - 90-Day Treasury Bills | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Bonds - Barclays Capital Aggregate | -1.7 | -0.1 | 1.9 | 1.9 | 1.8 | 3.3 |
| International Stocks - MSCI ACWI ex U.S. Gross | 0.7 | 4.3 | -4.8 | -4.8 | 9.9 | 8.2 |
| Domestic Stocks - S&P 500 | 0.3 | 1.2 | 7.4 | 7.4 | 17.3 | 17.3 |
| Blended Benchmark - Endowment¹ | 0.6 | 2.7 | 1.8 | 1.8 | 9.3 | 9.8 |

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.

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

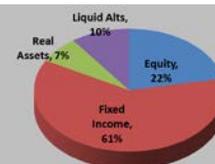
A cash-equivalent pool designed for donors or nonprofits that wish to make grants immediately or for funds that cannot sustain any loss of principal over any time horizon.



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 0.1% 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 was down 1.3% for the quarter and is up 0.3% over the past year. International and domestic equities rose marginally in step with one another, but fixed income fell slightly. Total equities account for 22% of the portfolio, and the domestic active managers outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 62% of its total assets, slipped 1.1% for the quarter. In a reversal from last quarter, the allocation to REITs, 6% of the portfolio, saw the greatest decline, falling 10.5%. Alternatives, which make up 10% of the portfolio, were essentially flat for the last three months.

GLOBAL CONSTRAINED BALANCED

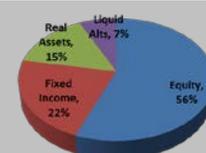
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool was down 1.2% during the quarter and is up 0.7% over the past year. International and domestic equities rose marginally in step with one another, but fixed income fell slightly. Total equities account for 44% of the portfolio, and the domestic active managers outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 39% of its total assets, slipped 1.1% for the quarter. In a reversal from last quarter, the allocation to REITs, 7% of the portfolio, saw the greatest decline, falling 10.5%. Alternatives, which make up 10% of the portfolio, were essentially flat for the last three months.

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 was down 0.7% during the quarter and is up 0.3% over the past year. International and domestic equities rose marginally in step with one another, but fixed income fell slightly. Total equities account for 56% of the portfolio, and both domestic and international equity active managers outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 23% of its total assets, slipped 1.1% for the quarter. In a reversal from last quarter, the allocation to REITs, 7% of the portfolio, saw the greatest decline, falling 10.5%. Alternatives, which make up 7% of the portfolio, were essentially flat for the last three months.

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 0.4% during the quarter which ranked in the 13th percentile. For the trailing one year the Endowment has gained 1.1%. International and domestic equities rose marginally in step with one another, but fixed income fell slightly. Total equities account for 56% of the portfolio, and both domestic and international equity active managers outperformed their benchmarks. The direct real estate investments report on a lag compared to their REIT counterparts and will provide additional return once those results have been finalized. The Pool's Fixed Income securities, which comprises 22% of its total assets, slipped 1.1% for the quarter.

Investment Pools Performance & Commentary

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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, DFA Emerging Market Core

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

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

Liquid Alternatives: PIMCO All Asset All Authority

Note: Performance is preliminary for Penn Square Global Real Estate II and is subject to change