

THE ECONOMIC CLIMATE

U.S. economic data generally surprised to the upside in Q2, leading to a strong quarterly GDP growth estimate of 3.4%. Economic growth in the second and third quarters will likely see the biggest boost from fiscal stimulus. The U.S. is currently outshining other developed economies. The synchronized global growth story of the past year has shifted somewhat as economies have displayed more disparate performance. The change has not been too dramatic – growth continues to be positive, but at a more moderate pace.

MARKET PORTFOLIO IMPACTS

Emerging market equity and local debt delivered losses of 8.0% and 10.4% in Q2 (MSCI Emerging Markets Index, JPM GBI-EM Global Diversified). Much of the losses were due to currency movement. We believe emerging market assets offer attractive value – recent movements appear to have been driven by a shift in short-term sentiment and currency depreciation. The U.S. implemented a first round of tariffs on Chinese imports on July 6th, which impacted \$34 billion worth of goods. So far, only a small portion of the discussed tariffs have been enacted.

THE INVESTMENT CLIMATE

Strong corporate earnings growth is expected again in the second quarter. According to FactSet, the bottom-up analyst forecast for the S&P 500 is 20.0% YoY. Short-term U.S. Treasury yields rose, resulting in a flatter yield curve. The spread between the 10- and 2-year yield was 27 bps, a new cycle low. Fears were raised over Italy's role in the European Union after a coalition of the anti-establishment Five Star Movement and League Party formed a new government. Italian sovereign bond yields spiked severely during the move, but have since moderated somewhat.

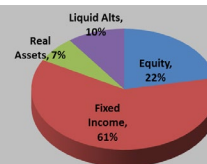
FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 2.1% gain in the period ending September 2018. During the period, Domestic Fixed Income posted positive returns and outperformed its benchmark. Real Estate and Domestic Equities saw positive performance but lagged their benchmark.

Investment Pools	Three months ended 9/30/2018	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.5	1.3	0.5	1.6	0.9	0.5
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	1.1	0.0	1.1	2.2	4.9	4.0
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	1.5	0.6	1.5	3.8	7.4	5.4
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	1.8	0.9	1.8	4.7	8.7	6.2
Endowment	2.1	1.8	2.1	5.7	9.1	6.5
Market Benchmarks						
Cash - 90-Day Treasury Bills	0.5	1.3	0.5	1.6	0.9	0.5
Bonds - Bloomberg Barclays US Aggregate	0.0	-1.6	0.0	-1.2	1.3	2.2
International Stocks - MSCI ACWI ex U.S. Gross	0.8	-2.7	0.8	2.3	10.5	4.6
Domestic Stocks - S&P 500	7.7	10.6	7.7	17.9	17.3	13.9
Blended Benchmark - Endowment¹	2.4	2.6	2.4	6.6	9.1	6.6

GLOBAL CONSTRAINED INCOME & GROWTH

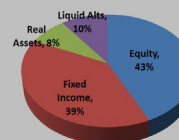
Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The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



The Global Constrained Income & Growth Pool returned 1.1% during the quarter and was up 0.0% over the past year. Domestic Equity gained 6.9% and International Equity was down -1.2% over the quarter. Total Equities account for 23.5% of the portfolio, Domestic equity and International Equity underperformed their benchmarks. The Pool's Fixed Income securities, which comprise 59.6% of its total assets, returned 0.3% for the quarter and outperformed its benchmark. The 7.4% allocation to REITs was up 0.5% and the 9.5% allocation to Alternatives saw a gain of 0.4%. REITs underperformed its benchmark while alternatives outperformed.

GLOBAL CONSTRAINED BALANCED

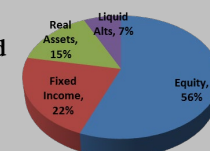
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned 1.5% during the quarter and was up 0.6% over the past year. Domestic Equity gained 7.0% and International Equity was down -1.3% over the quarter. Total Equities account for 44.5% of the portfolio, Domestic equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 39.2% of its total assets, returned 0.3% for the quarter and outperformed its benchmark. The 8.0% allocation to REITs was up 0.5% and the 7.9% allocation to Alternatives saw a gain of 0.4%. REITs underperformed its benchmark while alternative outperformed.

GLOBAL GROWTH & INCOME

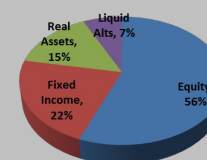
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool returned 1.8% during the quarter and was up 0.9% over the past year. Domestic Equity lost 6.9% and International Equity was down -1.2% over the quarter. Total Equities account for 58.9% of the portfolio, Domestic equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 20.5% of its total assets, returned 0.4% for the quarter and outperformed its benchmark. The 9.2% allocation to REITs was up 0.5% and 7.2% allocation to Alternatives saw a gain of 0.4%. REITs underperformed its benchmark while alternative outperformed. Commodities saw a -0.8% decrease and outperformed the benchmark.

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 2.1% during the quarter which ranked in the 61st percentile. For the trailing one year the Endowment was up 5.7%. Domestic Equity gained 6.9% and International Equity was down -1.3% over the quarter. Total Equities account for 57.2% of the portfolio, Domestic Equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 20.5% of its total assets, returned 0.3% for the quarter and outperformed its benchmark. Real Estate and Alternatives were both positive (1.4% and 0.4% respectively) over the quarter. Commodities saw a -0.8% decrease and outperformed the benchmark.

1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% Bloomberg Barclays US Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 7% HFRI Fund of Funds Composite 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.

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, Harding Loevner Emerging Markets

Fixed Income: Dodge & Cox Income, Met West Total Return, Voya Floating Rate I, 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.