

THE ECONOMIC CLIMATE

Economies around the globe experienced higher inflation as the effects of lower energy prices fall out of year-over-year inflation figures. Market expectations for inflation rose after the U.S. presidential election on anticipation of increased fiscal stimulus from the new administration. U.S. consumer and business sentiment indicators improved markedly in the fourth quarter based on positive expectations of future economic growth. U.S. real GDP grew 1.7% (Year-over-Year) in Q3, up from 1.3% in Q2. Consumer spending continued to account for the majority of economic growth, and rising sentiment may act as a boon for future growth. The unemployment rate fell to 4.7% at the end of December. While the economy continued to steadily add jobs, wage growth has lagged behind, which may be due in part to workers taking on part-time roles who could not find full time work. Outside of the U.S., unemployment rates have continued to trend downward, although the European rate is still elevated at 9.8%. Emerging market economies grew at 5.1% in Q3. Growth in these countries was driven by China and India, while Brazil and Russia remained in recession.

MARKET PORTFOLIO IMPACTS

The Federal Reserve raised interest rates at its December meeting, increasing the federal funds target rate by 0.25%, to a range of 0.50% to 0.75%. The outlook for the number of 2017 rate hikes was increased from two to three. The Fed is not likely to increase rates drastically because of lower yields and economic growth around the globe, and due to an already strong U.S. dollar. The U.S. dollar rose 6.4% in Q4 on a trade-weighted basis. Currency movement continues to contribute to higher volatility for investors with unhedged currency exposure.

THE INVESTMENT CLIMATE

The U.S. presidential election results took many investors by surprise. After an initial overnight plunge in the futures market, U.S. equities rallied on expectations of a more pro-business regulatory environment and the possibility of large-scale fiscal stimulus. U.S. equities may possess greater upside potential post-election. Fourth quarter earnings for the S&P 500 are estimated to grow 3.2% (year-over-Year). If this positive growth comes to fruition it will mark the second quarter of positive growth and may indicate that the recent oil-driven earnings slump is behind us.

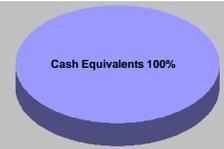
FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 4.9% gain in the period ending December, 2016. During the period, Domestic Equity, International Equity and Real Estate posted positive returns and outperformed their benchmarks. Domestic Fixed Income and Commodities had negative returns but outperformed their benchmarks. The Alternatives composite posted a negative return and underperformed its benchmark.

Investment Pools	Three months ended 12/31/16	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	0.1	0.2	0.3	0.5
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	-0.6	5.2	1.3	5.2	3.2	5.2
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	0.0	6.2	3.0	6.2	3.3	7.0
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	0.3	7.0	3.8	7.0	3.2	7.6
Endowment	1.1	7.4	4.9	7.4	3.4	7.6
Market Benchmarks						
Cash - 90-Day Treasury Bills	0.1	0.3	0.2	0.3	0.1	0.1
Bonds - Bloomberg Barclays US Aggregate	-3.0	2.6	-2.5	2.6	3.0	2.2
International Stocks - MSCI ACWI ex U.S. Gross	-1.2	5.0	5.7	5.0	-1.3	5.5
Domestic Stocks - S&P 500	3.8	12.0	7.8	12.0	8.9	14.7
Blended Benchmark - Endowment¹	0.7	7.3	4.1	7.3	3.7	7.3

CASH EQUIVALENT

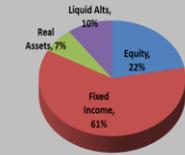
A cash-equivalent pool designed for donors or nonprofits that wish to make grants immediately or for funds that cannot sustain any loss of principal over any time horizon.



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 0.2% 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.

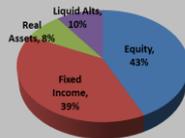


The Global Constrained Income & Growth Pool returned -0.6% during the quarter and was up 5.2% over the past year. Domestic Equity gained 4.2% and International Equity lost -1.7% over the quarter. Total Equities account for 22% of the portfolio, and while Domestic equity outperformed its benchmark, International Equity underperformed. The Pool's Fixed Income securities, which comprises 61% of its total assets, returned -1.6% for the quarter but outperformed its benchmark. The 7% allocation to REITs saw a decline in line with its benchmark and 10% allocation to Alternatives saw a gain of 2.4% and outperformed its benchmark.

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 flat during the quarter and was up 6.2% over the past year. Domestic Equity gained 4.3% and International Equity lost -2.0% over the quarter. Total Equities account for 43% of the portfolio, and while Domestic equity outperformed its benchmark, International Equity underperformed. The Pool's Fixed Income securities, which comprises 39% of its total assets, returned -1.5% for the quarter but outperformed its benchmark. The 8% allocation to REITs saw a decline in line with its benchmark and 10% allocation to Alternatives saw a gain of 2.4% and outperformed its benchmark.

GLOBAL GROWTH & INCOME

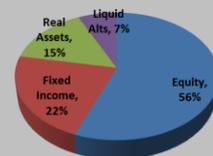
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool gained 0.3% during the quarter and was up 7.0% over the past year. Domestic Equity gained 4.3% and International Equity lost -1.8% over the quarter. Total Equities account for 56% of the portfolio, and while Domestic equity outperformed its benchmark, International Equity underperformed. The Pool's Fixed Income securities, which comprises 22% of its total assets, returned -1.6% for the quarter but outperformed its benchmark. The 10% allocation to REITs saw a decline in line with its benchmark. Alternatives and Commodities saw a gain and outperformed their respective benchmarks.

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 1.1% during the quarter which ranked in the 26th percentile. For the trailing one year the Endowment was up 7.4%. Domestic Equity gained 4.2% and International Equity lost -1.5% over the quarter. Total Equities account for 56% of the portfolio, and while Domestic equity outperformed its benchmark, International Equity underperformed. The Pool's Fixed Income securities, which comprises 22% of its total assets, returned -1.6% for the quarter but outperformed its benchmark. Real Estate, Alternatives and Commodities saw gains over the quarter and outperformed their respective benchmarks.

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.