

THE ECONOMIC CLIMATE

Real GDP growth continued at 3.0% YoY - on pace with the third quarter (2.2% quarterly annualized rate). Forecasts for 2019 U.S. growth have weakened. The U.S. economy is expected to grow at a 2.4% pace in 2019, according to the Survey of Professional Forecasters, while the Federal Reserve expects 2.1% growth this year. In March, negotiations resumed between U.S. and Chinese trade delegations. The dialogue was viewed as constructive, and optimism picked up for a trade resolution being reached in the near-to-intermediate future. The two sides have yet to agree on a formal timeline.

MARKET PORTFOLIO IMPACTS

The Federal Open Market Committee reiterated its “patient” approach to policy, leaving rates unchanged, helping to push asset prices upward. Chairman Powell announced that starting in May the balance sheet runoff would slow from \$50 to \$30 billion a month, and would end in September. Risk assets exhibited strong performance over the quarter. U.S. equities delivered the greatest gains (S&P 500 +13.6%, MSCI ACWI +12.2%), reversing U.S. underperformance in Q4 2018 (S&P 500 -13.5%, MSCI ACWI -12.8%). This was followed by riskier credit with high single-digit returns, and safer credit and government bonds with low single-digit returns.

THE INVESTMENT CLIMATE

The first quarter was nearly a mirror image of 2018 Q4, as many assets retraced losses of the prior quarter. Declining long-term Treasury yields following the Fed meeting in March briefly caused the yield curve to invert, meaning that short-term yields (3-month) were higher than long-term yields (10-year). Investors have expressed concerns that this may signal a near term recession. We believe these concerns are overblown. The House of Commons in the British Parliament briefly took control of their government’s legislative agenda but failed to reach a majority vote on a path forward. On April 10th, British Prime Minister Theresa May and the European Council agreed to extend the Brexit deadline from April 12th to October 31st.

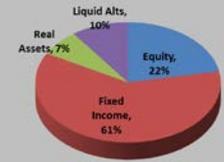
FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 1.4% gain in the period ending March 2019. 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 3/31/2019	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	0.5	1.5	1.7	0.9	0.6
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	5.9	5.9	2.8	2.6	4.7	3.5
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	8.3	8.3	2.4	2.2	6.5	4.3
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	10.0	10.0	1.5	1.7	7.4	4.6
Endowment	8.1	8.1	1.4	1.0	7.9	4.9
Market Benchmarks						
Cash - 90-Day Treasury Bills	0.6	0.6	1.7	2.1	1.2	0.6
Bonds - Bloomberg Barclays US Aggregate	2.9	2.9	4.6	4.5	2.0	2.7
International Stocks - MSCI ACWI ex U.S. Gross	10.4	10.4	-1.4	-3.7	8.6	3.0
Domestic Stocks - S&P 500	13.6	13.6	5.9	9.5	13.5	10.9
Blended Benchmark - Endowment¹	8.4	8.4	2.5	3.3	7.9	5.4

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 5.9% during the quarter and was up 2.6% over the past year. Domestic Equity gained 14.2% and International Equity rose 12.4% over the quarter. Total Equities account for 23.0% of the portfolio, Domestic equity and International Equity outperformed their benchmarks. The Pool's Fixed Income securities, which comprise 60.6% of its total assets, returned 3.4% for the quarter and outperformed its benchmark. The 7.2% allocation to REITs was up 17.4% and the 8.2% allocation to Alternatives saw a loss of -0.2%. REITS outperformed their benchmark while alternatives underperformed their 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 returned 8.3% during the quarter and is up 2.2% over the past year. Domestic Equity returned -14.1% and International Equity was up 12.4% over the quarter. Total Equities account for 43.2% of the portfolio, Domestic and international equity both outperformed their benchmark. The Pool's Fixed Income securities, which comprises 40.1% of its total assets, returned 3.4% for the quarter and outperformed its benchmark. The 8.5% allocation to REITs was up 17.4% and the 7.4% allocation to Alternatives saw a loss of -0.2%. REITS outperformed its benchmark while Alternatives underperformed its benchmarks.

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 10.0% during the quarter and was up 1.7% over the past year. Domestic Equity gained 14.2% and International Equity rose 12.1% over the quarter. Total Equities account for 57.0% of the portfolio, both equity composites outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 22.2% of its total assets, returned 3.4% for the quarter and outperformed its benchmark. The 10.4% allocation to REITs was up 17.4% and the 7.1% allocation to Alternatives saw a loss of -0.2%. REITS outperformed its benchmark while alternatives underperformed its benchmarks. Commodities saw an increase of 7.3% outperforming its 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 8.1% during the quarter. For the trailing one year the Endowment was up 1.0%. Domestic Equity gained 14.2% and International Equity was up 12.2% over the quarter. Total Equities account for 55.9% of the portfolio, Domestic Equity outperformed its benchmark. The Pool's Fixed Income securities, which comprises 21.8% of its total assets, returned 3.4% for the quarter and outperforming its benchmark. Real Estate and Alternatives returned 0.9% and -0.2 respectively over the quarter. Commodities saw a 7.3% increase and outperformed the benchmark.

Investment Pools Performance & Commentary

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1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% Bloomberg Barclays US Aggregate, 10% FTSE NAREIT All, 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, 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, TA Realty Fund, Vanguard REITs

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