CITY OF
GERMANTOWN
TENNESSEE
1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

Financial Advisory Commission

Tuesday, February 7, 2017 – 6.00 p.m.
Economic & Community Development Blue Conference Room
1920 S. Germantown Road

1. Call to Order
2. Establishment of quorum
3. Consideration of Minutes from January 17, 2017
4. Debt Capacity Overview
5. Review of Pension Fund
6. Other Business
7. Adjournment

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FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, January 17, 2017— 6.00 p.m.
Economic & Community Development Blue Conference Room
1920 S. Germantown Road, Germantown, TN 38138

Members Present: Hal Beckham, Brian Carney, Blake Deaton, Clint Hardin, Ashley Hopper, Alderman Rocky Janda, Russell Johnson, Walter Krug, Michael McLaughlin, Christine Menzel, Paul Mosteller, David Rea, Alan Richmond, Donnie Rose, Harold Steinberg, Denise Stumph, Richard Vosburg, Brian White, Scott Wickliffe

Members Absent: Jason Lowe, Chris Miller, Frederick Miller, Julius Moody and Brandon Westbrook

Staff Present: Patrick Lawton, Alderman John Barzizza, Paul Turner, Adrienne Royals, Sherry Rowell and De'Kisha Fondon

CALL TO ORDER

Co-Chairman Russell Johnson called the January 17th, 2017 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

Co-Chairman Johnson then called the roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

Mr. Hardin made a motion to approve the minutes from the October 5th, 2016 Financial Advisory Commission meeting. Paul Mosteller seconded and the motion passed unanimously.

MEMBER INTRODUCTIONS

Mr. Lawton suggested going around the room to have everyone introduce themselves.

PURPOSE STATEMENT /ROLE OF COMMISSION/ETHICS FORM

Mr. Lawton stated that the City has approximately 20 boards and commissions representing close to 250 Germantown citizens that meet throughout the week. He said the Board of Mayor and Aldermen (BMA) take great interest and look strongly at the work and recommendations that come especially from this body, but also from the other various boards and commissions. The primary function of the Financial Advisory Commission (FAC) is to serve in an advisory capacity to the BMA in making a recommendation on the FY18 Budget. This body will also be asked to take a look at a five year overall financial plan which includes:

- Bonded indebtedness
- Long-term Capital Improvements planning and
- The ability to sustain and enhance the level of service in the community over this five year planning period.

Per Mr. Lawton, the FAC will be faced with unique challenges in FY18 that include: 1) consideration of the new tax rate for the City during a reappraisal year, 2) the determination of a rollback rate, 3) costs associated with building a new school and 4) amount for bond market ($20 to $24 million). In addition, Mr. Lawton advised that there are other capital projects that will need to be addressed as well.

CONSIDERATION OF BUDGET CALENDAR

Co-Chairman Johnson asked Commission Members to review the Proposed FY18 Budget Calendar and make a note of the meeting dates. He stated that attendance is important and greatly appreciated. After reviewing dates, Co-Chairman Johnson advised that there may be other additional, impromptu meetings that come up. Mr. Lawton echoed Co-Chairman Johnson by stating that there may very well be additional meetings to discuss the new elementary school and related issues such as the bond issuance. Alderman Janda advised that typically, if you miss three (3) unexcused meetings, you probably won't be appointed the following year.

****MOTION****

Mr. Steinberg made a motion to adopt the Proposed FY18 Budget Calendar to present to the Board of Mayor and Aldermen on January 23rd, 2017. Mr. White seconded and the motion passed unanimously.

OLD BUSINESS

Representing the "Site Selection Committee," commission member Michael McLaughlin reported that the following decisions were made at the committee's first meeting:

- Up to nineteen (19) total sites were initially presented to the committee. Several sites were eliminated once the property size and "for sale" status was determined.
- Research was conducted on things such as safety, expenses, develop ability, and feasibility studies.
- The four properties that were selected after a ranking scale was performed include:
    - Two properties on Forest Hill Irene
    - The Warlick property and
    - The Johnson Park location

Mr. Lawton briefly explained the contents of a packet that was handed out to each commission member. He commented on a) a letter from the Mayor, b) the City's online publication called "Life & Stories," c) the GERMANTOWN FORWARD 2030 Plan which includes the City's vision statement, community values, and key performance areas, d) Germantown—1990 to Present, a 25-Year Review, e) Code of Ethics for City of Germantown Officials/ acknowledgement sheet signature, f) Parliamentary Procedure, g) Open Meetings Law/the Sunshine Law.

Co-Chairman Johnson recommended that a sub-committee be formed to take a look at the bond issuance and the $7 to $10 million dollars that would encompass expenses for major capital improvements such as drainage, the upgrade of Dogwood Fire Station, the widening of Forest Hill Irene Road and Parks and Recreation Farm Park access.

Mr. Mosteller shared his interest of the Sunset provision. Per Mr. Lawton, in regards to capital projects, the Sunset provision is built into our Financial Policy. When a capital project is approved in the Capital Improvements Plan for the fiscal year, funds are not encumbered and therefore do not get re-appropriated the following year.

NEW BUSINESS

****MOTION****

Alderman Janda made a motion to elect Russell Johnson as Vice Chairman of the 2017 Financial Advisory Commission. Mr. Hardin seconded and the motion passed unanimously. It was duly noted that Julius Moody would remain as Chairman.

****MOTION****

Mr. Hardin made a motion to adjourn the meeting. Mr. McLaughlin seconded and the motion passed unanimously

ADJOURNMENT

With that, the meeting was adjourned.

FINANCIAL POLICIES

By resolution of the Board of Mayor and Aldermen on June 28, 2004 the following policies were adopted, and on April 27, 2015 were amended to provide guidance to Administration in budgeting, long-range planning and financial management of the City's operations designation for the General Fund fund balance.

I. Operating Budget

The operating budget will be based on the principle of financing current expenditures with current revenues or accumulated reserves. Operating expenditures will not be directly supported by debt or federal and state transfer proceeds. Expenditures shall include adequate funding for retirement systems and adequate maintenance and replacement of capital and operating assets. Budgeted expenditures shall reflect the City's perceived needs and desires of the community based on current surveys and long-range planning.

The budget will also be based on generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. The budget basis will conform to the accounting policies contained in the Comprehensive Annual Financial Report, Note 1 – Summary of Significant Accounting Policies.

The form of the budget will include five-year projections of revenues and expenditures based on a program orientation, which includes measurement of performance, full cost absorption, adequate provisions for debt service and depreciation where applicable. The budget presentation will include analyses of cash flow, capital position and debt capacity.

Semiannually, there will be a comprehensive review of the operations to date in comparison to the existing budget. Projections of remaining revenues and expenditures for the year will be made and reviewed by the City Administrator, Mayor, and the Financial Advisory Commission and appropriate adjustments will be recommended to the Board of Mayor and Aldermen.

II. Revenues

The operating budget will be developed with the objective of funding all well justified program goals, while avoiding major per capita tax increases. The City will strive to diversify the revenue base, reducing its dependency on property taxes and intergovernmental transfers.

The City will maximize the availability of revenue proceeds through aggressive collection and investment policies and proper timing of cash disbursements.

User fees will be developed and continually reviewed to ensure that they recover the cost of services that are not universal to all taxpayers. In Proprietary Funds, user fees will provide full coverage of direct and indirect costs including depreciation. In the Recreation Fund and the Pickering Center Fund, user fees will be maintained at a level to cover operating costs.

III. Fund Balance

General Fund:

The operating budget will provide funding of commitments necessary to the continued financial health of the City. In compliance with generally accepted accounting principles, the following five areas are defined as Commitments of the General Fund fund balance in the City's financial statements.

Emergencies and Catastrophes – provide funds to meet major, unforeseen, infrequent, catastrophic or emergency requirements, and are to be maintained at a level of $900,000. This amount also provides funding of a risk management program, whereby the City obtains insurance contracts for catastrophic losses, but maintains relatively high deductible or retention limits on operating equipment and maintains no insurance contracts on certain exposures.

Contingencies – provides funds annually from which appropriations may be made to meet minor, additional needs not specifically provided for in the current operating budget. An amount of $50,000 is budgeted in the General Fund

Contingency Account. The Financial Advisory Commission and the Board of Mayor and Aldermen will review this fixed level of funding annually.

Infrastructure Replacement – commits the following year's funding for the replacement, reconstruction or refurbishment of City assets consisting of, but not limited to, city buildings, parks, streets, curbs, and sidewalks and operating equipment on a pay-as-you-go basis.

Tax Anticipation – supplements operating cash flows to avoid liquidity problems, which might necessitate the issuance of Tax Anticipation Notes. The funding commitment is to be maintained at a level of one-third of property tax revenues for the following year.

Debt Service – establishes a funding commitment to meet total debt service requirements for the following year.

Utility Fund:

The operating budget will provide funding of certain reserves considered necessary to the continued financial health of the Utility Fund. These two reserves are reflected in the City's annual budget as unrestricted net assets of the Utility Fund.

Operations – the unallocated cash balance in the Utility Fund will be maintained at a 90 day reserve level, not including debt service. This level was established to ensure reserves equal to three months of operating expenditures to meet cash flow requirements.

Debt Service – the unallocated cash balance in the Utility Fund will maintain debt service coverage of two years of annual debt service.

IV. Capital Improvements Program

The Capital Improvements Program (CIP) will reflect a consensus of the perceived needs and desires of the community based on current surveys and long-range planning. The CIP will be cognizant of the financial impact on the applicable fiscal year and the City's past, present and future goals. The CIP will generally address those capital projects used for the acquisition or construction of major capital facilities.

The City will update and adopt annually a six-year CIP, including the annual Capital Improvements Budget (CIB) and a five year projection of capital needs and expenditures which details the estimated cost, description and anticipated funding sources for capital projects. Projections may be made for future projects exceeding the six-year CIP timeframe. The plan will include costs that have been estimated including consideration for inflation. The inflation rate will be determined annually in the budget process and will be disclosed in the capital budget report.

The first year of the six-year CIP will be the basis of formal fiscal year appropriations during the annual budget process. As part of the annual budget process, the CIP will be evaluated and adjusted with changes in priorities. The Mayor and City Administrator will review the CIP quarterly and if new project needs arise during the year, a budget adjustment identifying both the funding sources and project appropriations must be presented to the Board of Mayor and Aldermen (BMA) for approval. The approval must occur before active progress is made on the planning, design, or construction of the project. Projects may be granted exceptions as to promptly resolve any dangers to the community.

Projects involving development contracts brought before the Board of Mayor and Aldermen for approval during the operating year will identify proposed sources of funding and impacts to CIP funding, in particular, the General Fund Operating Reserves.

Each capital project will have a "sunset provision" enforced at the end of the fiscal year, which can only be lifted by resolution adopted by the Board of Mayor and Aldermen.

Projects will be monitored to ensure compliance with CIP Policy and Procedures. Projects will be entered into a timeline to produce a CIP schedule. Post-project evaluation reports will be used to determine the successfulness of a project.

A contingency amount of $250,000 will be budgeted annually to meet minor, additional needs not specifically provided for in the current capital budget. The contingency amount is budgeted in the CIP Contingency Account. The Financial Advisory Commission and the Board of Mayor and Aldermen will review this fixed level of funding annually.

Evaluation Criteria

In order for a project to be considered in the CIP, an application shall be submitted for evaluation. A CIP Committee will be developed to assist in the review of project applications. The CIP Committee will use the following criteria to evaluate each capital project:

1. Conforms to the City's Strategic Plan
2. Supports the BMA Policy as adopted in January of each year
3. Promotes safety and security
4. Requirements to meet federal or state mandates
5. Savings in operating, capital spending or energy consumption
6. Impacts to future operating costs
7. Enhances economic development or adds to the tax base
8. Availability of federal or state funding assistance
9. Deferring will have possible significant implications for the community
10. Maintains a current level of service
11. Relates to another high priority project or is a continuation of a project currently under way
12. Improves the quality of existing services to safety
13. Replaces or maintains a capital asset
14. Creates a disruption or inconvenience to citizens
15. Benefits a large amount of stakeholders
16. Carries risk or uncertainty
17. Protects or contributes to the history of the City

Financing

The two basic approaches to funding capital projects are pay-as-you-go and pay-as-you-use. Pay-as-you-go means paying for the capital project out of current revenues at the time of expenditure. Pay-as-you-use means borrowing to finance the expenditure with debt service payments generated from revenues raised through the useful life of the project. The CIP will use a combination of these two financing methods. Capital projects are funded through bonds, reserves, grants, developer contributions and other governmental sources. The average maturity of general obligation bonds will be at or below 30 years. Pay-as-you-go financing for capital projects must account for at least 25% of capital plan funding.

The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of capital plant and equipment from current revenues where possible. Future maintenance or replacement costs will be factored into future years CIP as a result of the entry of a new project.

The Capital Improvements Program (CIP) will reflect a consensus of the perceived needs and desires of the community based on current surveys and long-range planning. The City will develop and maintain a CIP to control capital projects over a six-year planning period coordinated with the operating budget.

The CIP will be designed to protect the City's investments in capital and operating assets through timely and adequate maintenance and replacement of those assets. The Mayor and City Administrator will review the CIP quarterly and recommendations for amendments will be made to the Board of Mayor and Aldermen. Projects involving development contracts brought before the Board of Mayor and Aldermen for approval during the operating year will identify possible sources of funding and impacts to CIP funding, in particular, General Fund Operating Reserves. The CIP will monitor projects in progress to ensure timely completion or the substitution of alternative projects.

V. <u>Debt Management and Investment Polices</u>

Debt will be used to finance long-lived capital and operating assets for the City as well as the School District within the constraints of maintaining or improving bond ratings and debt service quality and payments.

Debt management will provide for the protection of bond ratings, the maintenance of adequate debt service reserves, compliance with debt instrument provisions and appropriate disclosure to investors, underwriters and rating agencies. Investments of the City will be made and collateralized in accordance with Tennessee Code Annotated.

Investment management will strive to maximize investment return on the City's funds through pooling of funds where permitted, frequent market analysis; cash forecasting procedures and competitive bidding.

A separate detailed investment policy "Policy Letter No. 27" was revised and approved by the Board of Mayor and Aldermen on October 22, 2007. The policy letter addresses in greater detail the administrative involvement into City investments. The policy defines the guidelines for the selection of financial institutions and investment instruments as authorized under Tennessee Code.

Types and Use of Debt

<u>Uses of Debt</u>

Capital Improvement Plan (CIP). To ensure sustainability, City staff identifies new construction projects, infrastructure replacement or major asset acquisitions through its multi-year Capital Improvements Program (CIP). This process of long-term planning is performed in conjunction with the annual budget process and reflects the Board's visions and goals for capital improvements to the City. Early identification of future capital needs allows the City more time to assess various financial alternatives and to plan the use of debt financing more effectively.

The City will assess all financial alternatives for funding capital improvements, but initially, pay-as-you-go financing will be considered before issuing any debt. Pay-as-you-go financing may include: current revenues and unreserved fund balances; grants from federal, state and other sources; private sector or developer contributions; public/private partnerships; leasing payments. Once the City has determined the available "pay-as-you-go" funding, the City may consider debt to finance the balance of approved capital projects.

When debt financing is considered, the City's policy is to issue debt for the acquisition or construction of major capital assets or infrastructure with a useful life of not less than **ten (10)** years. With the exception of unanticipated capital expenditures, the acquisitions or projects financed with debt will be well identified and analyzed in the CIP. Projects eligible for funding with debt include, but are not limited to, libraries, public streets and bridges, administrative facilities and equipment, public safety facilities and equipment, parks and recreational facilities, storm water drainage and treatment facilities and drinking water treatment and distribution facilities, school facilities and school equipment.

Refunding. Under certain circumstances, the City's financial interests will best be served by the prepayment or refinancing of existing debt. Because many factors could influence this decision, the City's staff and advisors will periodically (at least annually) review all outstanding debt to determine refunding or prepayment opportunities. In general, refundings (or debt prepayments) will be considered if and when there is a net economic benefit from the transaction. Subject to a review of the transaction by the Tennessee Comptroller's office (Division of Local Finance), targeted savings (net of all transaction costs) for advance refundings will be a net present value savings of at least **four percent (4%)** of the refunded debt. Notwithstanding the targeted savings, other factors will be considered on a case-by-case basis to determine if a refund, prepayment or other modification of existing debt is warranted or will be beneficial to the City.

Municipal School District Short-Term Cash Flow. Revenue Anticipation Notes (RANs) shall be issued only to meet cash flow needs of the Germantown Municipal School District (GMSD) consistent with cash flow projections by the Chief Financial Officer (the "CFO"). The CFO shall determine such cash flow projections based on the budgeted operating revenues and expenditures. The issuance of RANs will be presented to the Board of Mayor and Alderman and will retire no later than June 30 of each year.

Types of Debt

When the City's determines that the use of debt is appropriate for funding, the form of the debt will be evaluated according to the criteria for various types of debt. The typical types of debt financing are listed in order as most commonly used by the City and are described herein:

General Obligation Bonds. The City may issue general obligation bonds to finance approved capital projects that otherwise lack a dedicated revenue stream from operations. This long-term debt has the "full faith, credit and taxing power" of the City pledged to the repayment of the bonds and typically has the lowest interest cost for long-term capital. Generally, this debt will be issued for capital projects with a useful life of at least ten (10) years and a combined cost (for the funded projects) of at least **three million dollars** ($3,000,000). [Note: It is intended that any issuances of debt refunding bonds be combined with general obligation bonds (or revenue bonds, described below) in order to meet the targeted $3 million minimum issuance and to maximize the value of the issuance costs.]

Revenue Bonds. The City may issue revenue bonds to finance approved capital projects (equipment and facilities) that have a useful life of at least ten (10) years and have a dedicated revenue stream as part of a separate enterprise fund (e.g., Utility Fund). It is fully intended that the debt will be repaid by the revenue generated by the enterprise fund. However, the revenue bonds may be issued with the City's "full faith" backing as approved by the Board of Mayor and Aldermen based on economic and financial considerations.

Special Assessment and Incremental Tax Revenue Bond. Specific to projects under the City's Public Private Partnership Policy or other economic development initiative, the City may issue special assessment or incremental tax revenue bonds as part of the financing of the overall development project. Generally, these projects will be of significant size and scope encompassing major capital developments so that issued debt will be at least five million dollars ($5,000,000) with the useful lives of assets not less than twenty (20) years. It is intended and expected that any special assessment or incremental tax revenue bonds will be issued by a separate legal entity such as the Industrial Development Board (IDB) of the City of Germantown, Tennessee (a public benefit corporation chartered under Tennessee law) but will not be issued with the City's "full faith" backing. Any bonds issued by the IDB will be subject to approval by the Board of Mayor and Aldermen, therefore it is intended that the IDB will be subject to the general guidelines and procedures included in this Debt Policy.

Capital Outlay Notes. Under the provisions of T.C.A. Section 9-21-101 et seq., the City may issue capital outlay notes, a simpler and usually less expensive form of general obligation debt that is often structured as a loan from local banks. Subject to approval by an agency of the Tennessee Comptroller's Office, this debt funding may be provided for approved capital equipment and projects with a useful life between three (3) and twelve (12) years and a total project cost of not more than three million dollars ($3,000,000).

Revenue Anticipation Notes. RANs will be issued under the provisions of Title IX, Chapter 21, Parts I, IV, and VIII of Tennessee Code Annotated. The amount of such RANs will not exceed the estimated annual expenses times 5% plus highest estimated monthly deficit for the Fiscal Year upon the approval of the State Director of Local Finance. The issuance of RANs will be presented to the Board of Mayor and Alderman and will retire no later than June 30 of each year.

Other Financing Types. If it is determined in the best interest of the City after consulting with financial advisors, appropriate commissions or other stakeholders, and subject to required approvals by the City's Board, the City may issue other forms of debt (including capital lease or installment financing). This section is not intended to circumvent the issuance process for other types of debt funding but merely recognizes that a simpler type of debt may be more cost effective under certain circumstances. Debt obligations of this type will not exceed two million dollars ($2,000,000) during a fiscal year with a maximum term not to exceed six (6) years.

VII. Debt Limits and Affordability

Consistent with the stated objectives of this Debt Policy (**SECTION IV**), financial and economic indicators have been devised to reasonably measure the City's debt capacity and establish maximum debt limits or limits of affordability. While recognizing the City's need to access debt capital under a wide variety of obligations or changing circumstances, it is fully intended that the indicators of affordability provide measures that reflect the constantly changing dynamics of the population, the tax base and the economic environment. Likewise, it is intended that these measures are viewed and projected in conjunction with the City's Capital Improvement Program in order to identify potential limitations or an unfavorable impact on future operations. The City's established debt limits and affordability does not apply for debt issued on behalf of the Municipal School District Short-Term Cash Flow needs.

The following benchmarks (financial or economic indicators) are devised to establish not only limits on the total debt but also the City's ability to repay outstanding debt over future periods. These limits of affordability include:

1. **Net Debt Service to Governmental Fund Expenditures** – a measure of the debt service as a percent of the City's total operating expense.

   A percent not to exceed: **12%**

   Net Debt Service will include all debt service costs (principal and interest) related to general obligation or other secured debt (but not including business enterprise debt with proven revenues) paid from the City's general fund.

2. **Direct Debt to Appraised Property Value** – a measure of the debt liability to the City's total assessed values for property taxes.

   A percent not to exceed: **1.50%**

   Direct Debt will include all general obligation debt and any business enterprise debt secured by the City's taxing authority.

3. **Direct Debt Per Capita** – a measure of debt liability to the City's population.

   An amount not to exceed: **$2,000**

   Direct Debt will include all general obligation debt and any business enterprise debt secured by the City's taxing authority.

4. **Per Capita Debt to Per Capita Income** – a measure of the debt liability for the City's population as a percent to their annual income.

   A percent not to exceed: **4%**

   Per capita income from published sources and Direct Debt Per Capita calculated above.

Notwithstanding the measures established herein, this policy ultimately seeks to maintain the highest credit quality (triple-A) established by the national rating agencies due to easier access to capital and the lower overall cost for debt. Recognizing that these same measures are utilized by the rating agencies, the City's policy will be adapted to ensure that its debt limits and measures of affordability do not exceed the levels necessary to maintain the highest quality rating for its debt.

This policy requires that these measures and limits of affordability be fully analyzed when evaluating the issuance of new or refunding debt in order to determine the financial impact of the additional debt on future periods. The analysis described herein will be made part of the information or presentations provided to the Financial Advisory Commission (FAC) and the Board of Mayor and Aldermen as outlined in **SECTION V**.

Periodic monitoring and reporting of these debt measures will also be performed as part of the City's annual budget preparation. During the annual budget process, the fiscal year budget information presented for review to the Financial Advisory Commission and the Board of Mayor and Aldermen will include the current and projected analysis of these debt measures.

VIII. Debt Issuance Process

Once the City determine that debt will be utilized to fund an approved capital project or acquisition, the Finance Director will assemble the staff resources and service professionals needed to prepare, analyze, document and close the debt transaction. The type, complexity, and size of the debt to be issued will determine the staff requirements and service professionals required. The various considerations that must be addressed at the onset to ensure the proper planning and execution of the debt issuance process are discussed herein.

Timing of the Transaction
The City will determine the optimal timing for issuing or placing the debt based on the requirements identified in the CIP, the funding forecast developed in the budgeting process, and the actual cash flow projected for the construction or acquisition of the capital asset. Once the targeted debt issue date is determined, the Finance Director will determine the necessary lead times to identify the type of debt to be issued, engage the appropriate professionals, analyze payment structure and estimated rates, and then schedule the various commission, public and Board presentations. Timing of the debt issuance will ultimately be determined by mandated public notice and necessary Board approvals.

Sale Method or Placement

Competitive Sale
The City believes that the competitive sale process is the best tool for obtaining the lowest interest rates and terms for the issued debt. Therefore the City will always use the competitive sale process to sell its general obligation or revenue bonds (including capital outlay notes), except in situations where (1) existing disruptions in the national capital markets make it unlikely the City will receive at least three (3) reasonable bids for its bonds, or (2) the general obligation debt is in the form of a loan agreement through a federal or state sponsored loan program.

Negotiated Sale
Notwithstanding the strong preference for issuing debt using the competitive process, the City recognizes that some debt is best sold through negotiation. In such instances, the City shall assess the following circumstances or conditions when considering a negotiated sale: (1) express statutory authority; (2) a structure which may require a strong pre-marketing effort such as a complex transaction or new credit; (3) size of the issue; (4) market volatility; and (5) variable rate pricing. To ensure full transparency of any debt issuance, the use of the negotiated sale process will not reduce the analysis of the transaction by staff and professionals nor limit the public information and participation during the debt approval process.

Private Placement
For certain capital transactions, the City may elect to privately place the debt issued as part of the transaction (e.g. installment transactions or capital leases). Such placement will be acceptable if the method clearly demonstrates that such transaction will be in the best interest of the City due to cost savings or other favorable transaction terms.

Use of Professionals
As part of the debt issuance process, the City will engage the services of knowledgeable professionals to analyze and advise City staff about optimizing the outcome of the transaction and clearing all the legal hurdles. Due to the infrequency of issuing new debt, the City will maintain its expertise in the credit markets by retaining professionals who stay well-informed about industry trends and about the City's visions and finances. **SECTION X** of this policy will more fully describe the details of the relationship with the professionals named herein.

City Attorney
The City Attorney will review, advise, and prepare debt-related documents on behalf of the City for simple borrowings that do not involve the public debt market. In the case of debt structures that directly access the public debt market, the City Attorney will provide support to staff and bond counsel about the City's legal status and authority for issuing the debt. In addition, the City Attorney will provide an opinion that the debt was issued within the applicable debt limitations set by State law or the City's charter, that the City has taken all steps necessary to authorize the sale and issuance of debt, and that the debt is a valid and binding obligation of the City (if applicable).

Bond Counsel
For all sales of debt in the public debt market, the City will engage a specialized bond counsel with specific experience in the issuance of municipal debt. The bond counsel will prepare all legal documents related to the issuance of the public debt including the legal documents necessary for the City to authorize the issuance of debt. In addition, the bond counsel must be fully competent to provide an unqualified opinion as to the tax-exempt or tax credit status of applicable debt issued and to prepare, review, or comment on all disclosure documents and regulatory forms or applications associated with the transaction.

Financial Advisor
For all debt transactions in excess of $1 million or for all sales of debt in the public debt market, the City will select a financial advisory firm to assist in the issuance and administration of the City's debt. The firm selected to serve as financial advisor will provide objective advice and analysis, maintain the confidentiality (to the extent permitted by law) of the City's financial plans and be free from any conflict of interest as defined in this Debt Policy and Tennessee statutes. Further, the City's financial advisor will not underwrite or participate in any syndicates in the sale of the debt.

Underwriters
In a **competitive** sale of debt, the City and its financial/legal advisors will set the business and legal terms for the financing and then take public bids from qualified underwriters in a generally accepted auction setting. The firm (or syndicate) that submits the lowest true-interest-cost bid will be awarded the bonds and serve as underwriter (or senior manager of the syndicate).
In the case of a **negotiated** sale of debt, the City will first select a firm to market its debt from a pool of qualified underwriters. The City's appointment will be based upon a competitive evaluation of objective criteria, which may include the firm's performance in the City's past competitive sales of debt. The City's selection of the underwriter will be subject to review and recommendation by the FAC and approval by the Board.

Registration/Escrow Agent
In the case of debt issued in the public debt market, the City will designate a bond registrar and paying agent (known at the "Registration Agent") to maintain books and records necessary for the registration, record-keeping and transfer of bonds on behalf of the City. In addition, the Registration Agent will act as pay agent for the City and will be authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the issued bonds.

In the case of debt that is issued for the purpose of refunding currently outstanding bonds at the time of debt issue or in the near future, the City will designate an agent (known as the "Escrow Agent") to hold funds in escrow for the express purpose of performing the refunding. The City and Escrow Agent will enter into an agreement (the "Escrow Agreement") that authorizes the Escrow Agent to perform duties on behalf of the City with respect to the acquisition and payment for the refund bonds.

Board Approval
All debt financing that constitutes an obligation beyond one fiscal year will be presented for review by the Financial Advisory Commission (FAC) as described in **SECTION V**. At the completion of the FAC's review of the proposed debt issuance, and with the FAC recommendation, the debt transaction will be presented to the Board for approval of the resolutions required to authorize the debt issuance. In the absence of a quorum of the FAC, the Finance Director may present the transaction directly to the Board for consideration.

Compliance Reporting
It is the City's intent to provide a high level of transparency in all of its financial dealings, including debt management. Consistent with past practice, the City will issue on a timely basis and make widely available all financial reports including the annual budget, the Comprehensive Annual Financial Report (CAFR), the Popular Annual Financial Report (PAFR), and the Capital Improvements Program Report (CIP). In addition, as part of the issuance of debt in the public markets, the City covenants and agrees that it will comply with and carry out all of the provisions of the continuing disclosure certificate, which includes providing annual reports to national repositories and issuing material event notices in accordance with SEC Rule 15c2-12.

IX. Terms of the Debt Issue

During the course of issuing debt, the City will endeavor to structure the terms and conditions of each debt transaction to achieve a low cost of capital and to preserve the City's overall financial flexibility. Maintaining financial flexibility enables the City to readily access and restructure its financing at a low cost. (Likewise, the City can avoid financial distress in the face of negative shocks or readily fund capital investments when opportunities arise.) ***Adherence to the policies in this section is not intended to override the requirement that the City stay within the overall limits of the entire debt portfolio addressed in Section VII (Debt Limits and Affordability).*** However, the policies herein will address the individual components of all financing that have the most immediate impact on the City's credit rating and debt service payments.

Maximum Maturity
All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event will the term of the debt financing exceed thirty (30) **years**.

As part of this process to determine the maximum maturity of a debt issue, the City must consider the need to allocate the capital burden to upcoming generations (i.e. future fiscal periods) as opposed to funding from currently available sources. The City will measure the future financial impact of the financing's debt service (principal and interest) by projecting the estimated percentage of the future budgets dedicated to total debt service. Analysis of the future debt capacity will be performed in order to assess the City's commitment to a pay-as-you-go budget allocation for capital projects.

Maturity Schedule
Debt issuance will be planned to achieve relatively level debt service for each individual debt issue, while still matching debt service to the useful life of projects financed. The terms and life of each debt issue, including the detail of expected principal and interest payments, will be prominently disclosed when terms of the issued debt are published or otherwise made available to the public (through websites, e-mails, or other electronic means).

The City will avoid the use of bullet or balloon maturities except in those rare instances where these maturities serve to make existing overall debt service level or match a specific income stream. Any deferral of principal payment or backloading must be explicitly disclosed and justified, including disclosure of the justification or recommendation made by the Financial Advisor for the principal deferral.

Interest Rates
To maintain a predictable level of debt service and to avoid future uncertainty, the City will issue debt that carries a fixed interest rate.
Under certain limited conditions, the City may consider variable rate debt subject to additional analysis and recommendations by the Financial Advisor that the tradeoff between costs and risks is not unreasonable. Further, the City will employ cost effective measures (rate swaps, credit enhancements, etc.) to minimize risks associated with variable rate debt. If utilized, the total amount of variable rate debt issued will not exceed twenty-five percent (25%) of the City's total outstanding debt at the time of issue.

Bond Coupon Rate
For most bond issuances, the City's will set parameters so that bonds subject to redemption can be priced between 95% and 125% of par.
In certain market conditions, bonds issued with a deep discount may provide the City with a lower cost of borrowing. Subject to additional analysis and recommendations by the Financial Advisor, the City will assess the value and effect on any refinancing opportunities as a result of accepting lower-than-market coupons.

Call Features
In many cases, it is the City's policy to include a call feature with a date set appropriate to current market conditions. Subject to additional analysis and recommendations by the Financial Advisor, the City will assess the value of including a call option relative to the lower interest rate associated with non-callable bonds.

Credit Enhancement Facilities
Historically, the City has avoided the use of credit enhancement (insurance or letters of credit) because of its strong financial position and excellent standing with the national rating agencies. However, the City will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when clearly demonstrable savings can be shown shall an enhancement be considered.

Issuance Cost
As part of the Capital Improvements Program (CIP), the City regularly evaluates future capital project needs and the methods for financing them, including the use of debt financing. The City's policy is to reasonably coordinate new bond issues to that multiple projects can be accommodated in a single borrowing to reduce issuance costs per dollar of debt issued. Total issuance costs will be evaluated and disclosed during all phases of the debt issue process.

X. Professional Services

The City will engage and utilize professional services as necessary to supplement the skills and expertise in the Finance Department or to meet regulatory requirements related to the issuance of debt. The selection or hiring of professionals will not be based on competitive bids but will be determined on the basis of recognized competence and integrity in their field of expertise.
The Finance Director will determine the criteria for selecting professionals to be utilized in the debt issuance process. The selection criteria will include, but not be limited to, recognized professional expertise, depth of transaction experience, and the opportunity to bring current best industry practices to the City. Using the defined selection criteria, the City Administrator and Finance Director will interview eligible persons or groups and make specific recommendations to the Board of Mayor and Aldermen for qualified professionals.
All professionals engaged in the City's process of issuing debt will affirm, acknowledge or disclose the following statements or information in an engagement letter, professional services agreement, or a separate writing provided as a matter of record to the City:

- The professional will clearly disclose all compensation and consideration received (or to be received) as related to services provided in the debt issuance process by the City and the lender or conduit issuer, if any. This includes "soft" costs or compensation in lieu of direct payments.

- The professional will acknowledge receipt of this Debt Management Policy and will adhere to the standards and guidelines contained herein.

- The professional will acknowledge receipt of and familiarity with the details of the "Code of Ethical Conduct for Officials of the City of Germantown" and the "Code of Ethical Conduct for City Employees of the City of Germantown."

- The professional will affirm that they have disclosed any existing client and business relationships as described in **SECTION XI** of this Policy (Conflicts of Interest).

Any exceptions, either by the professional or the City, to this Policy or other policies and procedures indicated above, must be clearly disclosed in the engagement letter, professional services agreement, or a separate writing. The City Administrator will determine if the exception requires removal of the professional from the debt transaction or if the exception requires any further disclosure.

Specific to certain professionals are the following requirements:

Legal Counsel. An engagement letter (or professional services agreement) will be required from each lawyer or law firm that represents or provides services to the City in a debt transaction. (This requirement does not apply to the City Attorney or to counsel not directly representing the City, such as underwriters' counsel.)

Financial Advisor. A professional services agreement or other form of written agreement (engagement letter) will be provided by each person or firm serving as financial advisor in a debt management role or in a debt transaction.

In the sale of the City's debt instruments, whether in a competitive or negotiated transaction, the financial advisor will not be permitted to bid on, privately place or underwrite an issue for which they have been providing advisory services.

Underwriter. If the City engages an underwriter in a sale transaction, the underwriter will be required to clearly identify itself in writing (in its proposal, in its bid, or in its submitted promotional materials) as an underwriter and not as a financial advisor. This disclosure will occur at the earliest stages of the relationship with the debt issue.
The underwriter will clarify that its primary role as a purchaser of securities in an arm's-length commercial transaction has financial and other interests that differ from those of the City.

Additionally, if the debt is offered in a publicly offered, negotiated sale, the underwriter will be required to provide pricing information (both as to interest rates and takedown per maturity) to the Financial Services Director in advance of the pricing of the debt.

XI. Conflicts of Interest

The City of Germantown operates as a public trust, which is subject to scrutiny by and is accountable to its residents and members of the public. Consequently, a fiduciary duty exists between the City's officers/employees and the public which carries with it a broad and unbending duty of loyalty and fidelity. Those officers and employees are responsible for administering the affairs of the City honestly and prudently. They will exercise the utmost good faith in all transactions involved in their duties, and they will not use their positions with the City or knowledge gained there from for their personal benefit.

Separate from this Policy, the City's officers (who include elected officials and members appointed to commission or boards) and all City employees are subject to strict Codes of Ethical Conduct. These Codes include very detailed standards that prohibit the officer or employee from knowingly engaging in activities that would lead to a conflict of interest with the City. By reference, the City's existing Codes of Ethical Conduct as applicable to officer or employee conflicts of interest in debt transactions are applicable to the administration of this Policy.

Likewise, all professionals (as defined in **SECTION X**) involved in a debt transaction who have been hired or compensated by the City are required to disclose to the City any existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This written disclosure will include information reasonably sufficient to allow the City to appreciate the significance of the relationships.

[NOTE: Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform is not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct. However, subject to regulatory agency rules or industry guidelines, these same professionals are required to exercise due care and proper conduct in the debt transaction process.]

Therefore, all parties to the debt transaction must be free from conflicts of interest that could adversely influence their judgment, objectivity or fiduciary duty on behalf of the City. Likewise, all parties must be aware that even the appearance of a conflict of interest can weaken or damage the public trust.

XII. Debt Management Policy Review and Approval

This Debt Management Policy will be administered and maintained by the City's Finance Department and will address or incorporate any requirements specified by the Tennessee State Funding Board or other regulatory board (such as MSRB) having appropriate authority over the issuance of the City's debt.

This policy will be formally approved and adopted by the Board of Mayor and Aldermen. Any changes or amendments to the Policy must be recommended by the City Administrator and are subject to approval by the Board of Mayor and Aldermen.

This policy will be subject to periodic reviews by the Finance Director well in advance of any anticipated debt issuance. To ensure reasonable public disclosure and to invite participation by City residents, the policy reviews will be addressed with the City's Financial Advisory Commission (FAC). Comments and recommendations will be solicited from the FAC for consideration by City staff.

Basis of Budgeting

The City does not distinguish between Basis of Budgeting and Basis of Accounting, as reflected in the City's Comprehensive Annual Financial Report (CAFR). The principles set forth as the Basis of Accounting are strictly observed in the budgetary process.

The City budget is prepared on a modified accrual basis of accounting except for encumbrances. Unencumbered appropriations lapse at the end of each fiscal year, with encumbered appropriations being carried forward to the next year.

The budgetary process for the City of Germantown begins in January with the Board of Mayor and Aldermen's annual retreat where its policy agenda is set for the upcoming fiscal year. Early in January, a budget manual is distributed to all departments and divisions, which outlines the budget calendar, submission dates, performance measurement requirements and parameters for budget requests. Six months of actual data for the current fiscal year is given as a basis for departments to submit their estimates for the current fiscal year end. Departments are required to complete their budgetary requests for the new fiscal year and include justifications for any infrastructure, capital and program change requests. The Office of Budget and Performance staff works with departments in reviewing personnel needs. The city administration reviews all requests on the timeframe as identified in the annual budget calendar. All funds, capital programs, infrastructure replacement programs and staffing are presented to the City's Financial Advisory Commission (FAC). The FAC is composed of citizens who volunteer to serve on the Commission on an annual basis and whose background is within the financial services discipline. The final component of the budgetary process is highlighted in a work session with the Board of Mayor and Aldermen. The Proposed Budget is then presented to the Board of Mayor and Aldermen for adoption through three readings, including a public hearing. Prior to the public hearing, a Budget In Brief brochure is mailed to all citizens. The brochure highlights the major capital and operating projects in the proposed Budget along with a letter from the Mayor.

Budgetary Control

Formal budgetary accounting is used as a management control for all funds of the City. Budgetary controls are exercised both at the departmental level, with the adoption of the budget, and at the line item level through accounting controls. Additionally, budgetary control is maintained at the program level by the individual departments, acting in conjunction with the Department of Finance and General Services. The latter has a Office of Budget & Performance to execute budgetary controls.

Under provisions of the City's charter, the Board of Mayor and Aldermen annually enact by ordinance the operating budgets of the general, special revenue, capital projects, enterprise and internal service funds, which cannot exceed appropriation except by approval of the governing body. An annual budget for the capital projects is adopted by individual funds. The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. Transfers within the funds are accomplished by resolution of the Board of Mayor and Aldermen to authorize expenditures of various grants received and to adjust the individual fund budgets as required within the total dollar limitations of the budget ordinance. The Mayor may approve transfers between categories within a cost center without the governing body's approval. The Board must approve other transfers or requests for additional funds. Thus, departmental or cost center appropriations comprise a legal spending limit for governmental fund types, except for capital projects funds for which the project length financial plans are adopted. The City disperses its capital projects fund monies to various projects, which may cause a deficit within the project. However, the City adopts a positive Capital Improvements Program where funds can be transferred within the fund with appropriate approval from the governing body. Supplemental appropriations were required during the year and the accompanying budgetary data has been revised for amendments authorized by resolution during the year. The basis of accounting applied to budgetary data presented is consistent with the appropriate basis of accounting for each fund type.

The Capital Projects Funds account for the receipt and disbursement of all resources used in the acquisition and construction of capital facilities where the construction period is expected to exceed one year, other than those financed entirely by Proprietary Fund Types. The primary funding sources are debt proceeds and General Fund transfers. The facilities constructed and assets acquired become a part of the City's fixed assets and are, therefore, recorded in the General Fixed Assets Account Group. The residual equity in Capital Projects Funds, if any, is returned to the General Fund upon completion of the project. The following funds are included in this grouping.

The Major Roads Fund includes projects that create, widen or improve roads or intersections. In addition, this fund provides safe and reasonable access to the commercial developments while maintaining a reasonable level of service for traffic using the roadways.

The Intersections & Other Fund includes additional intersections and signals for the city or the improvement of the existing ones. The major purpose of this fund is to provide safe and orderly movement of traffic.

The Fire Fund contains major objective is to provide adequate fire protection to the city and to maintain the Class 3 insurance rating. The major projects in this fund include the construction of new fire stations, the remodeling or expansion of existing fire stations and major equipment purchases.

The Parks Improvements Fund is needed to meet the intensified demand for additional parkland. In addition, growth and development of new parkland is needed to keep pace with the 2004 Plan for parks and recreation.

The Drainage Projects Fund includes projects that will provide adequate water supply for existing and future population requirements. In addition, this fund consists of sewer projects, such as the provision of sanitary sewers, which are needed when properties are annexed into the City.

The General Government Projects Fund includes miscellaneous projects needed to meet individual departmental demands. The major projects in this fund include the remodeling or expansion of City owned buildings as well as community use buildings and property.

City of Germantown
Other Post-Employment Benefits Trust
(OPEB)

Performance Evaluation

3rd Quarter 2016

GERBER
TAYLOR

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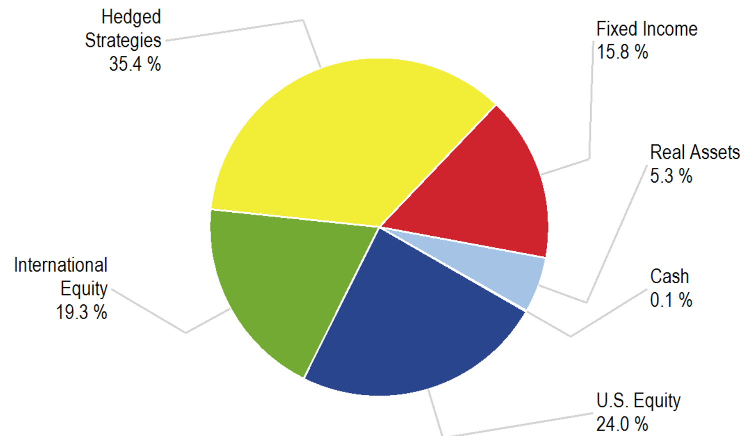
- *<u>Risk of Investing in Private Funds</u>. The Gerber Taylor organization both manages funds of funds and recommends private funds of other managers. Investment in a private fund may involve a high degree of risk and can be highly illiquid. Private funds charge management fees and typically charge performance fees. These fees may significantly reduce the returns ultimately received by the investors. There is no guarantee that any private fund will achieve its investment objectives or meet its benchmark (if any) or targeted returns. Before making any investment, prospective investors should obtain and thoroughly review a private fund's confidential offering documents, including the fund's fee structure and expenses, liquidity constraints, and use of leverage and other speculative investment strategies with their professional advisor(s) to determine whether an investment is suitable for them. Investors should also obtain and review the Part 2 of the Form ADV of the investment manager to any private fund.*
- *<u>Asset Allocation Model</u>. The information in this presentation may illustrate a proposed asset allocation. While Gerber Taylor generally expects the allocations to result in a diversified portfolio yielding positive performance, there is no assurance that the portfolio will experience positive returns or avoid capital losses. The allocations presented reflect Gerber Taylor's proposed allocation based on current market conditions; the asset class weightings may change as market conditions change. Proposed model allocations may vary for different investors based upon their investment objectives, guidelines and restrictions. Actual investor results may vary depending upon fee arrangements and the timing of investments.*
- *<u>References to Indices</u>. All referenced indices or financial benchmarks are for illustrative purposes only, are unmanaged, assume reinvestment of dividends and income, and do not reflect advisory fees. Indices are provided as general indicators of performance in various sectors of the securities markets, and, except as indicated with respect to particular managers whose performance may be reported, are not benchmarks of any Gerber Taylor account or investment product. Such indices may differ materially in terms of volatility or other characteristics from the portfolio in question. It is not possible to invest directly in an index. Gerber Taylor's goal in managing assets is not correlated with any specific index. There are material inherent limitations in comparisons between passive financial indices and actively managed accounts.*
- *<u>Performance Net of Fees and Expenses</u>. Unless otherwise indicated, performance shown is net of applicable fees and expenses. Actual investor results may vary depending upon different fee arrangements and timing of investments.*
- *<u>Hedge Fund Values and Performance</u>. Hedge fund market values are estimates given by the underlying manager until such values are verified in an annual audit.*
- *<u>Targeted Returns and Other Forward-Looking Statements</u>. Return targets or objectives, if any, are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate the investment strategies of a particular investment program and accompanying information. Targeted returns reflect subjective determinations based on a variety of factors, including, among others, investment strategy, prior performance of similar products (if any), volatility measures, risk tolerance and market conditions. Actual performance may fluctuate, especially over short periods. Targeted returns should be evaluated over the time period indicated and not over shorter periods. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance. Any statements that involve future events or are forward-looking constitute only subjective views, outlooks, estimations or intentions, are based upon Gerber Taylor's expectations, intentions or beliefs, are subject to change due to a variety of factors, including fluctuating market and economic conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond Gerber Taylor's or any private fund's control. Actual results could differ materially from those set forth in, contemplated by, or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way, and such statements should not be relied upon by investors. Gerber Taylor undertakes no obligation to revise or update targeted returns or other forward-looking statements.*
- *<u>Sample Investments, Strategies</u>. Any descriptions, information or opinions related to investment objectives or criteria, investment process, or investment strategies are provided for illustration purposes only, may not be fully indicative of any present or future investments, may be changed in the discretion of Gerber Taylor and are not intended to reflect actual performance or to project performance.*
- *<u>Information from Outside Sources</u>. Information contained herein that was produced by third parties is deemed reliable, but Gerber Taylor has not independently verified such information and does not warrant its accuracy or completeness. Please see descriptions, if any, of outside sources providing information used herein at the end of this document.*
- *<u>Past Performance</u>.* ***Past performance is not indicative of future results.*** *It should not be assumed that any investments mentioned will achieve their objective.*

CONTENTS

Summary of Cash Flows

	Third Quarter	Year-To-Date	One Year
Beginning Market Value	**$5,954,688**	**$5,776,569**	**$5,889,409**
Net Cash Flow	-$444,943	-$362,492	-$612,016
Net Investment Change	$249,572	$345,240	$481,924
Ending Market Value	**$5,759,317**	**$5,759,317**	**$5,759,317**

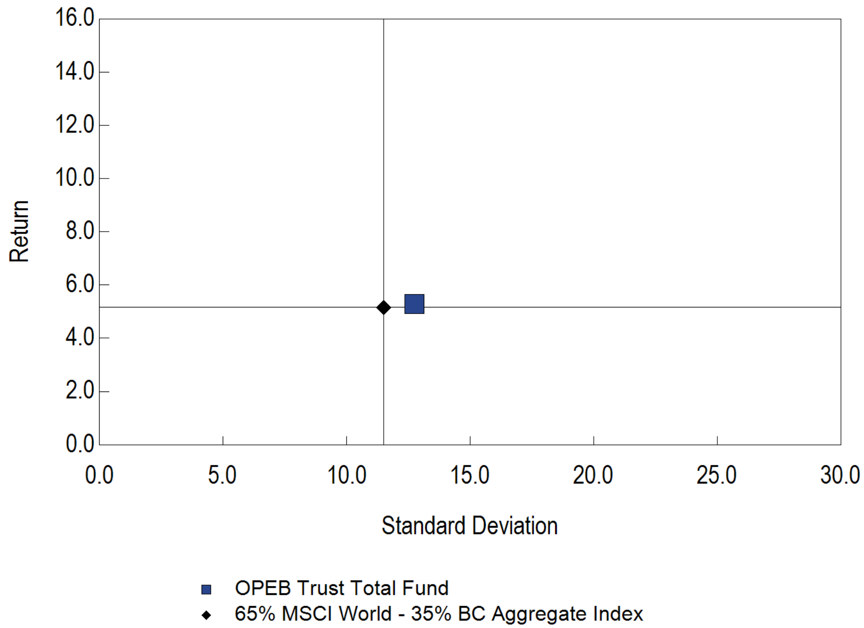
Current Allocation



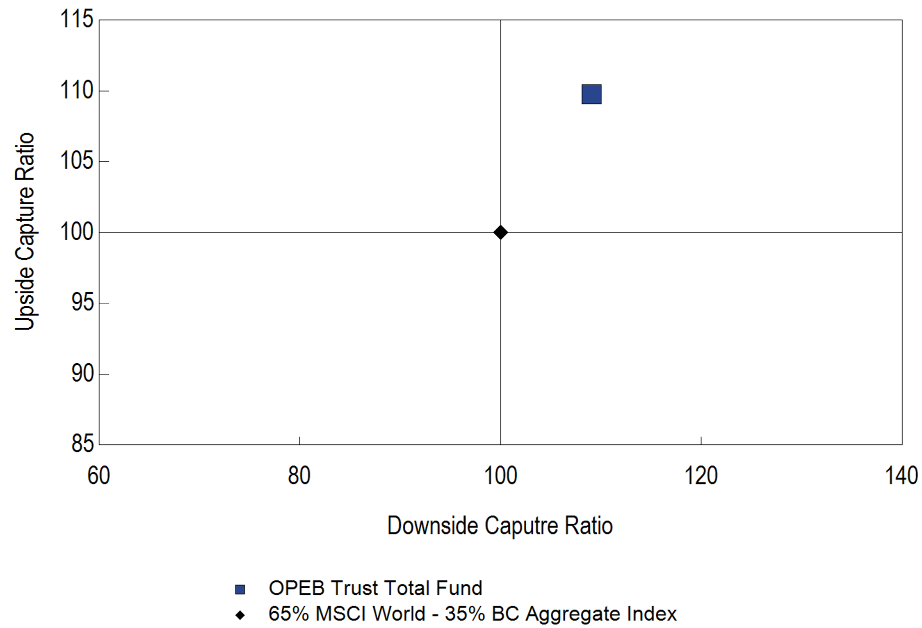
Performance Summary

	2016 Q3	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	Return	Since
OPEB Trust Total Fund	**4.3%**	**6.0%**	**8.4%**	**4.7%**	**9.4%**	**7.7%**	**5.3%**	**Apr-08**
65% MSCI World - 35% BC Aggregate Index	*3.4%*	*6.1%*	*9.8%*	*5.7%*	*9.2%*	*7.6%*	*5.2%*	*Apr-08*

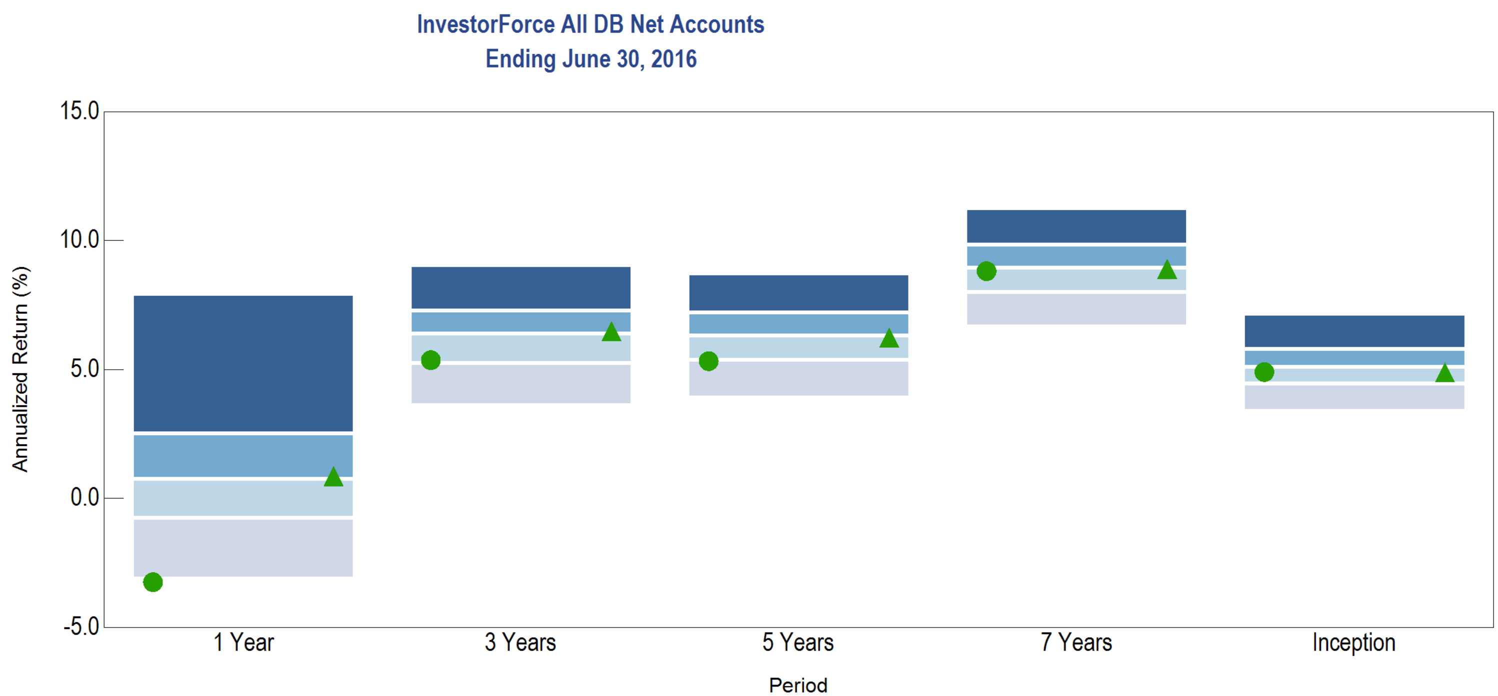
Return vs. Standard Deviation
8 Years 6 Months Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
8 Years 6 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
OPEB Trust Total Fund	5.27%	54.80%	12.75%	-0.30%	1.08	0.96	0.40	109.78%	109.10%	102
65% MSCI World - 35% BC Aggregate Index	5.16%	53.34%	11.50%	0.00%	1.00	1.00	0.43	100.00%	100.00%	102



	Return (Rank)									
5th Percentile	7.9		9.0		8.7		11.3		7.2	
25th Percentile	2.5		7.3		7.2		9.9		5.8	
Median	0.8		6.4		6.3		9.0		5.1	
75th Percentile	-0.7		5.3		5.4		8.0		4.5	
95th Percentile	-3.1		3.6		3.9		6.7		3.4	
# of Portfolios	975		894		805		749		701	
● **OPEB Trust Total Fund**	-3.2	(96)	5.4	(74)	5.3	(77)	8.8	(56)	4.9	(59)
▲ **65% MSCI World - 35% BC Aggregate Index**	0.9	(49)	6.5	(48)	6.2	(53)	8.9	(53)	4.9	(59)

Note: OPEB Inception is 4/1/2008.

Historical Returns
(By Years)

	OPEB Trust Total Fund	65% MSCI World - 35% BC Aggregate Index
	Return	Return
2008 (9 months)	-24.8 %	-22.6 %
2009	28.8	22.1
2010	13.5	10.8
2011	-6.2	-0.3
2012	15.2	12.3
2013	20.8	16.3
2014	4.1	5.7
2015	-2.2	0.2
2016 (9 months)	6.0	6.1

	Market Value	% of Portfolio	Policy %	2016 Q3	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	Return	Since
OPEB Trust Total Fund	**$5,759,317**	**100.0%**	**--**	**4.3%**	**6.0%**	**8.4%**	**4.7%**	**9.4%**	**7.7%**	**5.3%**	**Apr-08**
65% MSCI World - 35% BC Aggregate Index				*3.4%*	*6.1%*	*9.8%*	*5.7%*	*9.2%*	*7.6%*	*5.2%*	*Apr-08*
U.S. Equity	**$1,384,807**	**24.0%**	**25.0%**								
FMI Large Cap	$270,986	4.7%	5.0%	3.1%	8.5%	12.4%	9.0%	--	--	13.0%	Jan-12
S&P 500				*3.9%*	*7.8%*	*15.4%*	*11.2%*	*16.4%*	*13.2%*	*14.6%*	*Jan-12*
Dodge & Cox Stock	$278,879	4.8%	5.0%	8.8%	9.5%	14.6%	8.9%	17.1%	12.5%	7.4%	Apr-08
Russell 1000 Value				*3.5%*	*10.0%*	*16.2%*	*9.7%*	*16.2%*	*12.3%*	*7.1%*	*Apr-08*
S&P 500				*3.9%*	*7.8%*	*15.4%*	*11.2%*	*16.4%*	*13.2%*	*8.3%*	*Apr-08*
Harbor Capital Appreciation	$420,085	7.3%	7.5%	8.2%	0.9%	9.2%	11.4%	16.0%	13.4%	9.9%	Apr-08
Russell 1000 Growth				*4.6%*	*6.0%*	*13.8%*	*11.8%*	*16.6%*	*14.1%*	*9.7%*	*Apr-08*
S&P 500				*3.9%*	*7.8%*	*15.4%*	*11.2%*	*16.4%*	*13.2%*	*8.3%*	*Apr-08*
Baron Small Cap	$414,857	7.2%	7.5%	6.5%	8.5%	12.9%	4.8%	13.8%	12.1%	8.1%	Apr-08
Russell 2000				*9.0%*	*11.5%*	*15.5%*	*6.7%*	*15.8%*	*12.5%*	*8.8%*	*Apr-08*
International Equity	**$1,114,322**	**19.3%**	**20.0%**								
Harbor International	$556,929	9.7%	10.0%	6.0%	4.7%	7.7%	-0.6%	7.3%	4.7%	1.3%	Apr-08
MSCI EAFE Gross				*6.5%*	*2.2%*	*7.1%*	*0.9%*	*7.9%*	*4.7%*	*1.3%*	*Apr-08*
First Eagle Overseas	$557,393	9.7%	10.0%	3.5%	9.6%	14.5%	4.9%	7.7%	--	6.1%	Sep-11
MSCI EAFE Gross				*6.5%*	*2.2%*	*7.1%*	*0.9%*	*7.9%*	*4.7%*	*5.7%*	*Sep-11*

As of September 30, 2016

	Market Value	% of Portfolio	Policy %	2016 Q3	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	Return	Since
Hedged Strategies	**$2,037,459**	**35.4%**	**35.0%**								
Drake Capital Partners	$1,224,128	21.3%	20.0%	2.6%	-3.0%	0.9%	--	--	--	3.2%	Feb-14
HFRI FOF: Strategic Index				*3.7%*	*-0.1%*	*1.4%*	*2.1%*	*3.6%*	*2.6%*	*1.1%*	*Feb-14*
Gotham Absolute Return	$346,398	6.0%	6.3%	2.5%	3.2%	3.2%	3.2%	--	--	0.4%	Jan-14
HFRI Equity Hedge (Total) Index				*4.7%*	*4.2%*	*6.0%*	*3.2%*	*5.6%*	*4.3%*	*1.8%*	*Jan-14*
Gotham Neutral Return	$125,614	2.2%	2.5%	-0.5%	1.0%	-0.1%	--	--	--	-3.0%	May-15
HFRI Equity Hedge (Total) Index				*4.7%*	*4.2%*	*6.0%*	*3.2%*	*5.6%*	*4.3%*	*-0.4%*	*May-15*
PIMCO All Asset	$341,319	5.9%	6.3%	3.9%	13.7%	13.7%	--	--	--	1.6%	Jan-14
50% MSCI World - 50% BC Aggregate				*2.7%*	*6.1%*	*8.8%*	*5.4%*	*7.8%*	*6.9%*	*4.4%*	*Jan-14*
Barclays U.S. 1-10 YR. TIPS				*0.6%*	*5.6%*	*4.8%*	*1.5%*	*1.3%*	*3.0%*	*2.1%*	*Jan-14*
Real Assets	**$305,056**	**5.3%**	**5.0%**								
Eagle MLP Strategy Fund	$305,056	5.3%	5.0%	10.8%	32.4%	9.3%	--	--	--	-8.6%	Jan-14
Alerian MLP Index				*1.1%*	*15.9%*	*12.7%*	*-4.8%*	*5.0%*	*10.2%*	*-7.0%*	*Jan-14*
Fixed Income	**$911,363**	**15.8%**	**15.0%**								
Metwest Total Return	$277,221	4.8%	5.0%	0.8%	5.3%	4.7%	--	--	--	3.5%	Oct-14
Barclays Aggregate				*0.5%*	*5.8%*	*5.2%*	*4.0%*	*3.1%*	*4.1%*	*4.1%*	*Oct-14*
PIMCO Short-Term	$276,494	4.8%	5.0%	1.2%	1.8%	2.6%	1.4%	1.7%	--	1.4%	Apr-11
91 Day T-Bills				*0.1%*	*0.2%*	*0.2%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*Apr-11*
1607 Bond Fund	$357,648	6.2%	5.0%	1.8%	10.7%	12.8%	--	--	--	6.5%	Feb-14
Barclays Aggregate				*0.5%*	*5.8%*	*5.2%*	*4.0%*	*3.1%*	*4.1%*	*4.0%*	*Feb-14*
Cash	$6,310	0.1%									

Asset Allocation vs. Target

As Of September 30, 2016

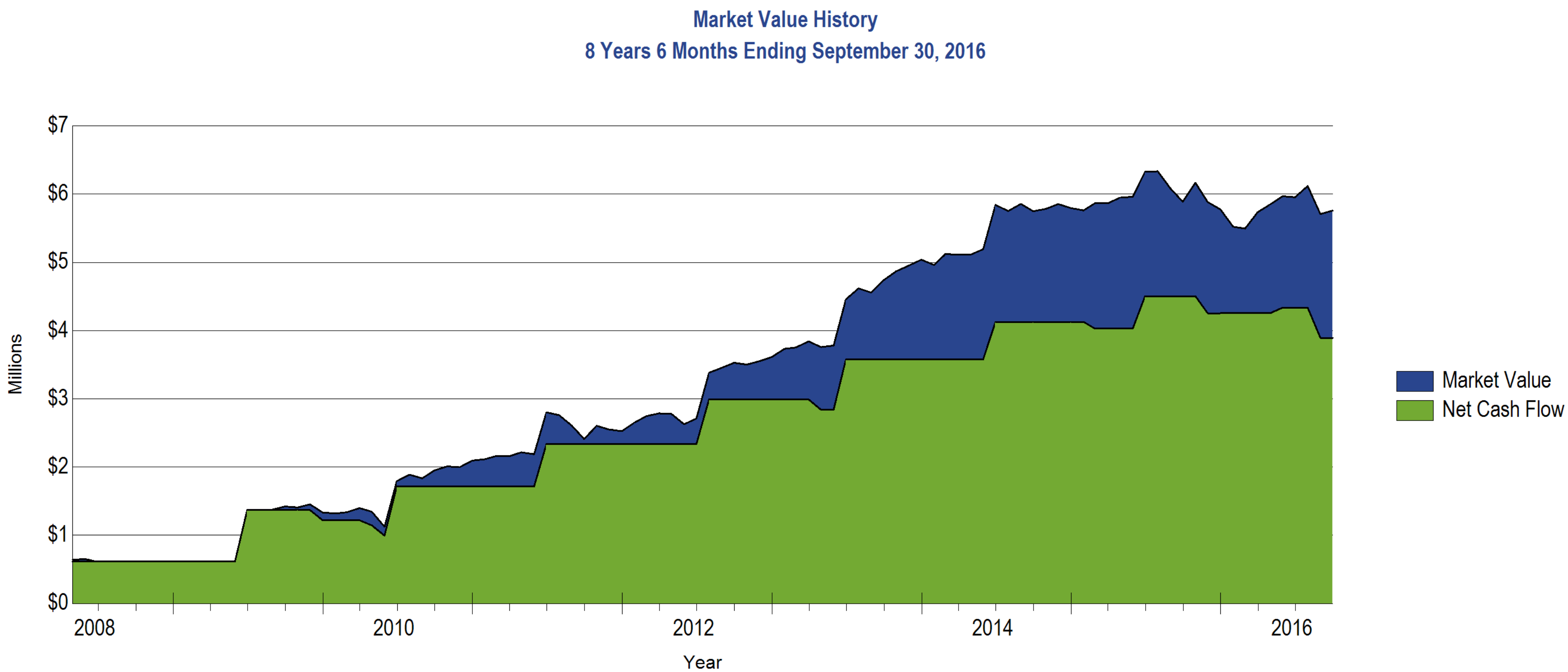
	Current	%	Target Allocation	Difference*	%
U.S. Equity	$1,384,807	24.0%	25.0%	-$55,022	-1.0%
FMI Large Cap	$270,986	4.7%	5.0%	-$16,980	-0.3%
Dodge & Cox Stock	$278,879	4.8%	5.0%	-$9,087	-0.2%
Harbor Capital Appreciation	$420,085	7.3%	7.5%	-$11,864	-0.2%
Baron Small Cap	$414,857	7.2%	7.5%	-$17,092	-0.3%
International Equity	$1,114,322	19.3%	20.0%	-$37,541	-0.7%
Harbor International	$556,929	9.7%	10.0%	-$19,003	-0.3%
First Eagle Overseas	$557,393	9.7%	10.0%	-$18,539	-0.3%
Hedged Strategies	$2,037,459	35.4%	35.0%	$21,698	0.4%
Drake Capital Partners	$1,224,128	21.3%	20.0%	$72,265	1.3%
Gotham Absolute Return	$346,398	6.0%	6.3%	-$16,439	-0.3%
Gotham Neutral Return	$125,614	2.2%	2.5%	-$18,369	-0.3%
PIMCO All Asset	$341,319	5.9%	6.3%	-$21,518	-0.4%
Fixed Income	$911,363	15.8%	15.0%	$47,465	0.8%
Metwest Total Return	$277,221	4.8%	5.0%	-$10,745	-0.2%
PIMCO Short-Term	$276,494	4.8%	5.0%	-$11,472	-0.2%
1607 Bond Fund	$357,648	6.2%	5.0%	$69,682	1.2%
Real Assets	$305,056	5.3%	5.0%	$17,090	0.3%
Eagle MLP Strategy Fund	$305,056	5.3%	5.0%	$17,090	0.3%
Cash	$6,310	0.1%	--	$6,310	0.1%
Cash	$6,310	0.1%			
Total	**$5,759,317**	**100.0%**	**100.0%**		

Quarter Ending September 30, 2016

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
FMI Large Cap	$295,318	-$34,000	$9,668	$270,986
Dodge & Cox Stock	$293,549	-$40,000	$25,330	$278,879
Harbor Capital Appreciation	$425,454	-$40,000	$34,631	$420,085
Baron Small Cap	$408,436	-$20,000	$26,421	$414,857
Harbor International	$544,433	-$20,000	$32,496	$556,929
First Eagle Overseas	$624,675	-$90,000	$22,718	$557,393
Drake Capital Partners	$1,193,028	$0	$31,100	$1,224,128
Gotham Absolute Return	$357,530	-$20,000	$8,868	$346,398
Gotham Neutral Return	$146,128	-$20,000	-$514	$125,614
PIMCO All Asset	$376,685	-$50,000	$14,634	$341,319
Eagle MLP Strategy Fund	$342,735	-$70,000	$32,321	$305,056
Metwest Total Return	$295,440	-$20,443	$2,224	$277,221
PIMCO Short-Term	$293,701	-$20,500	$3,293	$276,494
1607 Bond Fund	$351,269	$0	$6,379	$357,648
Cash	$6,307	$0	$3	$6,310
Total	**$5,954,688**	**-$444,943**	**$249,572**	**$5,759,317**

YTD Ending September 30, 2016

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
FMI Large Cap	$280,401	-$34,000	$24,585	$270,986
Dodge & Cox Stock	$271,309	-$20,000	$27,570	$278,879
Harbor Capital Appreciation	$388,930	$22,451	$8,704	$420,085
Baron Small Cap	$400,620	-$20,000	$34,237	$414,857
Harbor International	$550,735	-$20,000	$26,194	$556,929
First Eagle Overseas	$589,912	-$90,000	$57,481	$557,393
Drake Capital Partners	$1,262,480	$0	-$38,352	$1,224,128
Gotham Absolute Return	$325,008	$10,000	$11,390	$346,398
Gotham Neutral Return	$143,927	-$20,000	$1,687	$125,614
PIMCO All Asset	$372,316	-$80,000	$49,003	$341,319
Eagle MLP Strategy Fund	$286,745	-$70,000	$88,311	$305,056
Metwest Total Return	$282,812	-$20,443	$14,852	$277,221
PIMCO Short-Term	$292,041	-$20,500	$4,953	$276,494
1607 Bond Fund	$323,037	$0	$34,611	$357,648
Cash	$6,296	$0	$14	$6,310
Total	**$5,776,569**	**-$362,492**	**$345,240**	**$5,759,317**

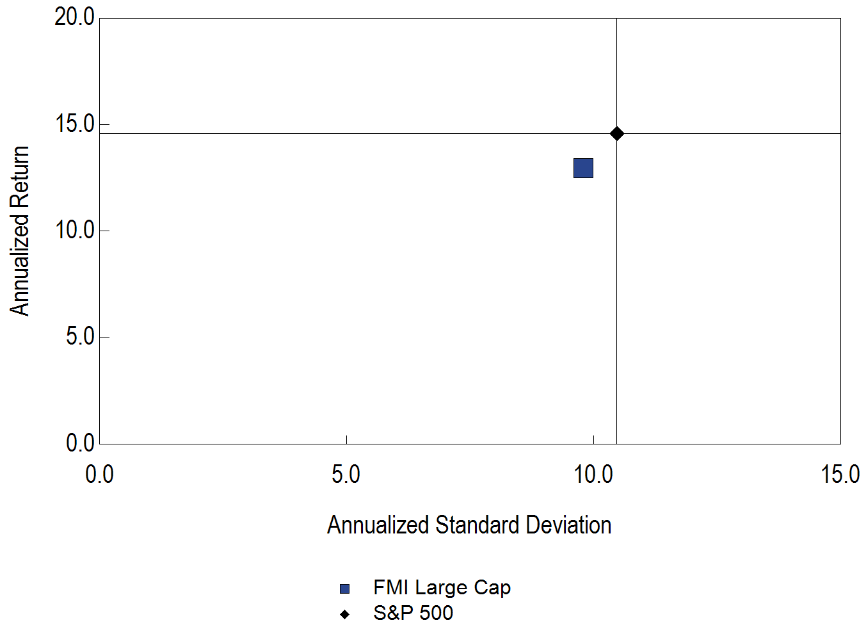


Summary of Cash Flows

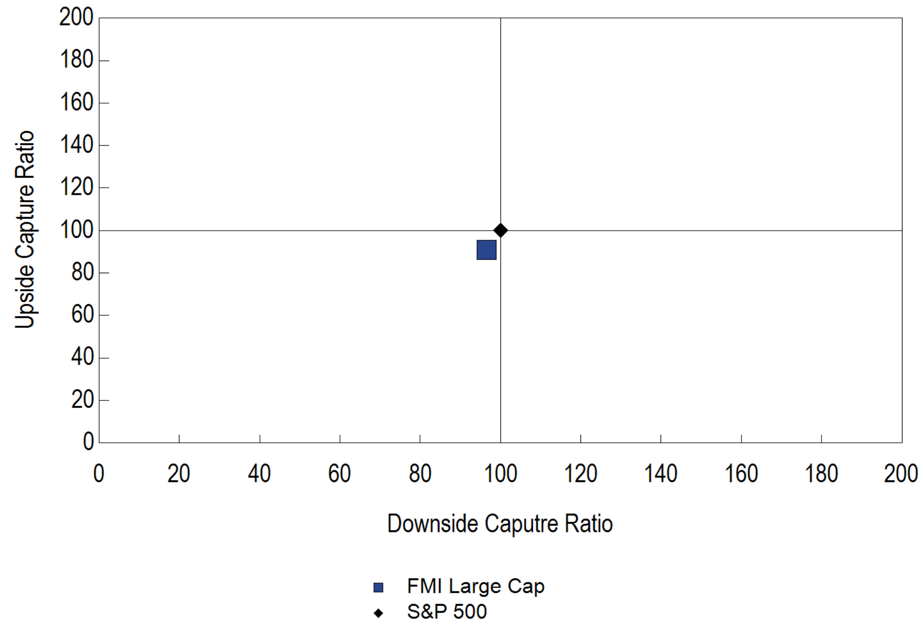
	Inception 4/1/08
Beginning Market Value	**$615,483**
Net Cash Flow	$3,276,438
Net Investment Change	$1,867,396
Ending Market Value	**$5,759,317**

OPEB Trust was funded on March 19, 2008 with $600,000. Performance tracking begins April 1, 2008. Market Value excludes OPEB Disbursement Account.

Annualized Return vs. Annualized Standard Deviation
4 Years 9 Months Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
4 Years 9 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
FMI Large Cap	12.95%	78.34%	9.80%	-0.21%	0.90	0.93	1.31	90.82%	96.54%	57
S&P 500	14.58%	90.88%	10.48%	0.00%	1.00	1.00	1.38	100.00%	100.00%	57

	Return (Rank)					
5th Percentile	15.8		11.5		15.8	
25th Percentile	14.9		10.8		14.5	
Median	13.1		9.6		13.9	
75th Percentile	10.5		8.1		12.4	
95th Percentile	4.3		5.4		10.1	
# of Portfolios	341		322		301	
● FMI Large Cap	12.4	(59)	9.0	(63)	13.0	(70)
▲ S&P 500	15.4	(9)	11.2	(8)	14.6	(18)

Portfolio Fund Information as of 06/30/2016

Ticker	FMIHX
Morningstar Category	Large Blend
Average Market Cap ($mm)	47,663.53
Net Assets ($mm)	7,293.56
% Assets in Top 10 Holdings	43.64
Total Number of Holdings	31
Manager Name	Patrick J. English
Manager Tenure	15
Expense Ratio	0.87%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 06/30/2016

Versus S&P 500

	Portfolio	S&P 500
Average Market Cap (Billions)	47.7	127.6
Price To Earnings	18.6	23.3
Price To Book	2.8	4.4
Return On Equity	21.8	17.7
Dividend Yield	2.4%	2.2%
Beta (3 Year)	0.9	1.0
R-Squared (3 Year)	0.9	1.0

Top Holdings as of 06/30/2016

UNITEDHEALTH GROUP INC	5.4%
DOLLAR GENERAL CORP	5.3%
COMCAST CORP CLASS A	5.0%
BERKSHIRE HATHAWAY INC B	4.9%
ACCENTURE PLC A	4.2%
SCHLUMBERGER LTD	4.0%
DANONE SA ADR	3.9%
PROGRESSIVE CORP	3.9%
BANK OF NEW YORK MELLON CORP	3.7%
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	3.5%

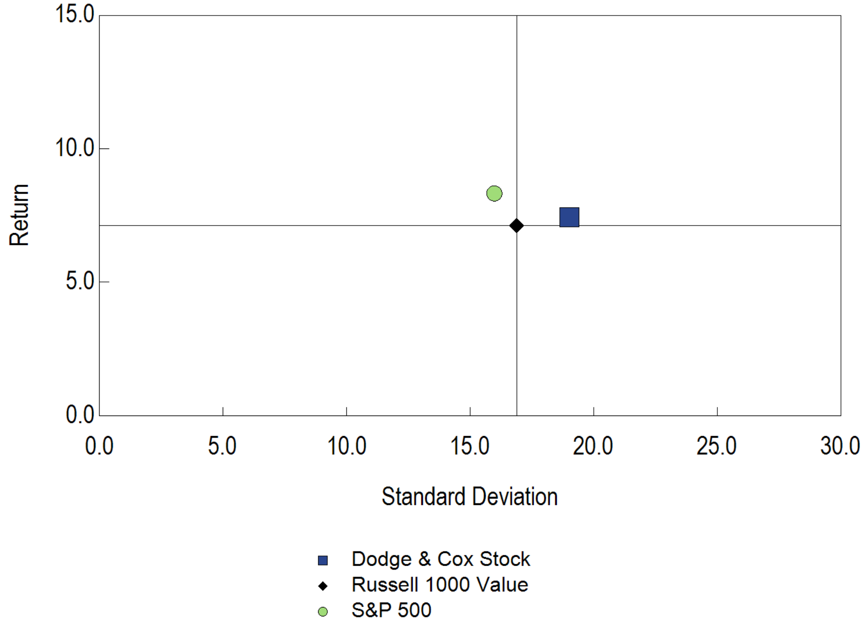
Sector Allocation as of 06/30/2016

BASIC MATERIALS	3.2%
COMMUNICATION SERVICES	5.0%
CONSUMER CYCLICAL	12.3%
CONSUMER DEFENSIVE	14.9%
ENERGY	6.4%
FINANCIAL SERVICES	17.7%
HEALTHCARE	7.5%
INDUSTRIALS	15.5%
REAL ESTATE	0.0%
TECHNOLOGY	9.6%
UTILITIES	0.0%

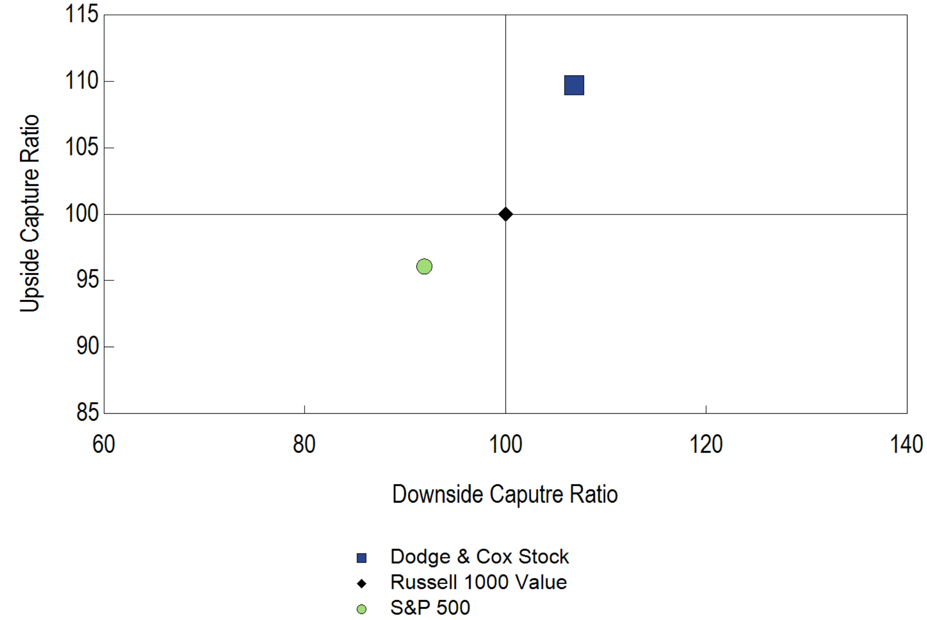
Historical Returns
(By Years)

	FMI Large Cap	S&P 500
	Return	Return
2012	14.9 %	16.0 %
2013	30.5	32.4
2014	12.3	13.7
2015	-2.4	1.4
2016 (9 months)	8.5	7.8

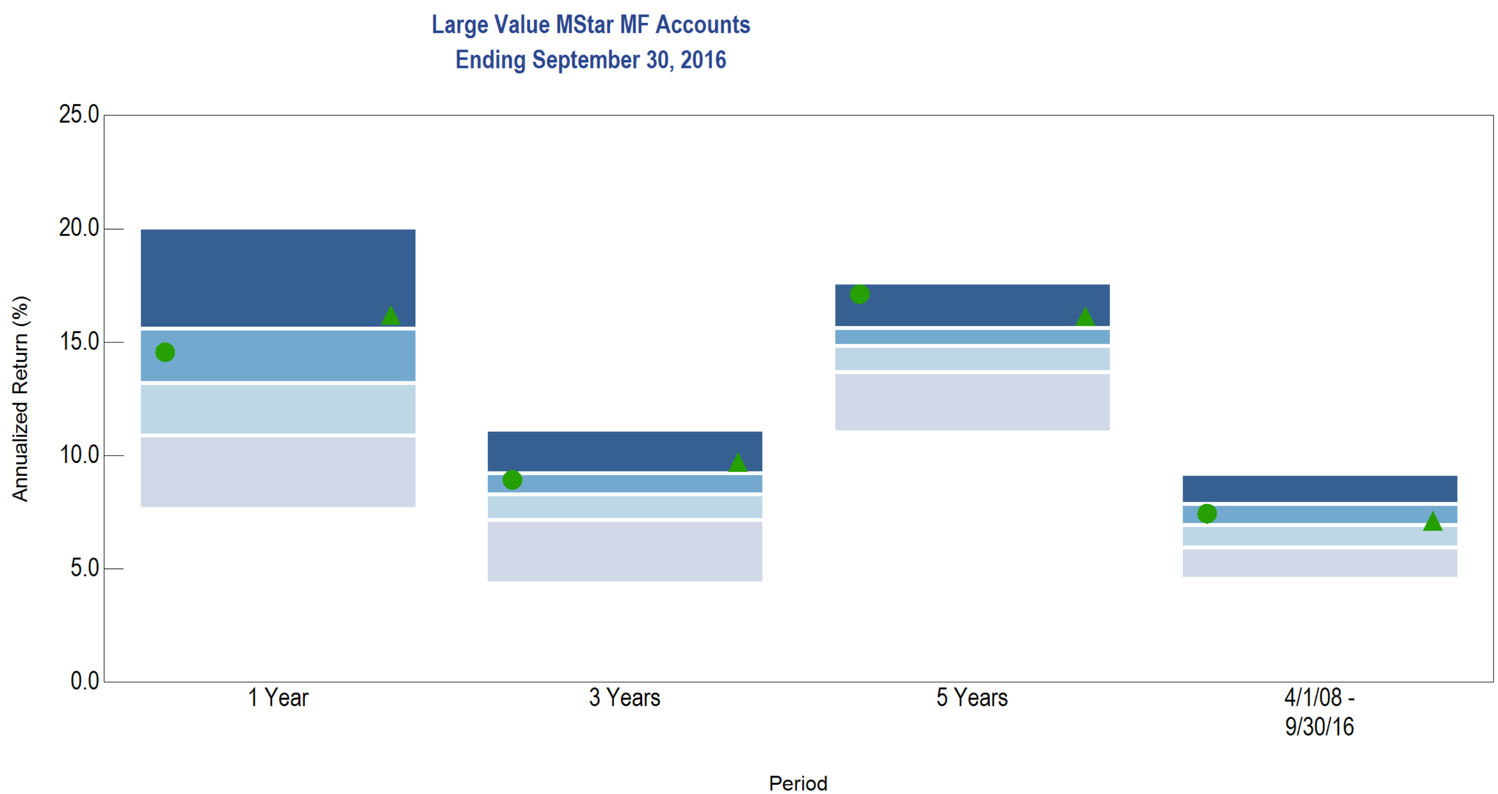
Return vs. Standard Deviation
8 Years 6 Months Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
8 Years 6 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Dodge & Cox Stock	7.44%	84.04%	19.03%	-0.37%	1.10	0.95	0.38	109.72%	106.82%	102
Russell 1000 Value	7.12%	79.46%	16.89%	0.00%	1.00	1.00	0.41	100.00%	100.00%	102
S&P 500	8.32%	97.33%	15.98%	1.66%	0.93	0.97	0.51	96.07%	91.92%	102



	Return (Rank)							
5th Percentile	20.0		11.1		17.6		9.2	
25th Percentile	15.6		9.2		15.7		7.9	
Median	13.2		8.3		14.8		7.0	
75th Percentile	10.9		7.2		13.7		6.0	
95th Percentile	7.7		4.4		11.0		4.6	
# of Portfolios	286		260		242		223	
● **Dodge & Cox Stock**	14.6	(38)	8.9	(32)	17.1	(8)	7.4	(39)
▲ **Russell 1000 Value**	16.2	(20)	9.7	(16)	16.2	(15)	7.1	(47)

Portfolio Fund Information as of 06/30/2016

Ticker	DODGX
Morningstar Category	Large Value
Average Market Cap ($mm)	55,766.65
Net Assets ($mm)	53,716.46
% Assets in Top 10 Holdings	31.17
Total Number of Holdings	67
Manager Name	C. Bryan Cameron
Manager Tenure	25
Expense Ratio	0.52%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 06/30/2016

Versus Russell 1000 Value

	Portfolio	Russell 1000 Value
Average Market Cap (Billions)	55.8	109.2
Price To Earnings	14.6	19.8
Price To Book	1.7	2.3
Return On Equity	12.5	12.0
Dividend Yield	2.3%	2.6%
Beta (3 Year)	1.1	1.0
R-Squared (3 Year)	0.9	1.0

Top Holdings as of 06/30/2016

WELLS FARGO & CO	3.6%
CAPITAL ONE FINANCIAL CORP	3.5%
BANK OF AMERICA CORPORATION	3.2%
HEWLETT PACKARD ENTERPRISE CO	3.2%
COMCAST CORP CLASS A	3.1%
TIME WARNER INC	3.0%
NOVARTIS AG ADR	2.9%
CHARLES SCHWAB CORP	2.9%
CHARTER COMMUNICATIONS INC A	2.9%
MICROSOFT CORP	2.9%

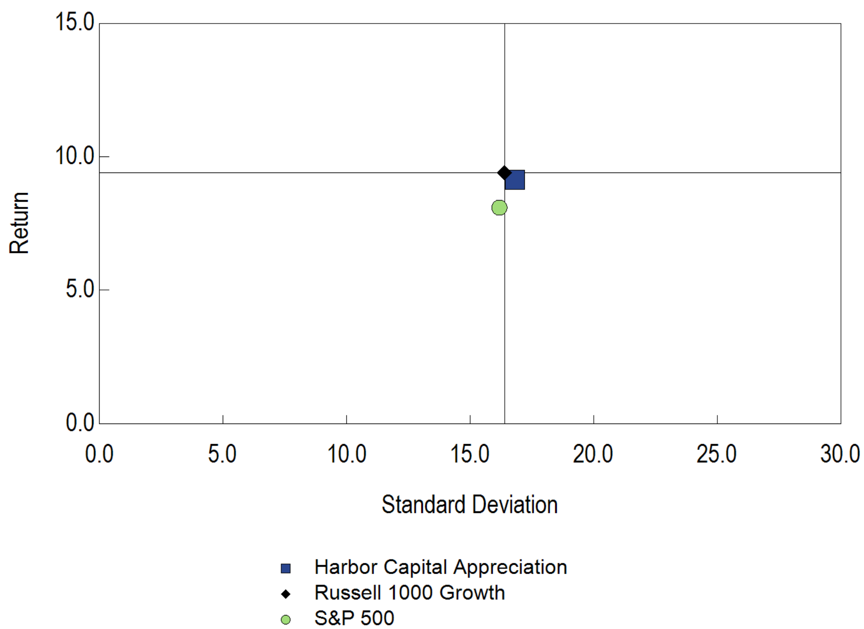
Sector Allocation as of 06/30/2016

BASIC MATERIALS	0.9%
COMMUNICATION SERVICES	7.7%
CONSUMER CYCLICAL	7.7%
CONSUMER DEFENSIVE	3.1%
ENERGY	8.5%
FINANCIAL SERVICES	25.4%
HEALTHCARE	17.6%
INDUSTRIALS	5.2%
REAL ESTATE	0.0%
TECHNOLOGY	22.6%
UTILITIES	0.0%

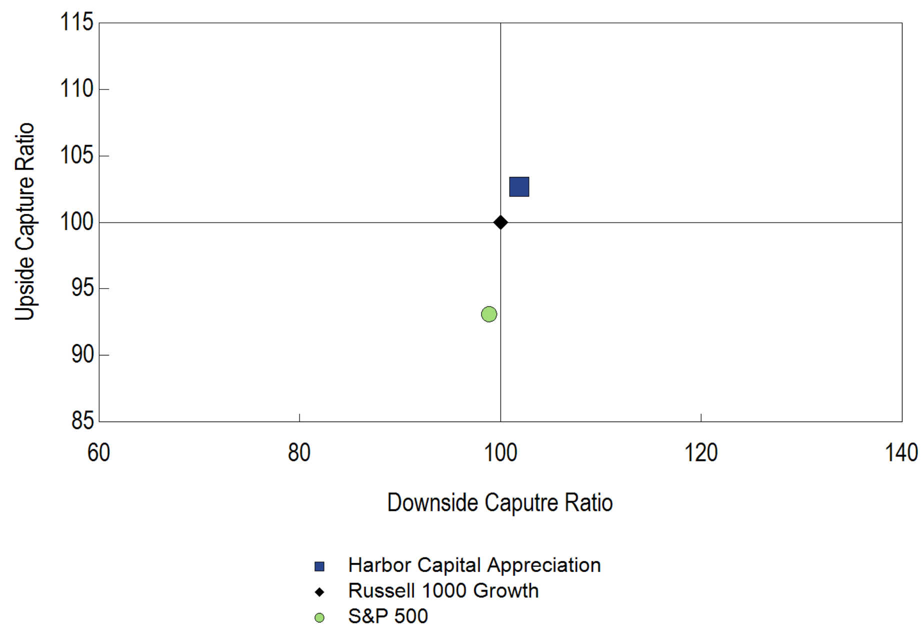
Historical Returns
(By Years)

	Dodge & Cox Stock	Russell 1000 Value
	Return	Return
2008 (9 months)	-35.6 %	-30.8 %
2009	31.3	19.7
2010	13.4	15.5
2011	-3.1	0.4
2012	22.0	17.5
2013	40.5	32.5
2014	10.4	13.5
2015	-4.4	-3.8
2016 (9 months)	9.5	10.0

Return vs. Standard Deviation
8 Years 3 Months Ending June 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
8 Years 6 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Harbor Capital Appreciation	9.87%	122.50%	16.69%	0.23%	0.99	0.93	0.58	102.69%	101.90%	102
Russell 1000 Growth	9.69%	119.48%	16.21%	0.00%	1.00	1.00	0.59	100.00%	100.00%	102
S&P 500	8.32%	97.33%	15.98%	-1.05%	0.97	0.96	0.51	93.10%	98.86%	102

	Return (Rank)							
5th Percentile	15.6		13.0		18.5		10.8	
25th Percentile	12.6		11.4		16.5		9.5	
Median	10.8		10.1		15.5		8.5	
75th Percentile	8.9		8.4		14.4		7.3	
95th Percentile	6.7		5.8		12.3		6.0	
# of Portfolios	317		303		283		252	
● **Harbor Capital Appreciation**	9.2	(72)	11.4	(24)	16.0	(36)	9.9	(17)
▲ **Russell 1000 Growth**	13.8	(16)	11.8	(18)	16.6	(24)	9.7	(21)

Portfolio Fund Information as of 06/30/2016

Ticker	HACAX
Morningstar Category	Large Growth
Average Market Cap ($mm)	82,205.26
Net Assets ($mm)	21,692.16
% Assets in Top 10 Holdings	33.61
Total Number of Holdings	63
Manager Name	Spiros “Sig” Segalas
Manager Tenure	26
Expense Ratio	0.65%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 06/30/2016

Versus Russell 1000 Growth

	Portfolio	Russell 1000 Growth
Average Market Cap (Billions)	82.2	120.1
Price To Earnings	27.3	27.2
Price To Book	4.9	6.5
Return On Equity	22.9	23.5
Dividend Yield	0.9%	1.6%
Beta (3 Year)	1.1	1.0
R-Squared (3 Year)	0.9	1.0

Top Holdings as of 06/30/2016

AMAZON.COM INC	6.1%
FACEBOOK INC A	4.4%
APPLE INC	4.0%
VISA INC CLASS A	3.5%
TENCENT HOLDINGS LTD	2.9%
MASTERCARD INC A	2.7%
BRISTOL-MYERS SQUIBB COMPANY	2.7%
INDUSTRIA DE DISENO TEXTIL SA	2.4%
SALESFORCE.COM INC	2.4%
ADOBE SYSTEMS INC	2.4%

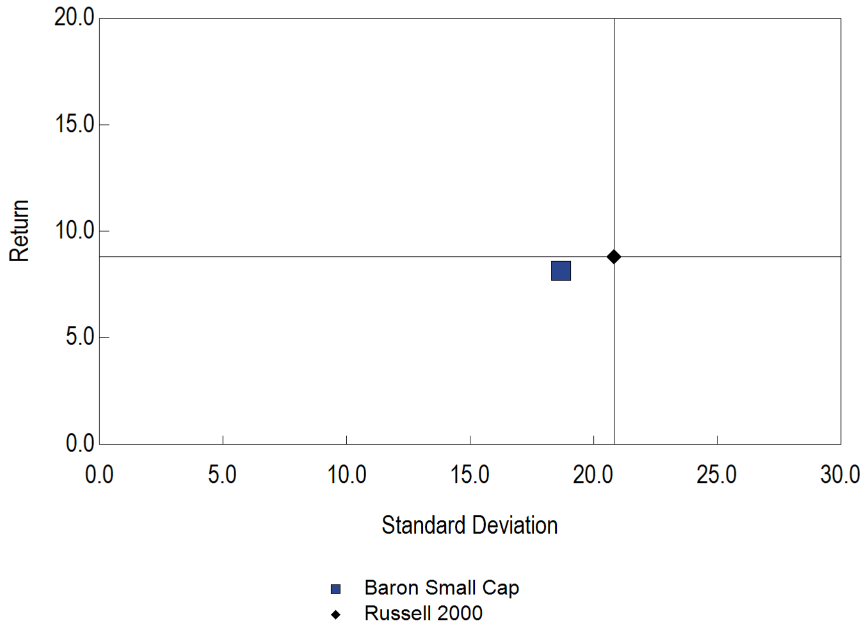
Sector Allocation as of 06/30/2016

BASIC MATERIALS	0.2%
COMMUNICATION SERVICES	3.4%
CONSUMER CYCLICAL	29.9%
CONSUMER DEFENSIVE	5.1%
ENERGY	2.2%
FINANCIAL SERVICES	6.9%
HEALTHCARE	15.2%
INDUSTRIALS	4.7%
REAL ESTATE	0.0%
TECHNOLOGY	30.3%
UTILITIES	0.0%

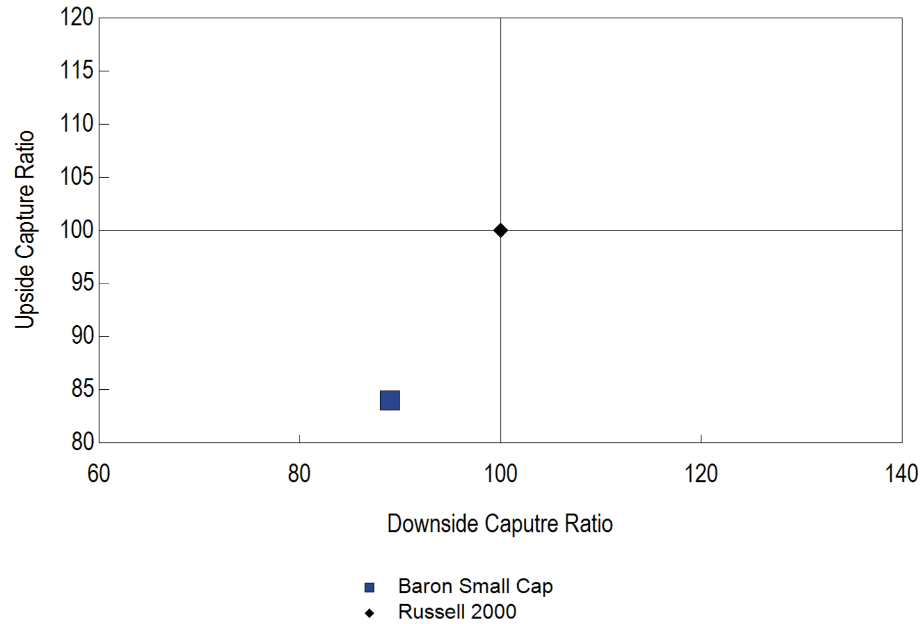
Historical Returns
(By Years)

	Harbor Capital Appreciation	Russell 1000 Growth
	Return	Return
2008 (9 months)	-29.3 %	-31.5 %
2009	41.9	37.2
2010	11.3	16.7
2011	1.3	2.6
2012	15.7	15.3
2013	37.7	33.5
2014	10.2	13.0
2015	11.1	5.7
2016 (9 months)	0.9	6.0

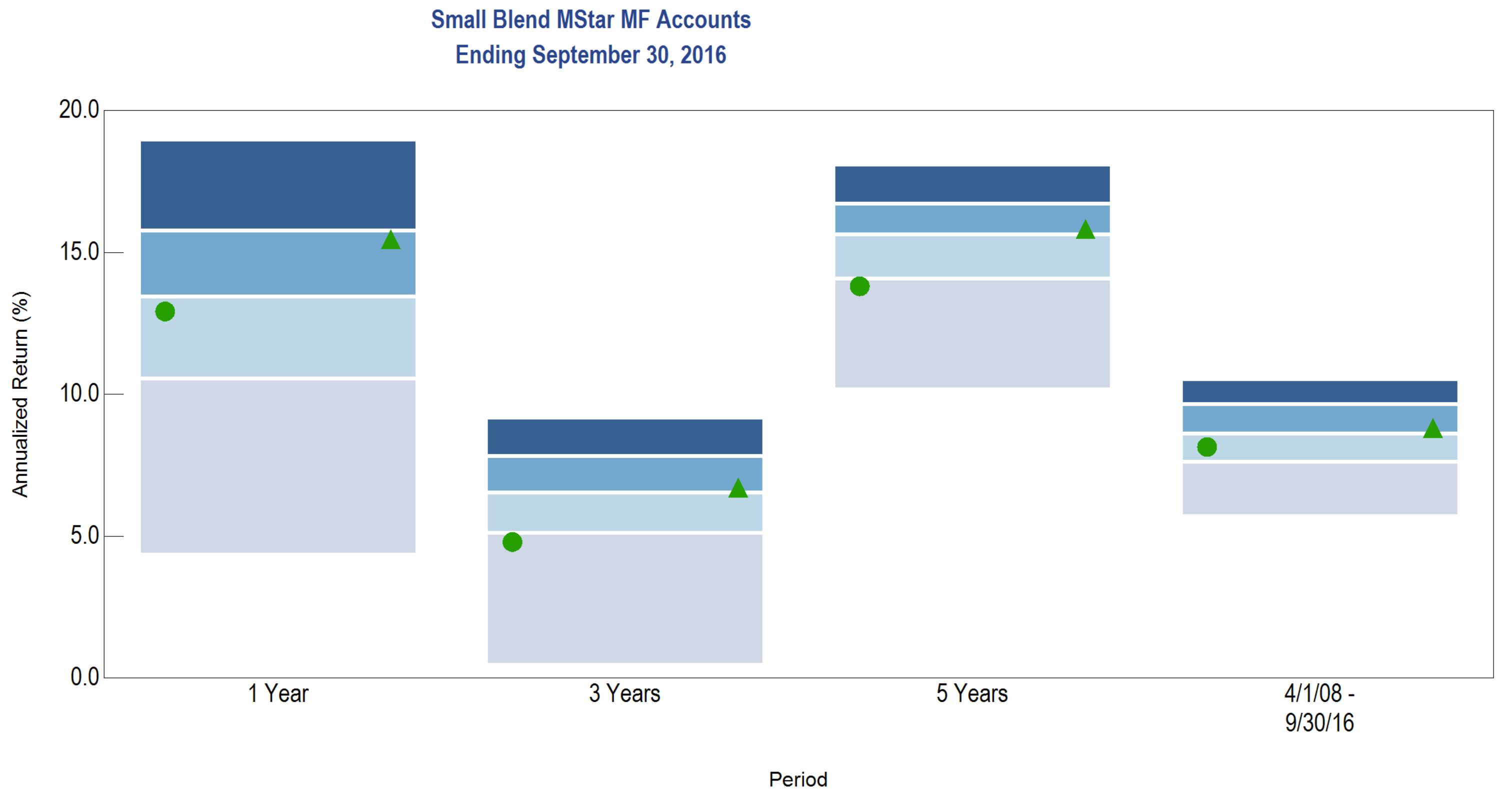
Return vs. Standard Deviation
8 Years 6 Months Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
8 Years 6 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Baron Small Cap	8.15%	94.58%	18.68%	0.46%	0.87	0.94	0.43	83.98%	89.01%	102
Russell 2000	8.82%	105.06%	20.83%	0.00%	1.00	1.00	0.41	100.00%	100.00%	102



	Return (Rank)							
5th Percentile	19.0		9.2		18.1		10.5	
25th Percentile	15.8		7.8		16.7		9.7	
Median	13.5		6.6		15.6		8.6	
75th Percentile	10.6		5.1		14.1		7.6	
95th Percentile	4.4		0.5		10.2		5.7	
# of Portfolios	208		183		166		146	
● **Baron Small Cap**	12.9	(56)	4.8	(79)	13.8	(79)	8.1	(63)
▲ **Russell 2000**	15.5	(29)	6.7	(45)	15.8	(45)	8.8	(43)

Portfolio Fund Information as of 09/30/2016

Ticker	BSCFX
Morningstar Category	Small Growth
Average Market Cap ($mm)	4,347.58
Net Assets ($mm)	1,832.58
% Assets in Top 10 Holdings	36.69
Total Number of Holdings	78
Manager Name	Clifford Greenberg
Manager Tenure	19
Expense Ratio	1.30%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 09/30/2016

Versus Russell 2000

	Portfolio	Russell 2000
Average Market Cap (Billions)	4.3	1.8
Price To Earnings	31.4	22.2
Price To Book	4.0	2.8
Return On Equity	10.7	10.2
Dividend Yield	0.6%	1.3%
Beta (3 Year)	0.9	1.0
R-Squared (3 Year)	0.9	1.0

Top Holdings as of 09/30/2016

TRANSDIGM GROUP INC	5.6%
GARTNER INC A	4.2%
IDEXX LABORATORIES INC	4.0%
BRIGHT HORIZONS FAMILY SOLUTIONS INC	4.0%
THE ULTIMATE SOFTWARE GROUP INC	3.8%
WASTE CONNECTIONS INC	3.4%
ACUITY BRANDS INC	3.4%
SBA COMMUNICATIONS CORP	2.9%
GUIDEWIRE SOFTWARE INC	2.7%
GAMING AND LEISURE PROPERTIES INC	2.6%

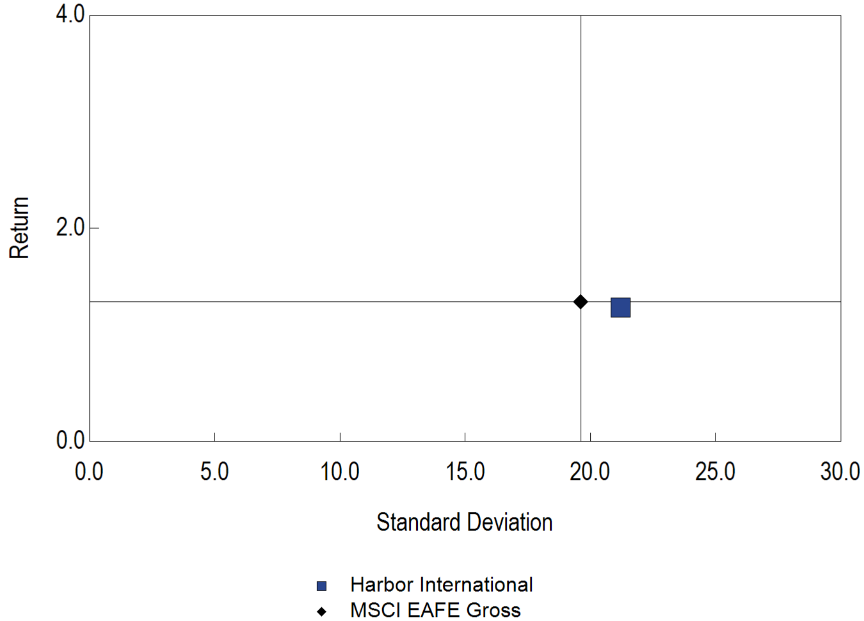
Sector Allocation as of 09/30/2016

BASIC MATERIALS	2.9%
COMMUNICATION SERVICES	3.8%
CONSUMER CYCLICAL	16.0%
CONSUMER DEFENSIVE	2.7%
ENERGY	2.5%
FINANCIAL SERVICES	2.5%
HEALTHCARE	19.3%
INDUSTRIALS	21.2%
REAL ESTATE	3.9%
TECHNOLOGY	23.6%
UTILITIES	0.0%

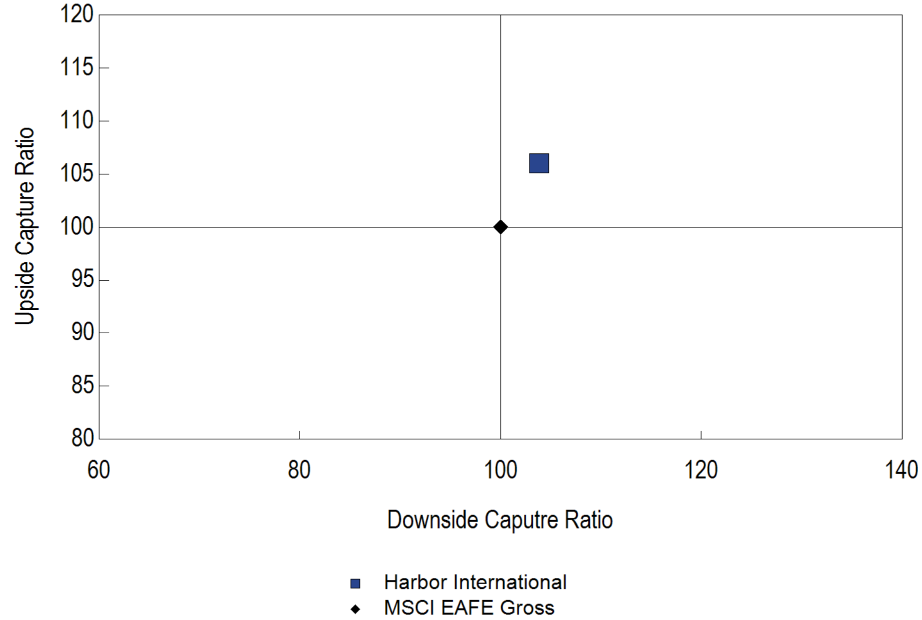
Historical Returns
(By Years)

	Baron Small Cap	Russell 2000
	Return	Return
2008 (9 months)	-30.8 %	-26.5 %
2009	35.3	27.2
2010	23.5	26.9
2011	-1.0	-4.2
2012	18.0	16.3
2013	37.8	38.8
2014	1.7	4.9
2015	-5.2	-4.4
2016 (9 months)	8.5	11.5

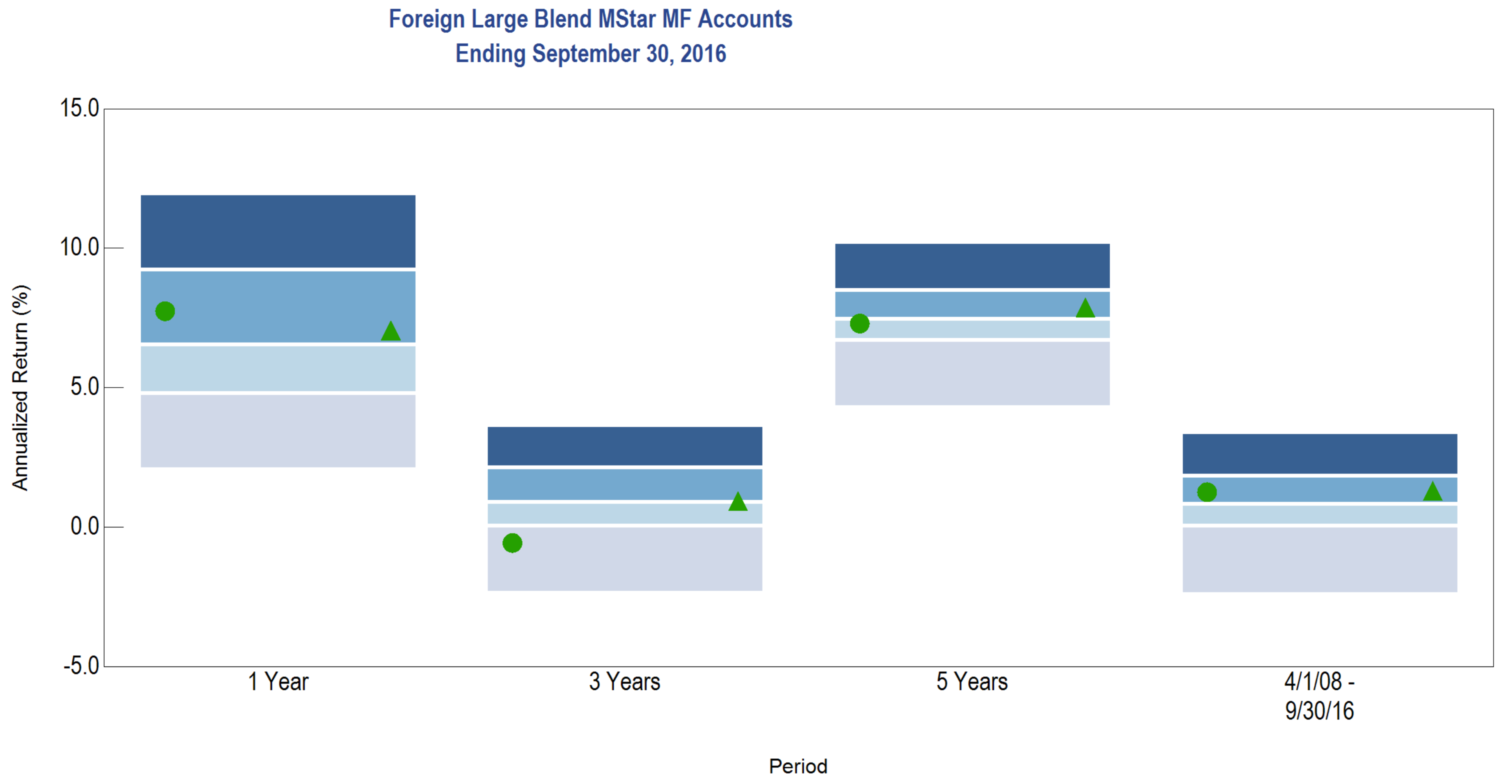
Return vs. Standard Deviation
8 Years 6 Months Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
8 Years 6 Months Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Harbor International	1.26%	11.19%	21.22%	-0.12%	1.06	0.96	0.05	106.03%	103.83%	102
MSCI EAFE Gross	1.31%	11.68%	19.61%	0.00%	1.00	1.00	0.06	100.00%	100.00%	102



	Return (Rank)							
5th Percentile	12.0		3.7		10.2		3.4	
25th Percentile	9.2		2.2		8.5		1.9	
Median	6.6		0.9		7.5		0.9	
75th Percentile	4.8		0.1		6.7		0.1	
95th Percentile	2.1		-2.3		4.3		-2.4	
# of Portfolios	185		163		152		133	
● **Harbor International**	7.7	(41)	-0.6	(83)	7.3	(61)	1.3	(38)
▲ **MSCI EAFE Gross**	7.1	(45)	0.9	(50)	7.9	(41)	1.3	(37)

Portfolio Fund Information as of 06/30/2016

Ticker	HAINX
Morningstar Category	Foreign Large Blend
Average Market Cap ($mm)	43,786.94
Net Assets ($mm)	35,441.67
% Assets in Top 10 Holdings	31.22
Total Number of Holdings	81
Manager Name	Howard Appleby
Manager Tenure	8
Expense Ratio	0.76%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 06/30/2016
Versus MSCI EAFE Gross

	Portfolio	MSCI EAFE Gross
Average Market Cap (Billions)	43.8	51.3
Price To Earnings	17.5	19.1
Price To Book	1.7	2.4
Return On Equity	16.5	12.7
Dividend Yield	3.4%	3.4%
Beta (3 Year)	1.0	1.0
R-Squared (3 Year)	1.0	1.0

Top Holdings as of 06/30/2016

LAS VEGAS SANDS CORP	4.1%
NOVO NORDISK A/S B	3.8%
ROCHE HOLDING AG DIVIDEND RIGHT CERT.	3.3%
SHIRE PLC	3.1%
WYNN RESORTS LTD	3.0%
SCHLUMBERGER LTD	3.0%
NOVARTIS AG	2.9%
ESSILOR INTERNATIONAL SA	2.8%
UNIBAIL-RODAMCO SE	2.7%
ALIBABA GROUP HOLDING LTD ADR	2.6%

Sector Allocation as of 06/30/2016

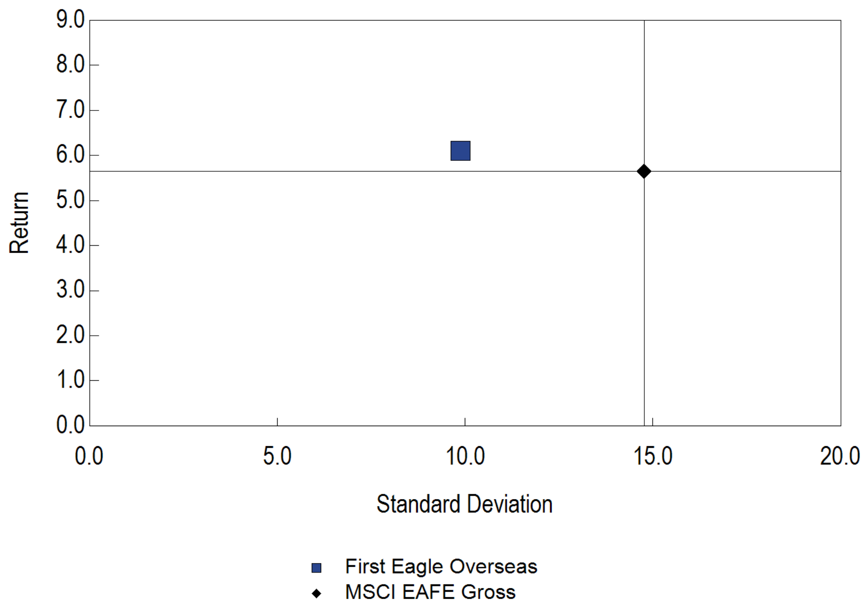
BASIC MATERIALS	3.9%
COMMUNICATION SERVICES	1.0%
CONSUMER CYCLICAL	17.2%
CONSUMER DEFENSIVE	17.5%
ENERGY	3.0%
FINANCIAL SERVICES	15.9%
HEALTHCARE	20.0%
INDUSTRIALS	8.8%
REAL ESTATE	3.7%
TECHNOLOGY	2.5%
UTILITIES	0.0%

As of September 30, 2016

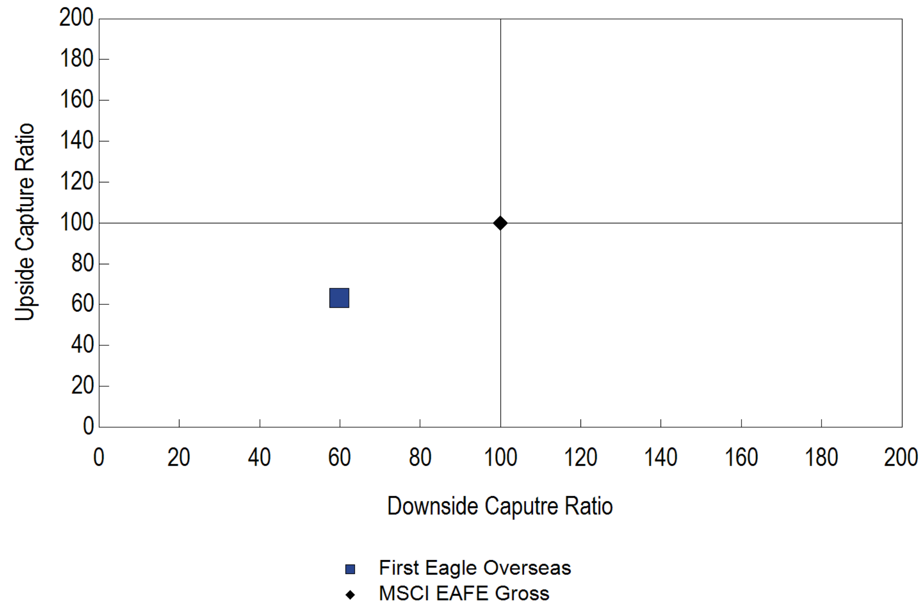
Historical Returns
(By Years)

	Harbor International	MSCI EAFE Gross
	Return	Return
2008 (9 months)	-38.4 %	-37.5 %
2009	38.9	32.5
2010	9.0	8.2
2011	-10.0	-11.7
2012	20.9	17.9
2013	16.8	23.3
2014	-6.8	-4.5
2015	-3.9	-0.4
2016 (9 months)	4.7	2.2

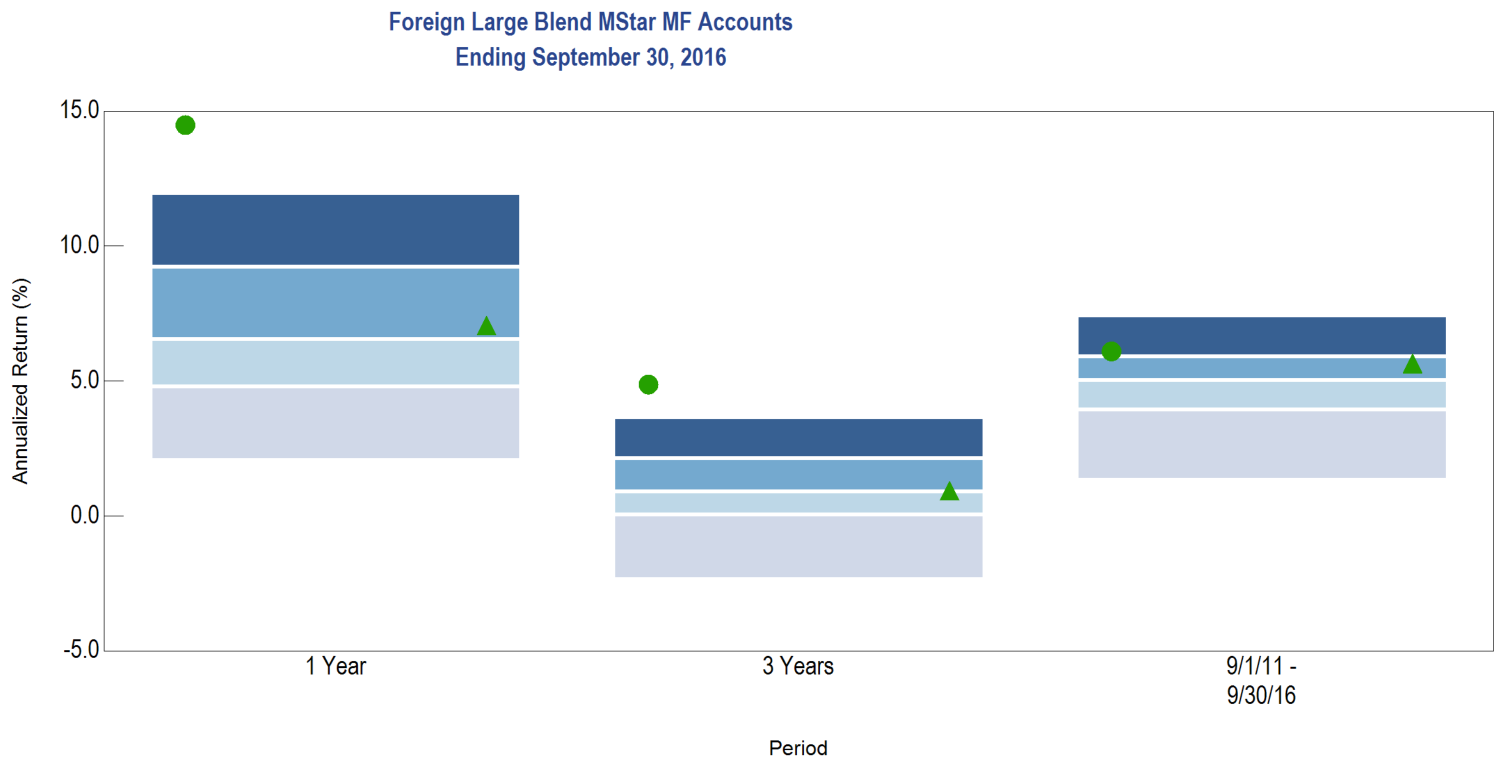
Return vs. Standard Deviation
5 Years 1 Month Ending September 30, 2016



Upside Capture Ratio vs. Downside Caputre Ratio
5 Years 1 Month Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
First Eagle Overseas	6.10%	35.11%	9.88%	2.60%	0.61	0.84	0.61	63.24%	59.89%	61
MSCI EAFE Gross	5.65%	32.25%	14.76%	0.00%	1.00	1.00	0.38	100.00%	100.00%	61



	Return (Rank)					
5th Percentile	12.0		3.7		7.4	
25th Percentile	9.2		2.2		5.9	
Median	6.6		0.9		5.1	
75th Percentile	4.8		0.1		4.0	
95th Percentile	2.1		-2.3		1.4	
# of Portfolios	185		163		150	
First Eagle Overseas	14.5	(3)	4.9	(2)	6.1	(22)
MSCI EAFE Gross	7.1	(45)	0.9	(50)	5.7	(30)

Portfolio Fund Information as of 07/31/2016

Ticker	SGOIX
Morningstar Category	Foreign Large Blend
Average Market Cap ($mm)	14,053.21
Net Assets ($mm)	10,131.75
% Assets in Top 10 Holdings	23.90
Total Number of Holdings	162
Manager Name	Matthew B. McLennan
Manager Tenure	8
Expense Ratio	0.88%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 07/31/2016

Versus MSCI EAFE Gross

	Portfolio	MSCI EAFE Gross
Average Market Cap (Billions)	14.1	52.8
Price To Earnings	16.9	20.2
Price To Book	1.4	2.4
Return On Equity	9.5	12.4
Dividend Yield	2.7%	3.3%
Beta (3 Year)	0.6	1.0
R-Squared (3 Year)	0.8	1.0

Top Holdings as of 07/31/2016

GOLD COMMODITY IN OUNCES	6.2%
KDDI CORP	2.9%
FANUC CORP	2.3%
SECOM CO LTD	2.0%
KEYENCE CORP	1.9%
HEIDELBERGCEMENT AG	1.9%
DANONE SA	1.8%
SMC CORP	1.7%
GRUPO TELEVISA SAB ADR	1.7%
SOMPO JAPAN NIPPONKOA HOLDINGS INC	1.6%

Sector Allocation as of 07/31/2016

BASIC MATERIALS	13.1%
COMMUNICATION SERVICES	4.0%
CONSUMER CYCLICAL	7.5%
CONSUMER DEFENSIVE	10.4%
ENERGY	2.5%
FINANCIAL SERVICES	7.1%
HEALTHCARE	4.5%
INDUSTRIALS	14.0%
REAL ESTATE	3.4%
TECHNOLOGY	4.4%
UTILITIES	0.0%

Historical Returns

(By Years)

	First Eagle Overseas	MSCI EAFE Gross
	Return	Return
2011 (4 months)	-5.7 %	-6.4 %
2012	14.3	17.9
2013	11.9	23.3
2014	-0.3	-4.5
2015	2.6	-0.4
2016 (9 months)	9.6	2.2

Allocation of Assets by Fund

Fund	% Allocation	Investment Focus
BlackRock European	8%	European Equities
Soroban	7%	US Equities
Camber	6%	US Equities - Healthcare
Jericho	6%	Global Equities - TMT
VR Global	5%	Asia & Emerging Markets Equities
D.E. Shaw Oculus	5%	Global Macro
PointState	4%	Global Macro
TPG-PEP	4%	Global Equities
Appaloosa	4%	Event Driven
Two Creeks	4%	Global Equities
ACK	4%	US Equities
TCI	4%	European Equities
TAL China Focus Fund	3%	Asia & Emerging Markets Equities
JHL	3%	US Equities
Tiger Pacific	3%	Asia & Emerging Markets Equities
RIDGE	3%	Global Equities
Trilogy	3%	Asia & Emerging Markets Equities
Darsana	3%	Global Equities
Precocity Funds	3%	US Equities
Tiger Global	3%	Global Equities
Aggregate % of NAV	**87%**	

Net Exposure by Strategy	June 2016
U.S. Equities	44%
Europe Equities	62%
Asia & Emerging Markets Equities	51%
Global Equities	34%
Total Net Exposure	**45%**

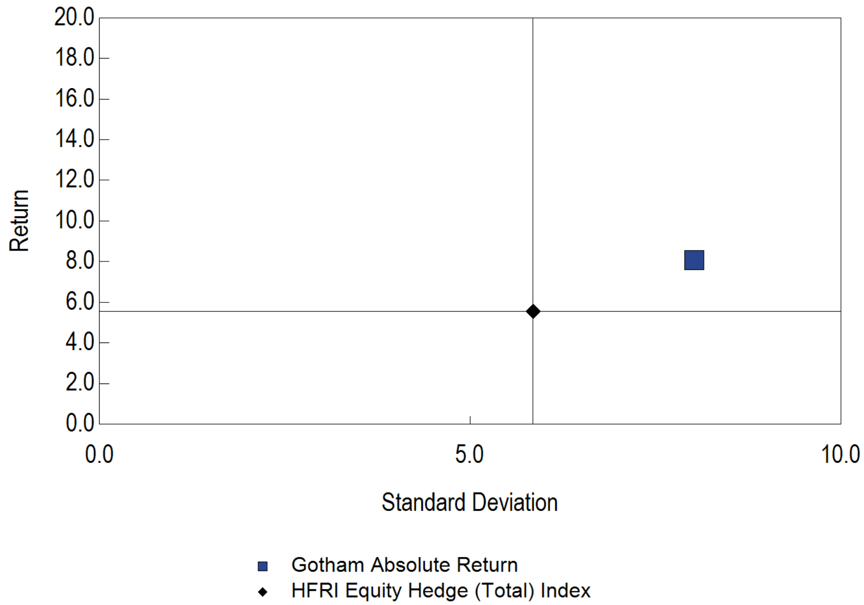
Strategy Allocation	June 2016
U.S. Equities	23%
Europe Equities	12%
Asia & Emerging Markets Equities	14%
Global Equities	24%
Event Driven	6%
Credit & Relative Value	2%
Global Macro	11%
Cash and Cash Equivalents	7%

As of September 30, 2016

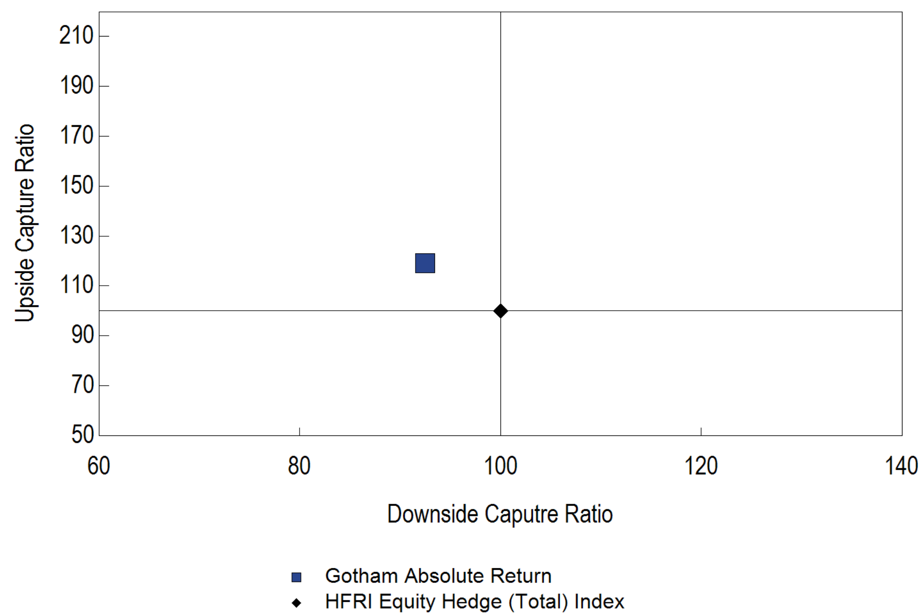
Historical Returns
(By Years)

	Drake Capital Partners	HFRI FOF: Strategic Index
	Return	Return
2014 (11 months)	5.9 %	3.6 %
2015	5.9	-0.5
2016 (9 months)	-3.0	-0.1

Return vs. Standard Deviation
4 Years 1 Month Ending September 30, 2016

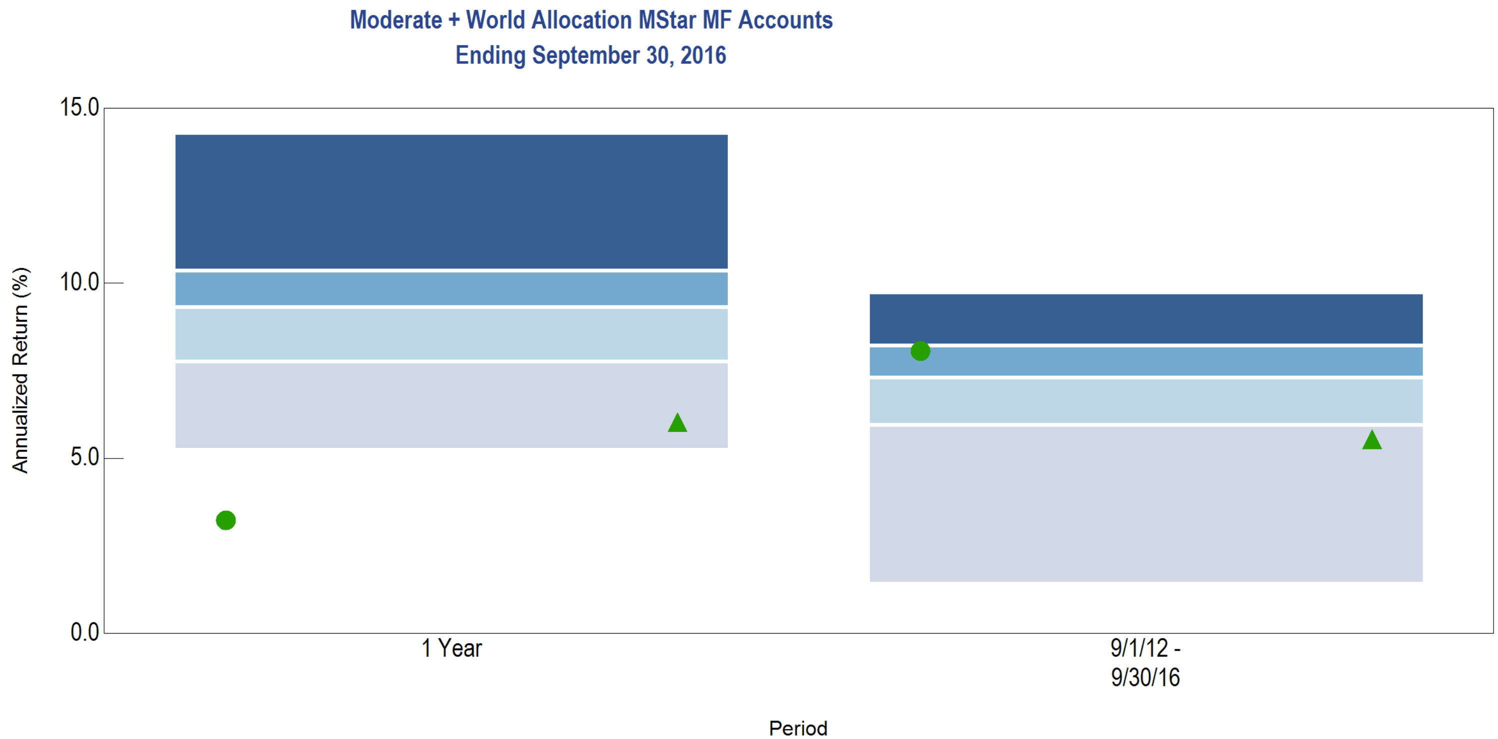


Upside Capture Ratio vs. Downside Caputre Ratio
4 Years 1 Month Ending September 30, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Gotham Absolute Return	8.06%	37.25%	8.02%	2.45%	1.01	0.55	0.99	119.02%	92.52%	49
HFRI Equity Hedge (Total) Index	5.54%	24.65%	5.85%	0.00%	1.00	1.00	0.93	100.00%	100.00%	49

Performance shown is actual mutual fund returns. OPEB inception in the fund is 1/1/2014.



	Return (Rank)			
5th Percentile	14.3		9.7	
25th Percentile	10.4		8.2	
Median	9.3		7.3	
75th Percentile	7.8		6.0	
95th Percentile	5.2		1.4	
# of Portfolios	250		220	
● Gotham Absolute Return	3.2	(98)	8.1	(30)
▲ HFRI Equity Hedge (Total) Index	6.0	(94)	5.5	(81)

Performance shown is actual mutual fund returns. OPEB inception in the fund is 1/1/2014.

Portfolio Fund Information as of 06/30/2016

Ticker	GARIX
Morningstar Category	Long-Short Equity
Average Market Cap ($mm)	13,423.06
Net Assets ($mm)	1,524.92
% Assets in Top 10 Holdings	12.89
Total Number of Holdings	531
Manager Name	Robert Goldstein
Manager Tenure	4
Expense Ratio	2.15%
Closed to New Investors	No

Equity Characteristics Within Mutual Funds as of 06/30/2016
Versus S&P 500

	Portfolio	S&P 500
Average Market Cap (Billions)	13.4	127.6
Price To Earnings	15.5	23.3
Price To Book	2.5	4.4
Return On Equity	23.1	17.7
Dividend Yield	2.0%	2.2%
Beta (3 Year)	0.7	1.0
R-Squared (3 Year)	0.8	1.0

Top Holdings as of 06/30/2016

EXPRESS SCRIPTS HOLDING CO	1.5%
GILEAD SCIENCES INC	1.4%
BIOGEN INC	1.4%
TWENTY-FIRST CENTURY FOX INC CLASS A	1.3%
EBAY INC	1.3%
HCA HOLDINGS INC	1.3%
AMGEN INC	1.2%
PFIZER INC	1.2%
CBS CORP CLASS B	1.2%
JM SMUCKER CO	1.1%

Sector Allocation as of 06/30/2016

BASIC MATERIALS	3.4%
COMMUNICATION SERVICES	3.9%
CONSUMER CYCLICAL	25.9%
CONSUMER DEFENSIVE	11.6%
ENERGY	3.9%
FINANCIAL SERVICES	1.0%
HEALTHCARE	22.4%
INDUSTRIALS	21.2%
REAL ESTATE	0.0%
TECHNOLOGY	27.0%
UTILITIES	0.0%

Historical Returns

(By Years)

	Gotham Absolute Return	HFRI Equity Hedge (Total) Index
	Return	Return
2014	8.9 %	1.8 %
2015	-10.2	-1.0
2016 (9 months)	3.2	4.2

Portfolio Fund Information as of 06/30/2016

Ticker	PAAIX
Morningstar Category	Tactical Allocation
Average Market Cap ($mm)	
Net Assets ($mm)	16,527.57
% Assets in Top 10 Holdings	66.05
Total Number of Holdings	38
Manager Name	Robert D. Arnott
Manager Tenure	14
Expense Ratio	0.88%
Closed to New Investors	No

Fund Characteristics as of 06/30/2016
Versus 50% MSCI World - 50% BC Aggregate

Sharpe Ratio (3 Year)	
Average Market Cap ($mm)	
Price/Earnings	8.8
Price/Book	0.7
Price/Sales	0.6
Price/Cash Flow	2.2
Dividend Yield	5.2
Number of Equity Holdings	0

Top Holdings as of 06/30/2016

PIMCO RAE LOW VOLATILITY PLUS EMG INST	11.8%
PIMCO EMERGING MARKETS CURRENCY INSTL	10.7%
PIMCO INCOME INSTL	7.5%
PIMCO RAE WORLDWIDE LONG/SHORT PLUS INST	7.3%
PIMCO EMERGING LOCAL BOND INSTL	6.9%
PIMCO RAE FUNDAMENTAL PLUS EMG INST	6.1%
PIMCO HIGH YIELD SPECTRUM INSTL	4.7%
PIMCO RAE FUNDAMENTAL EMKTS INSTL	4.2%
PIMCO TOTAL RETURN INSTL	3.4%
PIMCO RAE LOW VOLATILITY PLUS INTL INST	3.4%

Fund Characteristics as of 06/30/2016
Versus 50% MSCI World - 50% BC Aggregate

Sharpe Ratio (3 Year)	
Average Duration	2.6
Average Coupon	4.0%
Average Effective Maturity	
R-Squared (3 Year)	

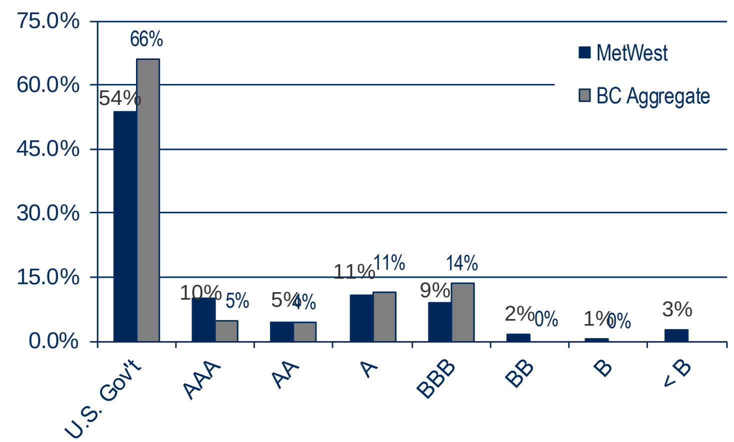
Historical Returns
(By Years)

	PIMCO All Asset	50% MSCI World - 50% BC Aggregate
	Return	Return
2014	0.7 %	5.8 %
2015	-8.7	0.4
2016 (9 months)	13.7	6.1

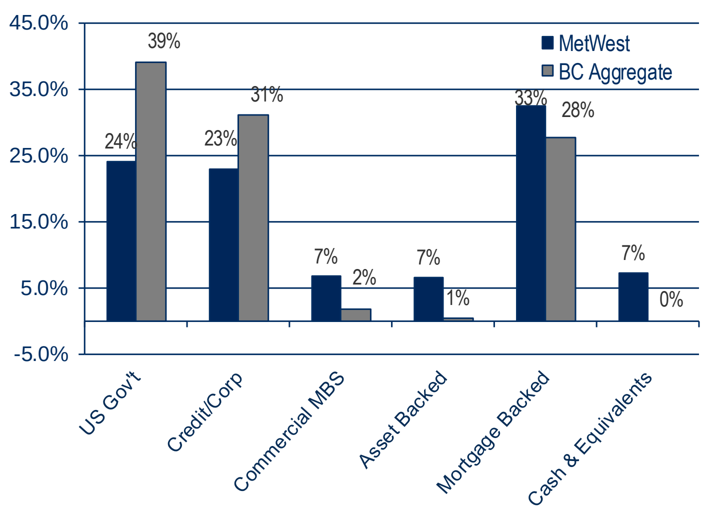
Portfolio Statistics:

	MetWest	BC Aggregate Index
Total Fund Assets	$78.6 Billion	-
Number of Securities	1,913	9,804
Average Duration	4.8 years	5.5 years
Avg. Maturity	6.4 years	7.8 years
Yield to Maturity	2.2%	1.9%

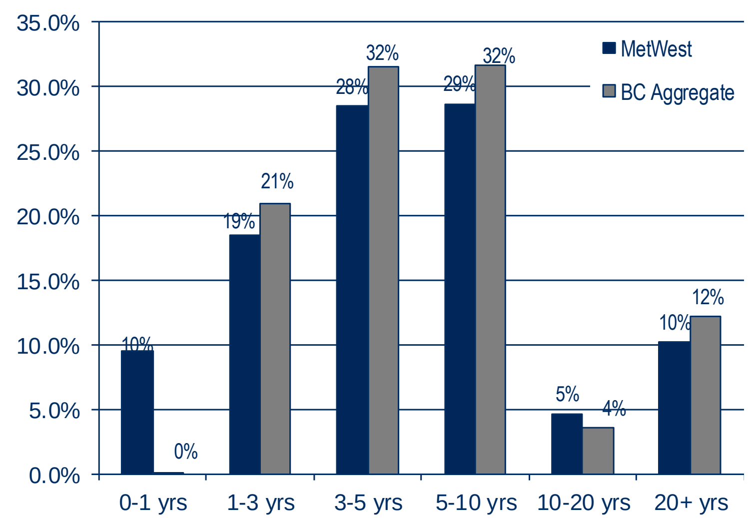
Quality Breakdown:



Sector Exposure vs. BC Aggregate Index:



Maturity Breakdown:



Source: MetWest Funds / TCW as of June 30, 2016

As of September 30, 2016

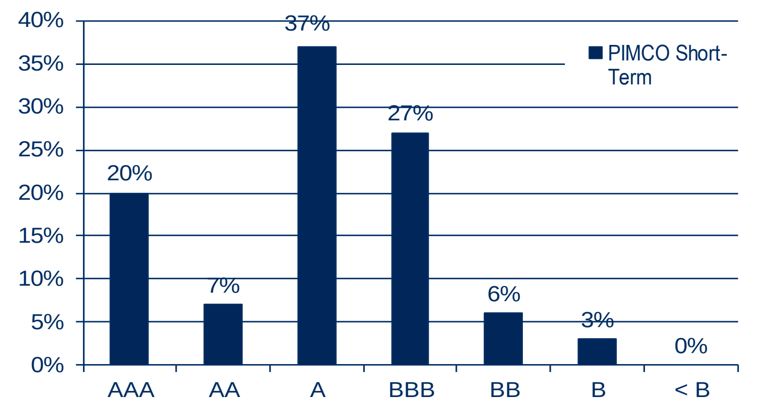
Historical Returns
(By Years)

	Metwest Total Return	Barclays Aggregate
	Return	Return
2014 (3 months)	1.6 %	1.8 %
2015	0.2	0.5
2016 (9 months)	5.3	5.8

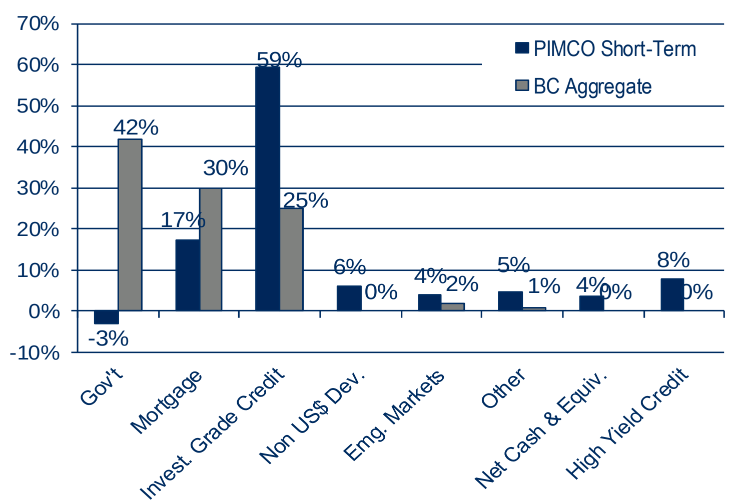
Portfolio Statistics:

	PIMCO Short-Term	BC Aggregate Index
Total Fund Assets	$12.3 billion	-
Average Duration	0 years	5.5 years
Avg. Maturity	0.7 years	7.8 years
Avg. Coupon	2.5%	3.1%
Avg. Quality	A	-
Yield to Maturity	1.1%	1.9%

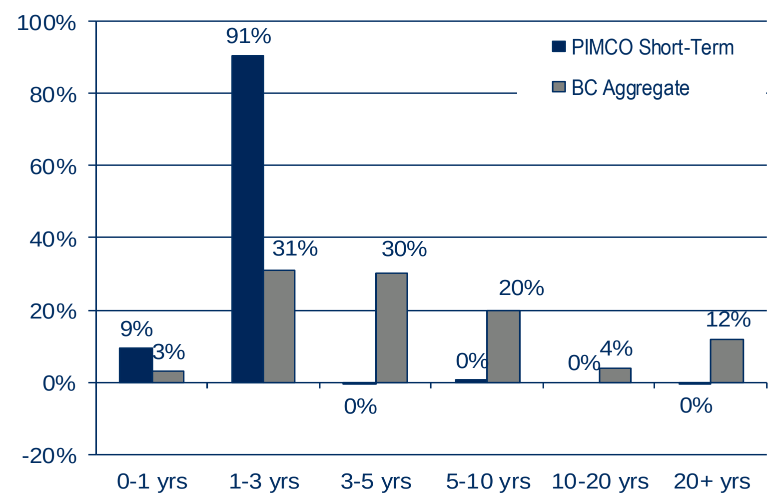
Quality Breakdown:



Sector Exposure vs. BC Aggregate Index:



Maturity Breakdown:



Source: PIMCO

Historical Returns

(By Years)

	PIMCO Short-Term	91 Day T-Bills
	Return	Return
2011 (9 months)	-0.2 %	0.0 %
2012	3.4	0.1
2013	0.9	0.0
2014	0.7	0.0
2015	1.4	0.0
2016 (9 months)	1.8	0.2

Fund Characteristics:

Dividend Yield	4.6%
Average Discount	-5.9%
10 Year Average Discount	-4.8%
Duration	5.2 years

Credit Quality:

AAA	50.1%
AA	7.0%
A	7.9%
BBB	14.0%
<BBB	18.6%
Not Rated	2.4%

Currency Exposure:

Euro	-0.1%
British Pound	0.0%
U.S. Dollar	96.4%
Canadian Dollar	0.0%
Australian Dollar	1.2%
Other	2.4%

Sector Breakdown:

Securitized	17.9%
US Gov't	28.8%
Non-US Gov't	7.1%
Corporates	28.5%
Municipals	11.2%
Cash Equivalent	6.5%

Source: 1607 Capital Partners

Fund	Ticker	Portfolio Weighting	Ex Cash/ETF Portfolio Weighting	Dividend Yield	Current Discount	10yr Ave. Discount	Duration	Net Assets ($millions)
ABERDEEN ASIA-PA	FAX	3.1%	3.6%	8.38%	-12.3%	-7.2%	5.2	$1,451
AB-INCOME FD-ADV	ACGYX	11.9%	13.9%	3.57%	0.0%	0.0%	4.8	$1,753
BLACKROCK CORE B	BHK	1.7%	2.0%	6.10%	-5.9%	-7.0%	9.4	$800
BLACKROCK CREDIT	BTZ	0.4%	0.5%	7.00%	-9.8%	-10.8%	6.0	$1,561
BLACKROCK FLT RT	BGT	0.1%	0.1%	5.39%	-7.9%	-3.1%	0.4	$333
BLACKROCK INCOME	BKT	3.1%	3.6%	4.80%	-5.3%	-9.2%	3.8	$448
BLACKROCK-EN GV	EGF	1.8%	2.1%	4.29%	-4.8%	-2.0%	2.8	$104
BLACKROCK-MUNI I	MUI	0.3%	0.3%	4.37%	-7.7%	-6.0%	7.5	$632
CUTWATER SELECT	CSI	0.4%	0.5%	4.54%	-4.6%	-8.7%	6.9	$223
DUFF &PH UTIL&CP	DUC	1.5%	1.7%	6.17%	-5.9%	-3.0%	3.3	$284
EATON VAN LTD DU	EVV	2.1%	2.5%	9.08%	-8.8%	-6.3%	3.2	$1,712
EATON VANCE MUNI	EIM	2.1%	2.5%	4.91%	-4.3%	-1.9%	8.0	$1,009
EATON VA-SH D DI	EVG	0.6%	0.7%	8.00%	-9.8%	-8.5%	1.1	$268
FIRST TR ABRD GL	FAM	0.5%	0.6%	7.87%	-10.0%	-7.8%	5.4	$220
FIRST TRUST MORT	FMY	1.1%	1.3%	6.22%	-6.2%	-5.6%	0.6	$65
FRANKLIN LIMITED	FTF	1.3%	1.5%	6.41%	-8.5%	-7.6%	3.0	$340
INVESCO SENIOR I	VVR	0.4%	0.5%	7.03%	-9.3%	-4.4%	0.2	$830
JOHN HAN INC SEC	JHS	1.5%	1.7%	6.10%	-5.2%	-3.6%	4.8	$178
LEGG MASON BW GL	BWG	1.5%	1.7%	8.33%	-16.2%	-11.3%	15.5	$326
MFS CHART INC TR	MCR	2.2%	2.5%	8.70%	-8.8%	-9.0%	5.2	$489
MFS INTER INC TR	MIN	0.8%	0.9%	9.03%	-5.9%	-5.2%	3.5	$580
MFS MULTI INC TR	MMT	2.8%	3.3%	8.74%	-9.0%	-9.7%	4.9	$507
MORGAN ST EM DBT	MSD	0.5%	0.5%	6.48%	-14.4%	-11.9%	6.6	$233
MORGAN ST INC SE	ICB	2.8%	3.2%	3.27%	-5.5%	-7.9%	6.5	$174
NUV EN MUN CR OP	NZF	3.3%	3.8%	5.73%	-7.1%	-6.3%	11.9	$2,436
NUV GLBL H-I FD	JGH	0.8%	0.9%	11.01%	-12.8%	-7.6%	5.2	$384
NUV MLTI-MKT INC	JMM	1.1%	1.3%	5.78%	-7.3%	-7.4%	3.7	$76
NUV MUNI MKT OPP	NMO	1.9%	2.2%	4.85%	-7.3%	-6.0%	10.3	$746
NUV SEL QUAL MUN	NQS	3.4%	4.0%	4.64%	-7.2%	-3.8%	10.6	$589
PUTNAM MAST INT	PIM	1.3%	1.5%	7.21%	-8.5%	-6.2%	(0.9)	$256
PUTNAM PREM INC	PPT	4.6%	5.4%	6.64%	-9.6%	-7.2%	(1.0)	$583
TEMPLETON GL INC	GIM	0.9%	1.0%	4.72%	-10.9%	-1.1%	1.0	$958
UBS-TOT RET BD-P	UTBPX	2.4%	2.8%	0.24%	0.0%	0.0%	5.3	$133
WELLS FARGO MULT	ERC	0.4%	0.4%	8.76%	-9.4%	-10.2%	3.5	$587
WESTERN ASSET EM	EMD	1.3%	1.5%	7.75%	-14.0%	-10.4%	7.6	$361
WESTERN CL IN-LI	WIW	7.3%	8.5%	3.62%	-12.8%	-11.0%	6.2	$779
WESTERN-CL US TR	WIA	4.3%	5.0%	3.34%	-11.8%	-9.7%	5.8	$380
WST AST GL CRP	GDO	2.8%	3.3%	7.99%	-8.3%	-7.2%	5.0	$278
Cash	cash	5.8%	6.7%	0.00%	0.0%	0.0%	0.0	na
ISHARES 7-10 YEA	IEF	6.0%		1.67%	0.0%	0.0%	7.7	$9,832
ISHARES CORE U.S	AGG	6.3%		2.26%	0.0%	0.0%	5.3	$38,814
ISHARES CORE US	GOVT	0.7%		1.36%	0.0%	0.0%	6.1	$2,140
ISHARES MBS ETF	MBB	1.4%		2.06%	0.0%	0.0%	2.5	$8,505
Weighted Averages		100.0%		4.64%	-5.9%	-4.8%	5.2	$ 3,803
Without Cash & ETFs		85.7%			-6.8%			
Barclays Aggregate Index				**1.91%**			**5.5**	

Historical Returns

(By Years)

	1607 Bond Fund	Barclays Aggregate
	Return	Return
2014 (11 months)	5.9 %	4.4 %
2015	1.0	0.5
2016 (9 months)	10.7	5.8

Eagle MLP Strategy Fund

Fact Sheet Snapshot | June 30, 2016

Investment Objective

The Fund's investment objective is total return from income and capital appreciation.

Investment Strategy

The Fund seeks to generate an attractive total rate of return from high current income and long-term capital appreciation through investments in Master Limited Partnership (MLP) units and other MLP related investments. The Fund intends to qualify as a Regulated Investment Company (RIC) and avoid the double taxation of many of the MLP-focused mutual funds currently available. It will also issue a single IRS Tax Form 1099. The Fund's investment process favors MLPs and MLP related investments that it believes can generate consistent distribution growth over time, which have strong management commitment and are reasonably valued based on expected growth and income. The Fund focuses on midstream energy infrastructure assets with "toll road" or fee-based business models with little or no direct commodity price exposure.

Investment Manager

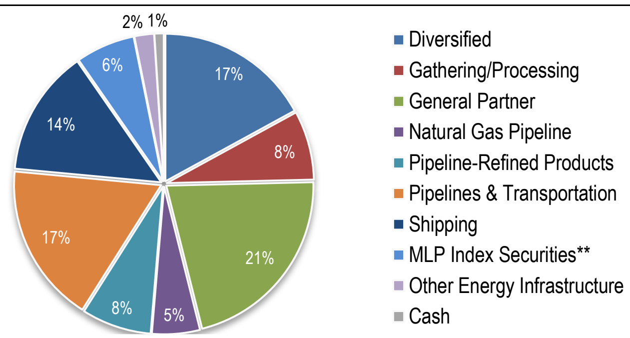
Investment co-advisors Eagle Global Advisors, LLC and Princeton Fund Advisors, LLC have over $5.5 billion of combined assets under management. Eagle has been managing MLP portfolios since 2003, and manages $2.2 billion in MLP strategies with a dedicated MLP investment team located in Houston, Texas, the knowledge center for energy and MLPs.

Investment Highlights

MLPs own and operate pipelines and storage facilities for the transportation of domestic energy supplies critical to the nation's economy. Potential benefits include:

- **Income:** The majority of MLP cash flows are distributed to investors
- **Cash Flow:** Cash flows generated may be stable and predictable
- **Growth Opportunity:** Possibility to grow cash flow through the significant build out of U.S. energy infrastructure
- **Inflation Hedge:** Distributions have grown over time providing an inflation hedge
- **Stable Business Model:** Midstream MLPs typically do not own the energy commodity they transport and store, and thus have minimal exposure to actual commodity price risk–Instead they act as a "toll road" collecting revenue through long-term contracts

Portfolio (As of 06/30/2016)



** MLP Index Securities include exchange traded notes (ETNs) that track various MLP indices.

Top 5 Holdings (As of 04/30/2016)

Plains GP Holdings LP	6.63%
Enbridge Energy Management, LLC	6.12%
Oneok, Inc.	6.11%
Enterprise Products Partners LP	5.35%
Williams Companies, Inc.	5.16%

Holdings are subject to change and are not considered investment advice.

Performance Summary

Data as of 06/30/2016

	Jun.	YTD	Since Inception*	One Year	Three Year	Since Inception*
EGLIX Class I (NAV)*	3.97%	19.53%	-1.84%	-29.34%	-7.73%	-1.84%
EGLAX Class A (NAV)*	3.85%	19.23%	-2.12%	-29.59%	-8.00%	-2.12%
EGLAX Class A (Max Load)*	-2.13%	12.37%	-3.63%	-33.64%	-9.81%	-3.63%
EGLCX Class C (NAV)	3.86%	19.00%	-5.83%	-30.03%	-8.66%	-5.83%
*Alerian MLP Index**	*5.13%*	*14.71%*	*-0.05%*	*-13.11%*	*-5.38%*	*-0.05%*

*Inception date for class I and A shares was September 14, 2012. Inception date for class C share was February 21, 2013. Returns for periods longer than one year are annualized.
≠The investment minimum may be waived by the Advisors.

Fund Facts

	A Share	I Share	C Share
Ticker	EGLAX	EGLIX	EGLCX
CUSIP	66537Y322	66537Y314	66537Y249
Investment Minimum	$2,500	$100,000≠	$2,500
Gross Expense Ratio†	1.72%	1.47%	2.47%
Net Expense Ratio†	1.65%	1.40%	2.40%
12B-1 Fee	0.25%	None	1.00%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. The total annual fund operating expenses are Class A 1.72%, Class C 2.47% and Class I 1.47%. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until August 31, 2016, to ensure that the net annual fund operating expenses will not exceed 1.65% for Class A, 2.40% for Class C and 1.40% for Class I, subject to possible recoupment from the Fund in future years. The maximum sales load for Class A is 5.75%. Please review the Fund's Prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month end, please call toll-free 1-888-868-9501. The index shown is for informational purposes only and is not reflective of any investment. An investor cannot invest directly in an index. Indices do not include fees or operating expenses and are not available for actual investment. They are unmanaged and shown for illustrative purposes only. The Alerian MLP Index (NYSE: AMZ) is a composite index of the 50 most prominent energy master limited partnerships.

The Investment Co-Advisors

Eagle Global Advisors, LLC (Eagle) was founded in 1996 and is located in Houston, Texas, the knowledge center for both Energy and MLPs. Eagle is an SEC Registered Investment Advisor and manages approximately $3.8 billion in assets of which over $2.2 billion is in MLP strategies. As an early entrant in the actively managed MLP space, Eagle has been managing MLP strategies for over ten years.

Princeton Fund Advisors, LLC (PFA), together with its affiliates, manages approximately $2 billion in assets for institutional and private clients worldwide. PFA is a Registered Investment Advisor with the SEC. PFA was established to develop and advise a series of 1940 Act mutual funds in alternative asset classes. The firm's Investment Committee members contribute more than 60 years of alternative asset management experience to the portfolio construction and management process. The company has offices in Colorado and Minnesota.

Additional information about the Fund is contained in the prospectus, which can be obtained by calling 1-888-868-9501 or at www.eaglemlpfund.com.
The Eagle MLP Strategy Fund is an actively managed dynamic portfolio. There is no guarantee that this investment will achieve its objectives, goals, generate positive returns, or avoid losses. Past performance is not indicative of future results.

Disclosures

Investors should carefully consider the investment objectives, risks, charges and expenses of the Eagle MLP Strategy Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1-888-868-9501 or visiting www.eaglemlpfund.com. The prospectus should be read carefully before investing. The Eagle MLP Strategy Fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. This is an actively managed dynamic portfolio. There is no guarantee that any investment (or this investment) will achieve its objectives, goals, generate positive returns, or avoid losses. The information provided should not be considered tax advice. Please consult your tax advisor for further information. Eagle Global Advisors, Princeton Fund Advisors, LLC and Northern Lights Distributors, LLC are not affiliated.

Credit Risk: There is a risk that note issuers will not make payments on securities held by the Fund, resulting in losses to the Fund. In addition, the credit quality of securities held by the Fund may be lowered if an issuer's financial condition changes. **Distribution Policy Risk:** The Fund's distribution policy is not designed to guarantee distributions that equal a fixed percentage of the Fund's current net asset value per share. Shareholders receiving periodic payments from the Fund may be under the impression that they are receiving net profits. However, all or a portion of a distribution may consist of a return of capital (i.e. from your original investment). Shareholders should not assume that the source of a distribution from the Fund is net profit. Shareholders should note that return of capital will reduce the tax basis of their shares and potentially increase the taxable gain, if any, upon disposition of their shares.

ETN Risk: ETNs are subject to administrative and other expenses, which will be indirectly paid by the Fund. Each ETN is subject to specific risks, depending on the nature of the ETN. ETNs are subject to default risks. Foreign Investment Risk: Investing in notes of foreign issuers involves risks not typically associated with U.S. investments, including adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. **Interest Rate Risk:** Typically, a rise in interest rates can cause a decline in the value of notes and MLPs owned by the Fund.

Liquidity Risk: Liquidity risk exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations. **Management Risk:** Eagle's judgments about the attractiveness, value and potential appreciation of particular asset classes and securities in which the Fund invests may prove to be incorrect and may not produce the desired results. Additionally, Princeton's judgments about the potential performance of the Fund's investment portfolio, within the Fund's investment policies and risk parameters, may prove incorrect and may not produce the desired results. **Market Risk**: Overall securities market risks may affect the value of individual instruments in which the Fund invests. Factors such as domestic and foreign economic growth and market conditions, interest rate levels, and political events affect the securities markets.

MLP Risk: Investments in MLPs involve risks different from those of investing in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's limited call right. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. Depending on the state of interest rates in general, the use of MLPs could enhance or harm the overall performance of the Fund. **MLP Tax Risk:** MLPs, typically, do not pay U.S. federal income tax at the partnership level. Instead, each partner is allocated a share of the partnership's income, gains, losses, deductions and expenses. A change in current tax law or in the underlying business mix of a given MLP could result in an MLP being treated as a corporation for U.S. federal income tax purposes, which would result in such MLP being required to pay U.S. federal income tax on its taxable income. The classification of an MLP as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the MLP. Thus, if any of the MLPs owned by the Fund were treated as corporations for U.S. federal income tax purposes, it could result in a reduction of the value of your investment in the Fund and lower income, as compared to an MLP that is not taxed as a corporation.

Energy Related Risk: The Fund focuses its investments in the energy infrastructure sector, through MLP securities. Because of its focus in this sector, the performance of the Fund is tied closely to and affected by developments in the energy sector, such as the possibility that government regulation will negatively impact companies in this sector. Energy infrastructure entities are subject to the risks specific to the industry they serve including, but not limited to, the following: Fluctuations in commodity prices; Reduced volumes of natural gas or other energy commodities available for transporting, processing, storing or distributing; New construction risk and acquisition risk which can limit potential growth; A sustained reduced demand for crude oil, natural gas and refined petroleum products resulting from a recession or an increase in market price or higher taxes; Depletion of the natural gas reserves or other commodities if not replaced; Changes in the regulatory environment; Extreme weather; Rising interest rates which could result in a higher cost of capital and drive investors into other investment opportunities; and Threats of attack by terrorists.

Non-Diversification Risk: As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. **Small and Medium Capitalization Company Risk:** The value of a small or medium capitalization company securities may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. **Structured Note Risk:** MLP–related structured notes involve tracking risk, issuer default risk and may involve leverage risk. Mutual Funds involve risk including possible loss of principal.

Historical Returns

(By Years)

	Eagle MLP Strategy Fund	Alerian MLP Index
	Return	Return
2014	4.0 %	4.8 %
2015	-43.2	-32.6
2016 (9 months)	32.4	15.9

City of Germantown
Cash Balance Plan

Performance Evaluation
3rd Quarter 2016

GERBER TAYLOR

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- *<u>Asset Allocation Model</u>. The information in this presentation may illustrate a proposed asset allocation. While Gerber Taylor generally expects the allocations to result in a diversified portfolio yielding positive performance, there is no assurance that the portfolio will experience positive returns or avoid capital losses. The allocations presented reflect Gerber Taylor's proposed allocation based on current market conditions; the asset class weightings may change as market conditions change. Proposed model allocations may vary for different investors based upon their investment objectives, guidelines and restrictions. Actual investor results may vary depending upon fee arrangements and the timing of investments.*
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- *<u>Hedge Fund Values and Performance</u>. Hedge fund market values are estimates given by the underlying manager until such values are verified in an annual audit.*
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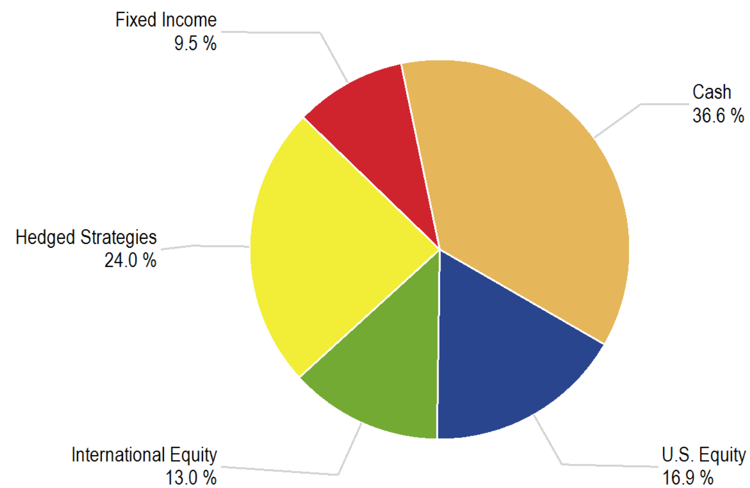
- *<u>Past Performance</u>.* ***Past performance is not indicative of future results.*** *It should not be assumed that any investments mentioned will achieve their objective.*

Summary of Cash Flows

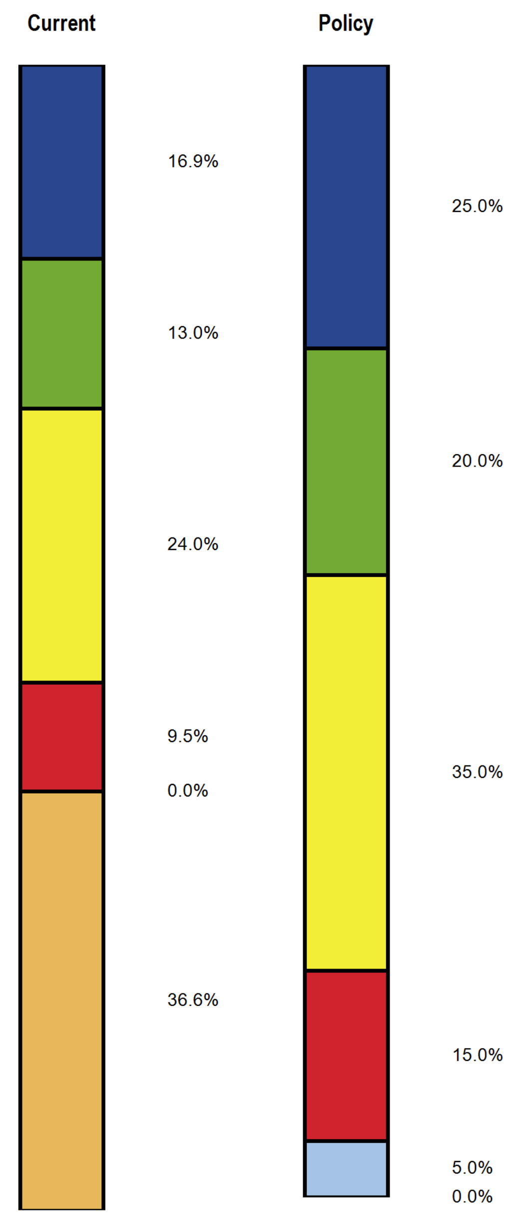
	Third Quarter	Year-To-Date	One Year	Inception 1/1/15
Beginning Market Value	$288,817	$213,169	$184,877	$52,296
Net Cash Flow	$130,369	$199,284	$224,139	$361,331
Net Investment Change	$10,344	$17,077	$20,514	$15,903
Ending Market Value	$429,530	$429,530	$429,530	$429,530

Current Allocation



			Ending September 30, 2016			Inception	
	Market Value	% of Portfolio	2016 Q3	YTD	1 Yr	Return	Since
GERM Cash Balance	**$429,530**	**100.0%**	**3.3%**	**5.9%**	**7.1%**	**2.6%**	**Jan-15**
65% MSCI World - 35% BC Aggregate Index			*3.4%*	*6.1%*	*9.8%*	*3.6%*	*Jan-15*

	Market Value ($)	% of Portfolio	Policy %	Ending September 30, 2016: 2016 Q3 (%)	YTD (%)	1 Yr (%)	Inception: Return (%)	Since
GERM Cash Balance	**429,530**	**100.0**	**--**	**3.3**	**5.9**	**7.1**	**2.6**	**Jan-15**
65% MSCI World - 35% BC Aggregate Index				*3.4*	*6.1*	*9.8*	*3.6*	*Jan-15*
U.S. Equity	**72,552**	**16.9**	**25.0**					
FMI Large Cap	18,130	4.2	6.3	3.1	8.5	12.5	5.1	Jan-15
S&P 500				*3.9*	*7.8*	*15.4*	*5.2*	*Jan-15*
Dodge & Cox Stock	18,503	4.3	6.3	8.8	9.5	14.5	4.4	Jan-15
Russell 1000 Value				*3.5*	*10.0*	*16.2*	*3.3*	*Jan-15*
Harbor Capital Appreciation	17,696	4.1	6.3	8.2	0.9	9.1	8.9	Jan-15
Russell 1000 Growth				*4.6*	*6.0*	*13.8*	*6.7*	*Jan-15*
Baron Small Cap	18,223	4.2	6.3	6.4	8.5	12.9	3.8	Jan-15
Russell 2000				*9.0*	*11.5*	*15.5*	*3.7*	*Jan-15*
International Equity	**56,048**	**13.0**	**20.0**					
Harbor International	27,331	6.4	10.0	6.0	4.7	7.7	3.3	Jan-15
MSCI EAFE Gross				*6.5*	*2.2*	*7.1*	*1.0*	*Jan-15*
First Eagle Overseas	28,717	6.7	10.0	3.5	9.6	14.5	8.3	Jan-15
MSCI EAFE Gross				*6.5*	*2.2*	*7.1*	*1.0*	*Jan-15*
Hedged Strategies	**102,875**	**24.0**	**35.0**					
Gotham Absolute Return	50,232	11.7	16.3	2.4	3.2	3.1	-3.3	Jan-15
HFRI Equity Hedge (Total) Index				*4.7*	*4.2*	*6.0*	*1.8*	*Jan-15*
PIMCO All Asset	52,643	12.3	16.3	3.9	13.7	13.7	2.9	Jan-15
50% MSCI World - 50% BC Aggregate				*2.7*	*6.1*	*8.8*	*3.6*	*Jan-15*
Fixed Income	**40,848**	**9.5**	**15.0**					
Metwest Total Return	27,082	6.3	10.0	0.7	5.3	4.8	2.8	Jan-15
Barclays Aggregate				*0.5*	*5.8*	*5.2*	*3.6*	*Jan-15*
Vanguard Short-Term Index	13,766	3.2	5.0	0.1	2.7	2.0	2.0	Jan-15
91 Day T-Bills				*0.1*	*0.2*	*0.2*	*0.1*	*Jan-15*
Cash	157,207	36.6						



Asset Allocation vs. Target
As Of September 30, 2016

	Current	%	Policy	%	Difference*	%
U.S. Equity	$72,552	16.9%	$107,383	25.0%	-$34,831	-8.1%
FMI Large Cap	$18,130	4.2%	$26,846	6.3%	-$8,716	-2.0%
Dodge & Cox Stock	$18,503	4.3%	$26,846	6.3%	-$8,343	-1.9%
Harbor Capital Appreciation	$17,696	4.1%	$26,846	6.3%	-$9,150	-2.1%
Baron Small Cap	$18,223	4.2%	$26,846	6.3%	-$8,623	-2.0%
International Equity	$56,048	13.0%	$85,906	20.0%	-$29,858	-7.0%
Harbor International	$27,331	6.4%	$42,953	10.0%	-$15,622	-3.6%
First Eagle Overseas	$28,717	6.7%	$42,953	10.0%	-$14,236	-3.3%
Hedged Strategies	$102,875	24.0%	$150,336	35.0%	-$47,461	-11.0%
Gotham Absolute Return	$50,232	11.7%	$69,799	16.3%	-$19,567	-4.6%
PIMCO All Asset	$52,643	12.3%	$69,799	16.3%	-$17,156	-4.0%
Fixed Income	$40,848	9.5%	$64,430	15.0%	-$23,582	-5.5%
Metwest Total Return	$27,082	6.3%	$42,953	10.0%	-$15,871	-3.7%
Vanguard Short-Term Index	$13,766	3.2%	$21,477	5.0%	-$7,711	-1.8%
Real Assets	--	--	$21,477	5.0%	-$21,477	-5.0%
Cash	$157,207	36.6%	--	--	$157,207	36.6%
Cash	$157,207	36.6%				
Total	**$429,530**	**100.0%**	**$429,530**	**100.0%**		

*Difference between Policy and Current Allocation

Cash Flow Summary

	Quarter Ending September 30, 2016			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
FMI Large Cap	$17,592	$0	$538	$18,130
Dodge & Cox Stock	$17,008	$0	$1,495	$18,503
Harbor Capital Appreciation	$16,360	$0	$1,336	$17,696
Baron Small Cap	$17,121	$0	$1,102	$18,223
Harbor International	$25,794	$0	$1,537	$27,331
First Eagle Overseas	$27,757	$0	$960	$28,717
Gotham Absolute Return	$49,045	$0	$1,187	$50,232
PIMCO All Asset	$50,688	$0	$1,955	$52,643
Metwest Total Return	$26,883	$0	$199	$27,082
Vanguard Short-Term Index	$13,754	$0	$12	$13,766
Cash	$26,815	$130,369	$23	$157,207
Total	**$288,817**	**$130,369**	**$10,344**	**$429,530**

Cash Flow Summary

	YTD Ending September 30, 2016			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
FMI Large Cap	$11,882	$5,000	$1,248	$18,130
Dodge & Cox Stock	$11,837	$5,000	$1,666	$18,503
Harbor Capital Appreciation	$12,159	$5,000	$537	$17,696
Baron Small Cap	$11,729	$5,000	$1,494	$18,223
Harbor International	$19,076	$7,000	$1,255	$27,331
First Eagle Overseas	$19,543	$7,000	$2,174	$28,717
Gotham Absolute Return	$36,718	$12,000	$1,514	$50,232
PIMCO All Asset	$35,952	$11,000	$5,691	$52,643
Metwest Total Return	$18,940	$7,000	$1,142	$27,082
Vanguard Short-Term Index	$9,485	$4,000	$281	$13,766
Cash	$25,848	$131,284	$75	$157,207
Total	**$213,169**	**$199,284**	**$17,077**	**$429,530**

City of Germantown Retirement Trust

GT Outlook & Performance Evaluation

4th Quarter 2016

GERBER TAYLOR

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U.S. Equity Valuations

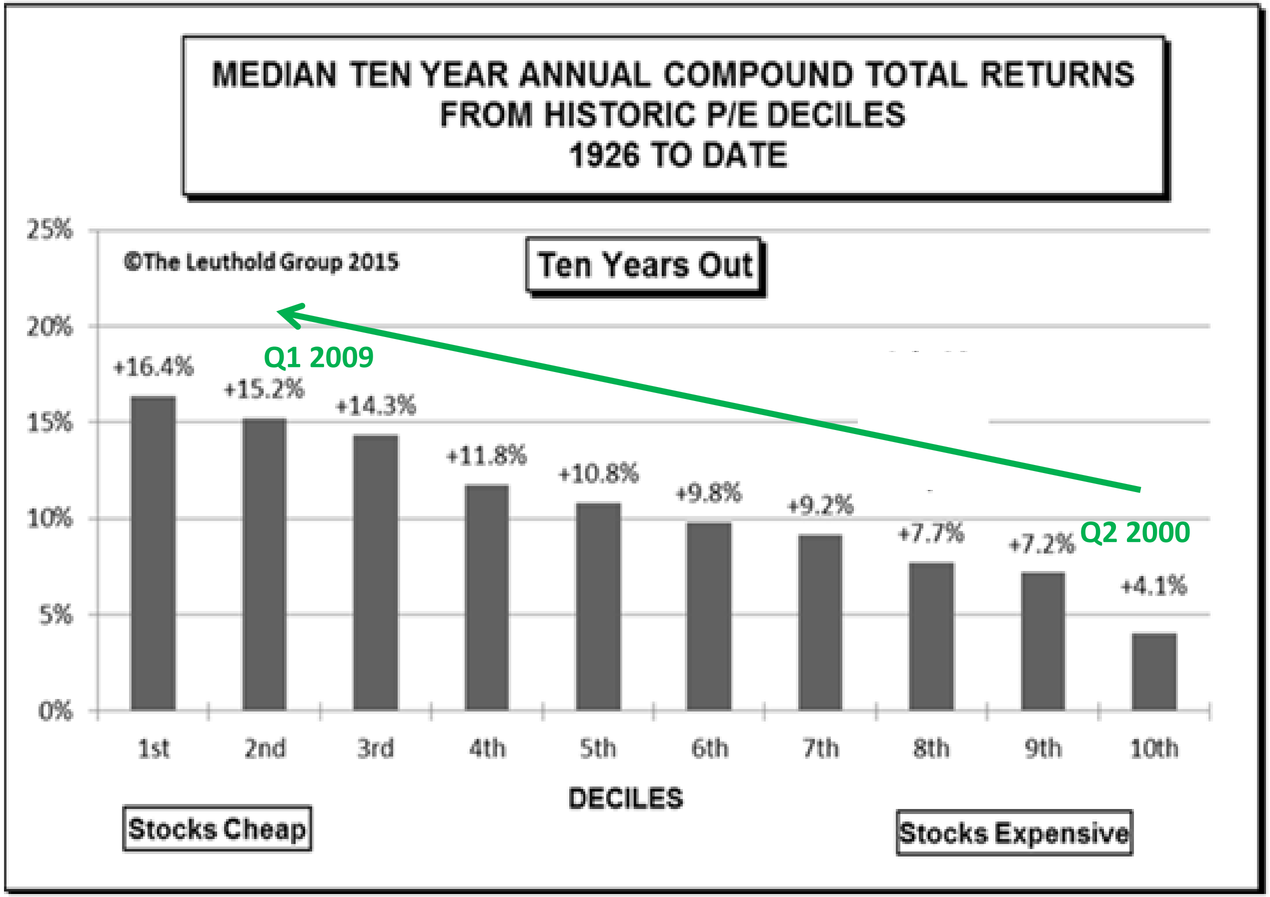
Valuation Factor	Timeframe	Valuation Level (Average of 4th Quarter 2016)	Current Decile within Distribution Quarterly Data
S&P 500 P/E based on 5-Year Normalized Earnings	1926-Present	21.9x	9th
S&P 500 P/E based on LTM Operating Earnings	1926-Present	21.8x	10th
Median Normalized P/E for 3000 Largest Stocks	1986-Present	24.5x*	8th*
S&P 500 Yield	1926-Present	2.13%	9th
DJIA Yield	1926-Present	2.50%	9th
S&P Industrial Book Value Ratio	1926-Present	3.7x	10th
DJIA Book Value Ratio	1926-Present	3.2x	9th
S&P Industrials Cash Flow Ratio	1946-Present	13.7x	10th
S&P Industrials Price to Sales Ratio	1956-Present	1.9x	10th
Total US Equity Capitalization as a % of GDP	1957-Present	137.6%*	10th
Median existing home prices divided by S&P 500	1968-Present	110.3*	9th
Ratio of S&P 500 to Gold	1926-Present	1.83	8th
Number of hours of work needed to buy one unit of S&P 500	1947-Present	105.7*	10th

*As of 9/30/16 *As of 9/30/16

Stocks expensive on a number of metrics relative to history

Source: *The Leuthold Group.*

Median Ten-Year Returns from Historical Deciles



Best Guess for Strategy Attractiveness – Q4 2016

Q4 2016 Asset Class Attractiveness: "Best Guess" for 7-10 Years

Very Attractive	Attractive	Neutral	Unattractive	Very Unattractive
	Emerging Market Stocks	International Stocks	Large US Stocks	US Gov't Bonds
	Japanese Stocks	European Stocks	Small/Mid US Stocks	UK Gov't Bonds
	MLPs	Asia - Ex Japan Stocks	Core Real Estate	EMU Gov't Bonds
	Japanese Yen	Opportunistic Real Estate	Municipal Bonds	Japanese Gov't Bonds
	Closed End Equity Funds	High Yield Bonds	US REITs	Inflation Linked Bonds
	British Pound	*Global Long/Short*	*Convertible Arbitrage*	Corporate Bonds
		Merger Arbitrage	*Emerging Markets Debt*	
		Distressed	*Real Estate Debt/CMBS*	
		Capital Structure Arbitrage	*Real Estate Debt/RMBS*	
		Multi-Strategy Arbitrage	*Large Buyouts*	
		Small Buyouts	*Venture Capital*	
		Closed End Bond Funds		
		Event Driven		
		Commodities		

This table attempts to identify the attractiveness of each strategy relative to its own long term average. It is not a rank ordering based on expected absolute returns. Italics indicate alternative strategies. Strategies highlighted in Green have been moved to more attractive since the prior quarter while those highlighted in Red have been moved to less attractive.

"Best Guess" for Asset Class Returns

	Nov-16 GMO[1] 7 Years	Dec-16 BCA[2] 10 Years	Nov-16 Research Affiliates[3] 10-Yr	Oct-16 JP Morgan[4] 10-15 Years	Sep-16 Wilshire[5] 10- Yr	Dec-16 Vanguard Capital Markets[6] 10-Yr	Jan-17 AQR[7] 5-10 Yr	Average	Nov-16 GT Best Guess 7-10 Years	Dec-15 Best Guess Volatility 7-10 Years
US Equities	0.65%	3.70%	2.40%	6.70%	6.25%	6.00%	6.50%	4.60%	5.00%	18.00%
International Equities	2.80%	5.50%	8.00%	6.75%	6.25%		6.60%	5.98%	6.00%	18.00%
Emerging Mkts Equities	6.60%	10.50%	9.50%	9.25%	6.25%			8.42%	8.50%	18.00%
Hedge Fund of Funds				3.50%				3.50%	4.50%	7.00%
Fixed Income	1.40%	3.00%	2.70%	3.00%	2.85%	3.00%	3.35%	2.76%	2.75%	4.00%
Private Equity				8.00%	8.85%			8.43%	8.00%	22.00%
Value Add RE/Real Assets				7.00%	5.95%			6.48%	7.50%	15.50%
MLPs					8.45%			8.45%	8.50%	18.00%
Inflation	2.20%	2.00%	2.00%	2.25%	1.60%		2.30%	2.06%	2.00%	-

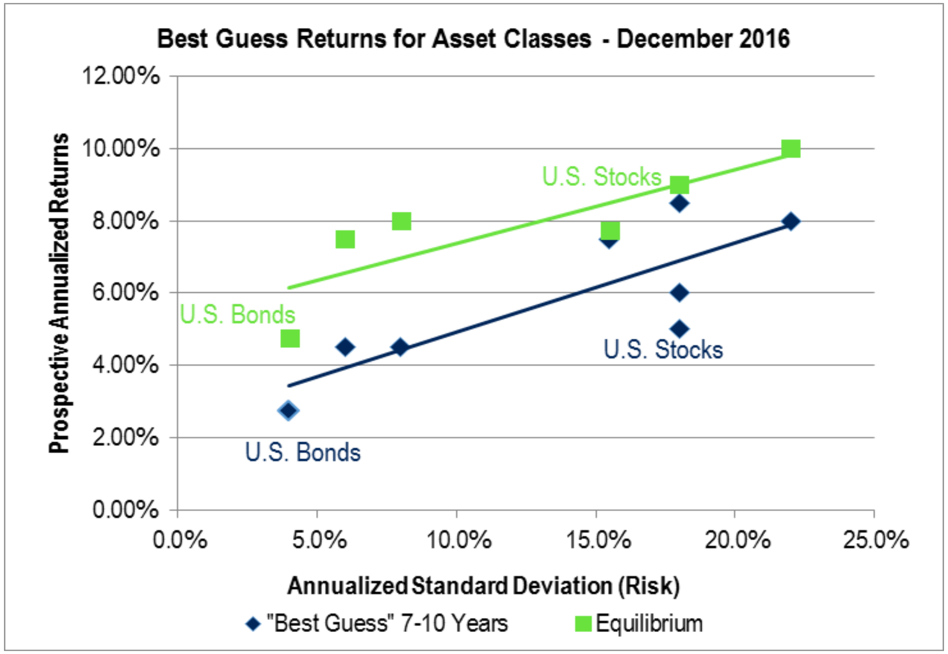
The chart above reflects Gerber Taylor's "best guess" of potential returns for certain asset classes over the next seven to ten years, along with prospective returns for similar time periods from other research providers. Gerber Taylor's "best guess" has not been examined, approved or reviewed by any independent third party. Gerber Taylor makes no explicit or implicit guarantee that the returns shown will occur. These returns (including that of the other research providers) are forward-looking and are subject to risks and uncertainties which could cause actual results to differ materially from those expressed including negative returns resulting in a loss of principal.

[1]GMO, LLC. 7-Year Real Return Forecast (adjusted for inflation to present nominal returns), as of November 30, 2016 (Simple average of U.S. Large, U.S. Small, and U.S. High Quality)
[2]BCA Research, Outlook 2017, December 2016
[3]Research Affiliates, Asset Allocation Website, November 2016, (US Equities is simple average of US Large and US Small)
[4]J.P. Morgan Asset Management, 2017 Long-Term Capital Market Assumptions, October 2016
[5]Wilshire 2016 Return and Risk Assumptions, 3Q 2016
[6]Vanguard's Economic and Investment Outlook, December 2016
[7]AQR Thinking - Capital Market Assumptions for Major Asset Classes, January 2017 (Fixed Income is simple average of US 10-Yr Treasury Forecast and US IG Forecast)

Best Guess – 7-10 Year Assumptions for Major Asset Classes

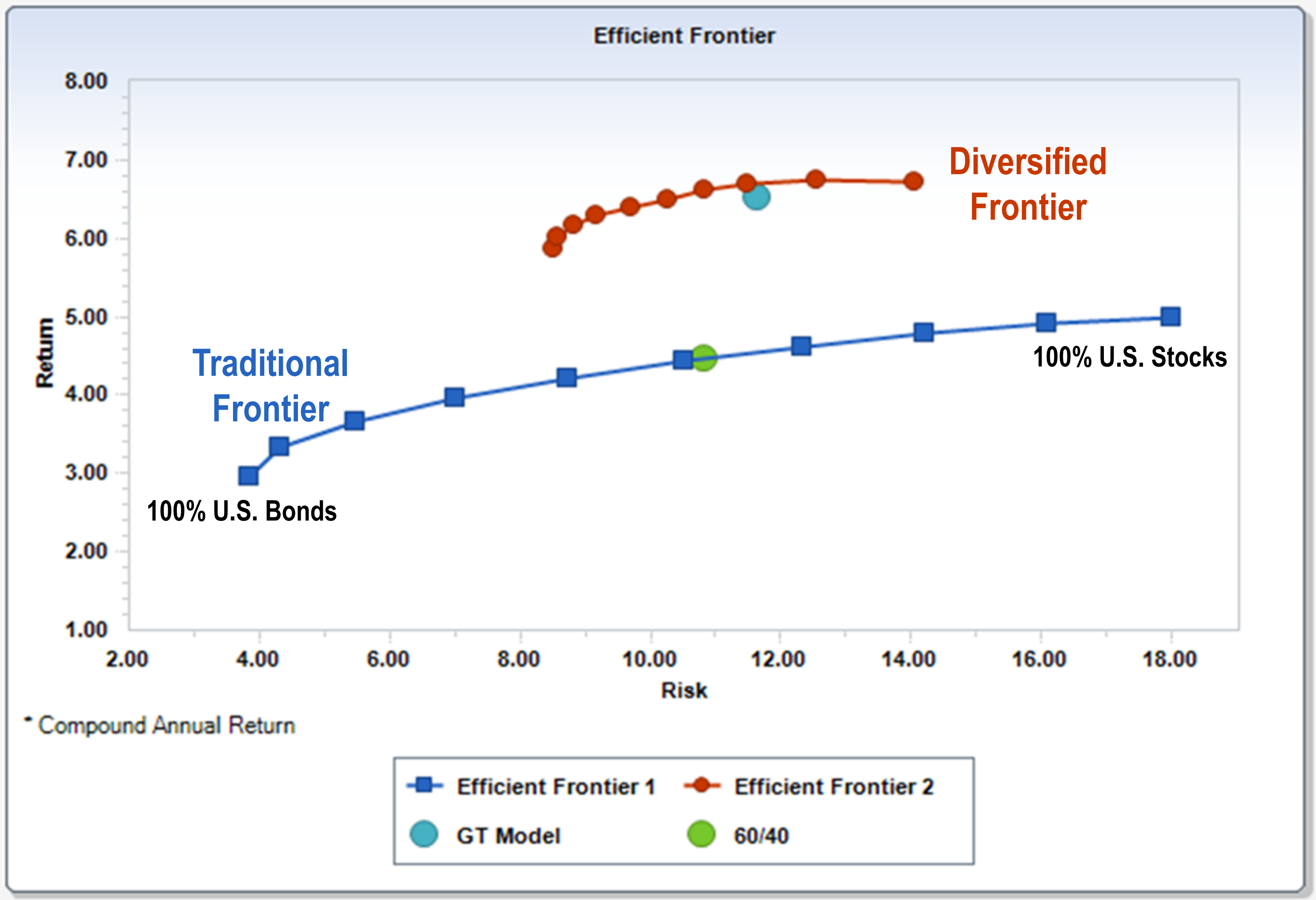
As of Dec. 2016:

Asset Class	GT "Best Guess" 7-10 Years	Annualized Volatility Assumptions
Fixed Income	2.75%	4.00%
US Equity	5.00%	18.00%
International Equity	6.00%	18.00%
Emerging Markets	8.50%	18.00%
Private Equity	8.00%	22.00%
Real Assets	7.50%	15.50%
Multi-Strategy	4.50%	6.00%
Hedged Equity	4.50%	8.00%



The graph and chart above reflect Gerber Taylor's "best guess" of potential returns for certain asset classes over the next seven to ten years. Gerber Taylor's "best guess" has not been examined, approved or reviewed by any independent third party. Gerber Taylor makes no explicit or implicit guarantee that the returns shown will occur. These returns are forward-looking and are subject to risks and uncertainties which could cause actual results to differ materially from those expressed including negative returns resulting in a loss of principal.

Efficient Frontiers

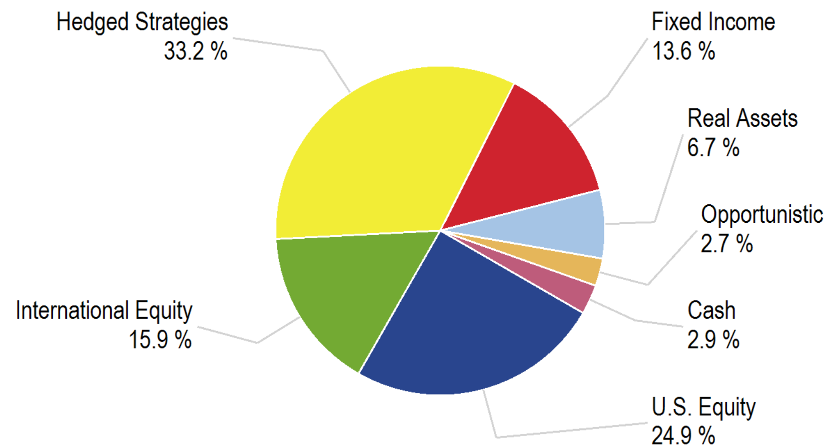


The Traditional Frontier illustrates the potential portfolio outcomes based on the return and volatility assumptions for U.S. Stocks and Fixed Income noted on the prior pages. The Diversified Frontier incorporates additional asset classes including International Equity, Emerging Markets Equity, Hedged Equity, Multi-Strategy, Private Equity, Real Assets, and MLPs. The Diversified Frontier has incorporated minimum and maximum allocations for each asset class to produce an efficient frontier for a diversified investment portfolio.

Summary of Cash Flows

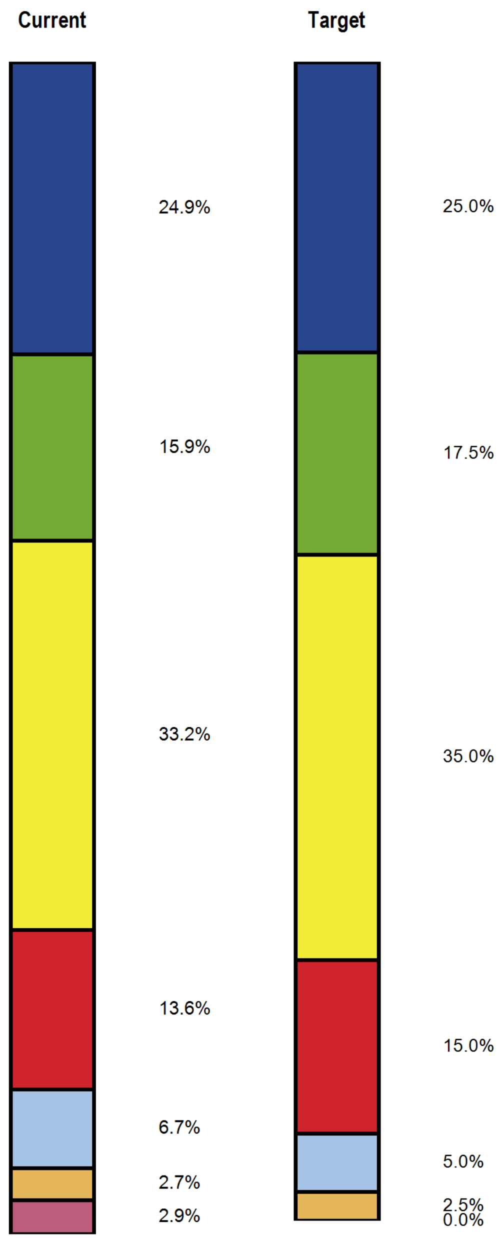
	Fourth Quarter	One Year
Beginning Market Value	**$63,989,699**	**$62,537,521**
Net Cash Flow	$1,394,327	-$809,434
Net Investment Change	$844,187	$4,500,126
Ending Market Value	**$66,228,213**	**$66,228,213**

Current Allocation



Performance Summary

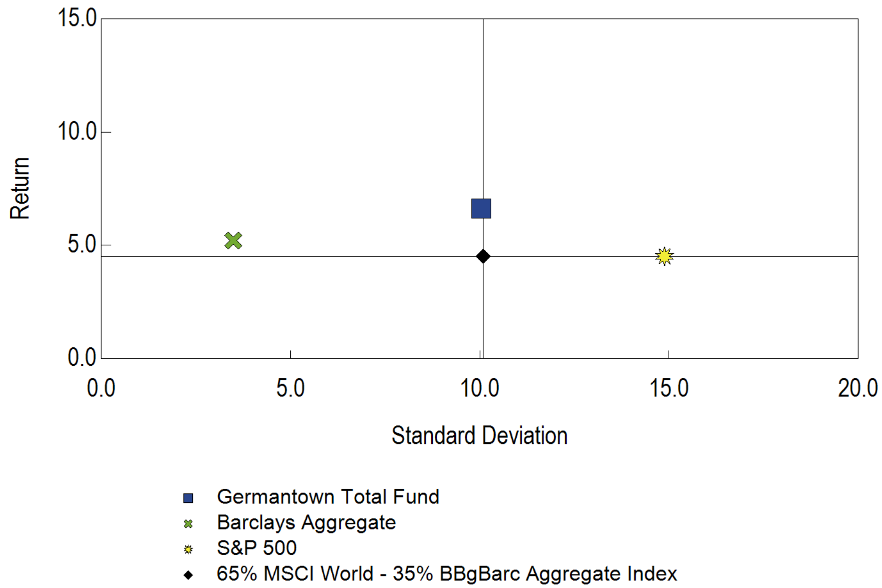
	2016 Q4	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Germantown Total Fund	**1.3%**	**7.3%**	**3.2%**	**8.6%**	**7.0%**	**5.0%**	**8.5%**	**Feb-88**
65% MSCI World - 35% BBgBarc Aggregate Index	*0.2%*	*6.4%*	*4.1%*	*8.0%*	*7.2%*	*4.7%*	*7.4%*	*Feb-88*
Actuarial Assumption 7.5%	*1.8%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*Feb-88*
Total Fund Composite	*1.8%*	*6.5%*	*2.9%*	*8.4%*	*8.1%*	*5.5%*	*8.7%*	*Feb-88*



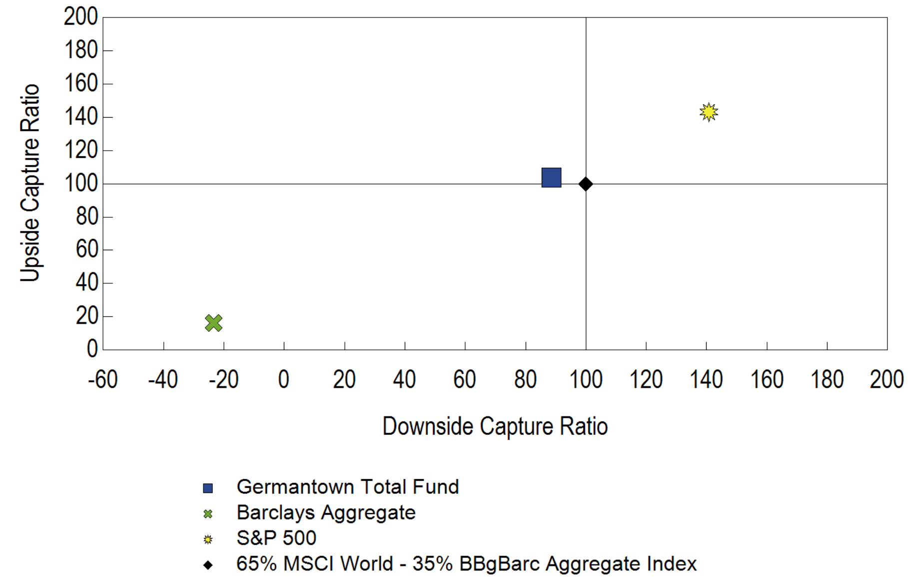
Asset Allocation vs. Target
As Of December 31, 2016

	Current	%	Target Allocation	Difference	%
U.S. Equity	$16,499,234	24.9%	25.0%	-$57,819	-0.1%
Wedge Large Cap	$3,582,393	5.4%	5.0%	$270,982	0.4%
FMI Large Cap	$3,166,096	4.8%	5.0%	-$145,315	-0.2%
Harbor Capital Appreciation	$4,281,869	6.5%	7.5%	-$685,247	-1.0%
Wedge Small Cap	$5,468,876	8.3%	7.5%	$501,760	0.8%
International Equity	$10,534,948	15.9%	17.5%	-$1,054,989	-1.6%
Harbor International	$5,021,097	7.6%	8.8%	-$806,986	-1.2%
First Eagle Overseas	$5,513,851	8.3%	8.8%	-$314,232	-0.5%
Hedged Strategies	$21,993,319	33.2%	35.0%	-$1,186,556	-1.8%
Forester Diversified	$9,484,946	14.3%	15.0%	-$449,286	-0.7%
Alternative Investments Institutional	$10,860,721	16.4%	17.5%	-$729,216	-1.1%
Gotham Neutral Return	$1,647,652	2.5%	2.5%	-$8,053	0.0%
Fixed Income	$9,025,277	13.6%	15.0%	-$908,955	-1.4%
Metwest Total Return	$3,578,034	5.4%	5.0%	$266,623	0.4%
PIMCO Short-Term	$3,596,279	5.4%	5.0%	$284,868	0.4%
1607 Bond Fund	$1,850,964	2.8%	5.0%	-$1,460,447	-2.2%
Real Assets	$4,428,232	6.7%	5.0%	$1,116,821	1.7%
Eagle MLP Strategy Fund	$4,428,232	6.7%	5.0%	$1,116,821	1.7%
Opportunistic	$1,814,390	2.7%	2.5%	$158,685	0.2%
Nippon Value	$1,814,390	2.7%	2.5%	$158,685	0.2%
Cash	$1,932,813	2.9%	--	$1,932,813	2.9%
Disbursement Account	$1,932,780	2.9%			
Redemption Proceeds	$33	0.0%			
Total	**$66,228,213**	**100.0%**	**100.0%**		

Return vs. Standard Deviation
17 Years Ending December 31, 2016

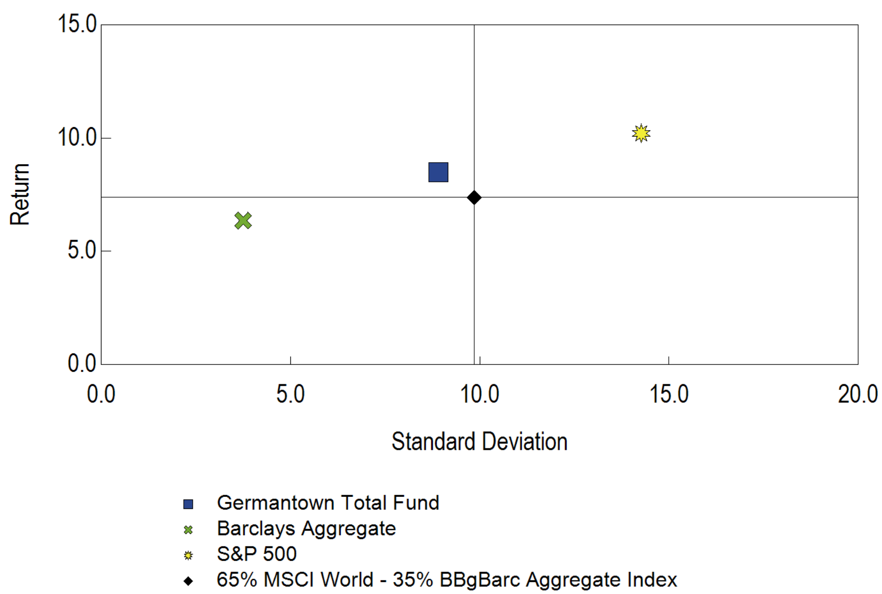


Upside Capture Ratio vs. Downside Capture Ratio
17 Years Ending December 31, 2016

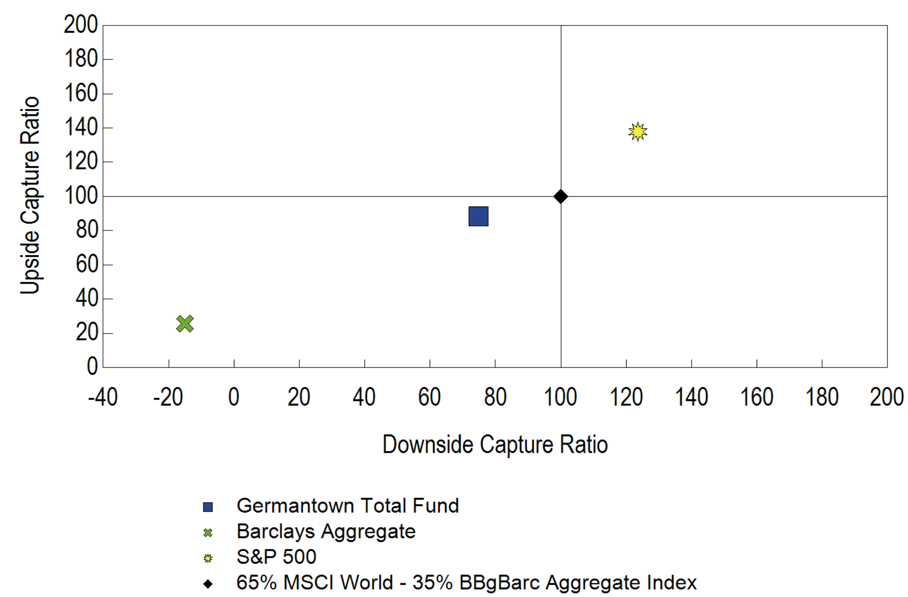


	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Germantown Total Fund	6.6%	197.1%	10.0%	2.2%	1.0	0.9	0.5	103.9%	88.6%	204
S&P 500	4.5%	111.7%	14.9%	-1.2%	1.4	0.9	0.2	143.2%	140.8%	204
Barclays Aggregate	5.2%	137.0%	3.5%	3.5%	0.0	0.0	1.0	16.2%	-23.4%	204
65% MSCI World - 35% BBgBarc Aggregate Index	4.5%	111.7%	10.1%	0.0%	1.0	1.0	0.3	100.0%	100.0%	204

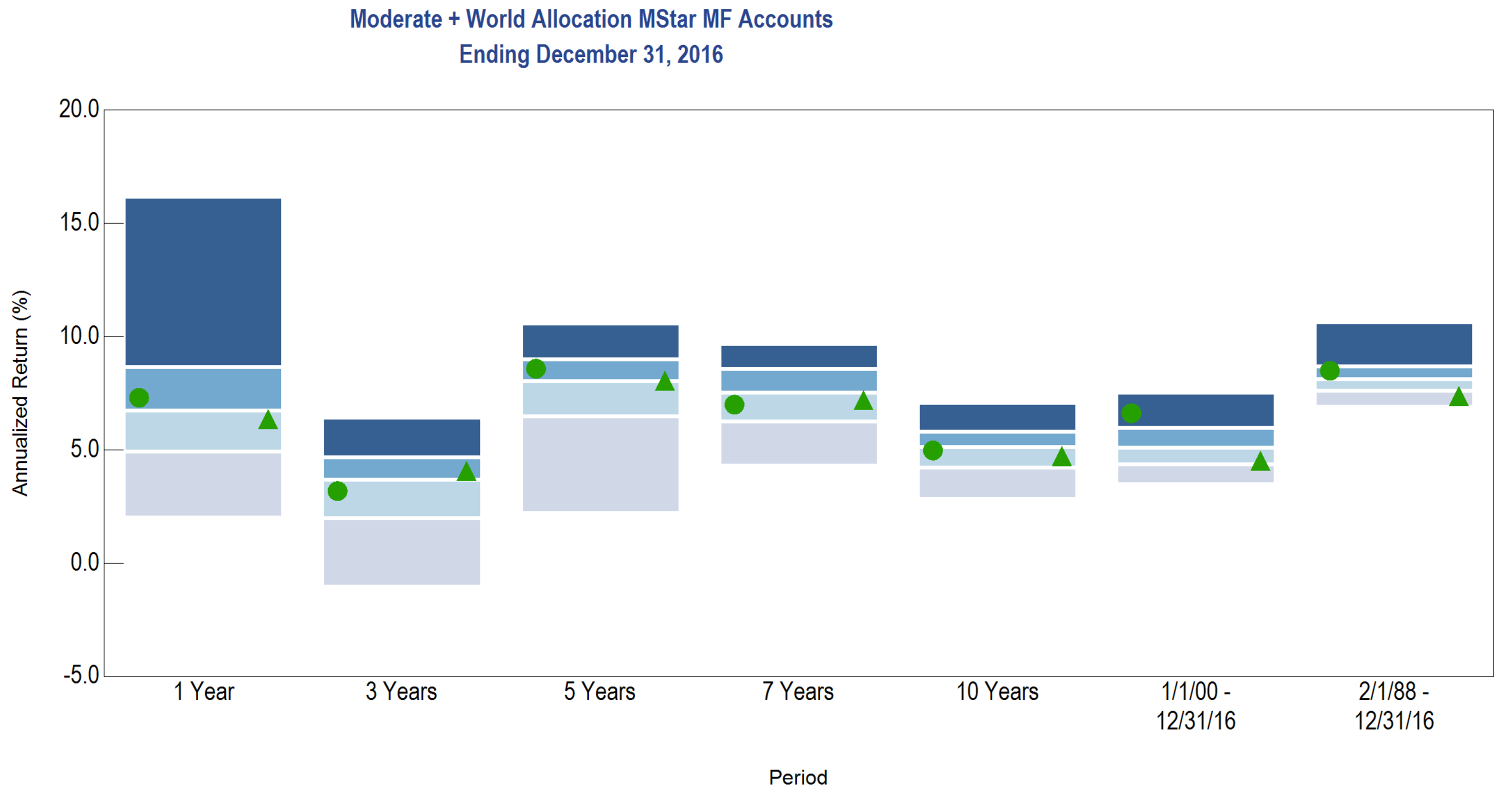
Return vs. Standard Deviation
28 Years 11 Months Ending December 31, 2016



Upside Capture Ratio vs. Downside Capture Ratio
28 Years 11 Months Ending December 31, 2016



	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha Jensen (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)	Months
Germantown Total Fund	8.5%	954.5%	8.9%	2.0%	0.8	0.8	0.6	88.4%	74.8%	347
S&P 500	10.2%	1,561.8%	14.3%	1.6%	1.3	0.8	0.5	137.8%	123.6%	347
Barclays Aggregate	6.4%	493.9%	3.7%	2.8%	0.1	0.1	0.9	25.6%	-15.0%	347
65% MSCI World - 35% BBgBarc Aggregate Index	7.4%	682.2%	9.9%	0.0%	1.0	1.0	0.4	100.0%	100.0%	347

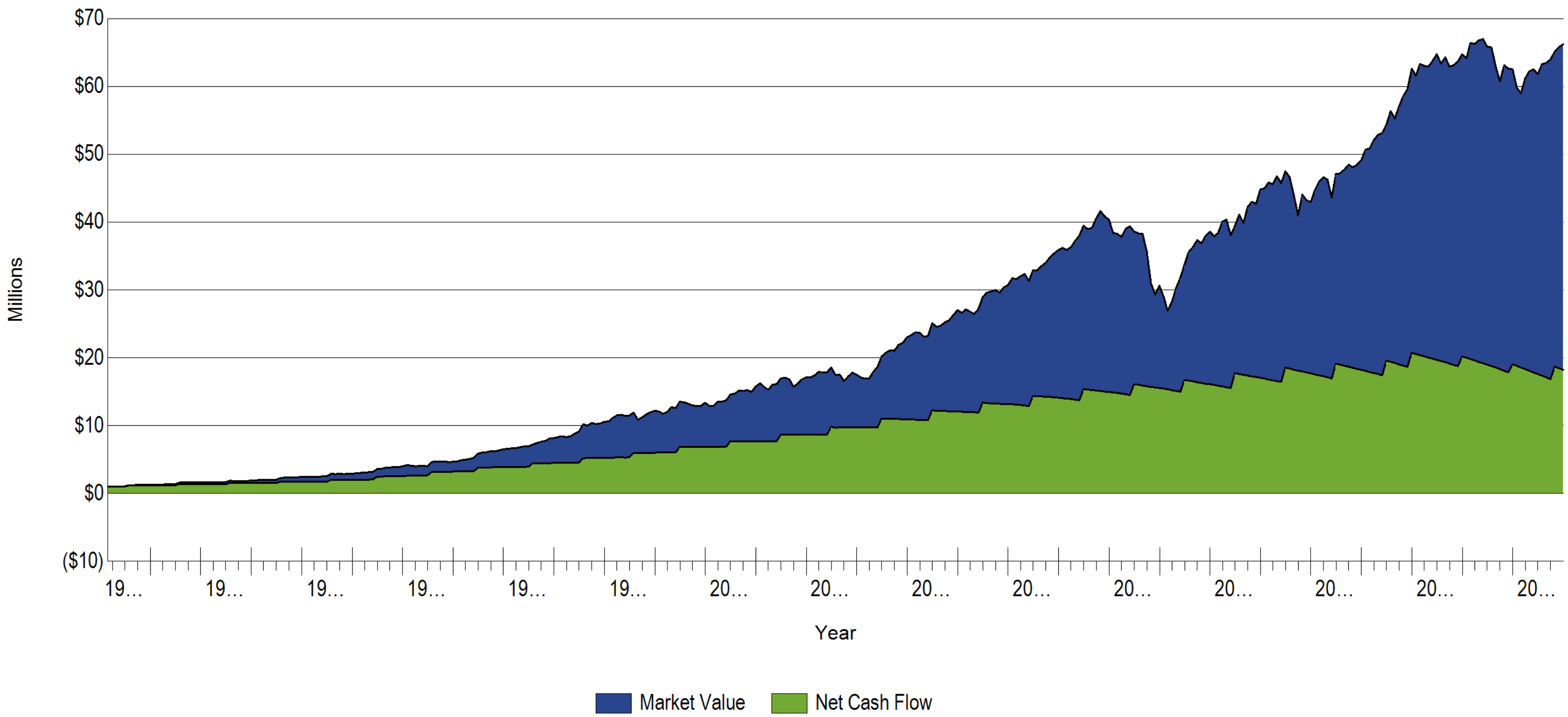


	Return (Rank)													
5th Percentile	16.2		6.4		10.6		9.6		7.1		7.5		10.6	
25th Percentile	8.7		4.7		9.0		8.6		5.8		6.0		8.7	
Median	6.7		3.7		8.1		7.5		5.1		5.1		8.1	
75th Percentile	4.9		2.0		6.5		6.3		4.2		4.4		7.6	
95th Percentile	2.0		-1.0		2.2		4.3		2.9		3.5		6.9	
# of Portfolios	249		229		206		179		155		106		30	
● Germantown Total Fund	7.3	(38)	3.2	(60)	8.6	(36)	7.0	(64)	5.0	(57)	6.6	(18)	8.5	(30)
▲ 65% MSCI World - 35% BBgBarc Aggregate In	6.4	(61)	4.1	(43)	8.0	(51)	7.2	(61)	4.7	(63)	4.5	(70)	7.4	(83)

	Return (Rank)													
5th Percentile	9.5		6.6		9.9		9.5		6.4		6.4		9.3	
25th Percentile	8.3		5.1		8.7		8.3		5.4		5.6		8.9	
Median	7.3		4.4		7.9		7.6		4.9		5.0		8.1	
75th Percentile	6.4		3.5		7.0		6.7		4.3		4.5		7.8	
95th Percentile	4.2		2.1		4.8		5.3		3.1		3.7		5.6	
# of Portfolios	497		465		414		378		330		184		34	
● Germantown Total Fund	7.3	(50)	3.2	(83)	8.6	(29)	7.0	(69)	5.0	(47)	6.6	(5)	8.5	(38)
▲ 65% MSCI World - 35% BBgBarc Aggregate In	6.4	(78)	4.1	(62)	8.0	(44)	7.2	(64)	4.7	(59)	4.5	(75)	7.4	(85)

Market Value History

28 Years 11 Months Ending December 31, 2016



Summary of Cash Flows

	Inception 2/1/88
Beginning Market Value	**$1,044,100**
Net Cash Flow	$17,206,818
Net Investment Change	$47,977,295
Ending Market Value	**$66,228,213**

As of December 31, 2016

	Market Value	% of Portfolio	2016 Q4	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Germantown Total Fund	**$66,228,213**	**100.0%**	**1.3%**	**7.3%**	**3.2%**	**8.6%**	**7.0%**	**5.0%**	**8.5%**	**Feb-88**
65% MSCI World - 35% BBgBarc Aggregate Index			*0.2%*	*6.4%*	*4.1%*	*8.0%*	*7.2%*	*4.7%*	*7.4%*	*Feb-88*
Actuarial Assumption 7.5%			*1.8%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*Feb-88*
Total Fund Composite			*1.8%*	*6.5%*	*2.9%*	*8.4%*	*8.1%*	*5.5%*	*8.7%*	*Feb-88*
U.S. Equity	**$16,499,234**	**24.9%**								
Wedge Large Cap	$3,582,393	5.4%	6.7%	21.4%	12.2%	17.1%	12.7%	5.8%	10.4%	Feb-88
Russell 1000 Value			*6.7%*	*17.3%*	*8.6%*	*14.8%*	*12.7%*	*5.7%*	*10.5%*	*Feb-88*
S&P 500			*3.8%*	*12.0%*	*8.9%*	*14.7%*	*12.8%*	*6.9%*	*10.2%*	*Feb-88*
FMI Large Cap	$3,166,096	4.8%	4.8%	13.8%	7.7%	13.3%	--	--	13.3%	Jan-12
S&P 500			*3.8%*	*12.0%*	*8.9%*	*14.7%*	*12.8%*	*6.9%*	*14.7%*	*Jan-12*
Harbor Capital Appreciation	$4,281,869	6.5%	-1.9%	-1.1%	6.5%	14.0%	11.6%	8.0%	3.7%	Nov-00
Russell 1000 Growth			*1.0%*	*7.1%*	*8.6%*	*14.5%*	*13.0%*	*8.3%*	*3.2%*	*Nov-00*
S&P 500			*3.8%*	*12.0%*	*8.9%*	*14.7%*	*12.8%*	*6.9%*	*4.9%*	*Nov-00*
Wedge Small Cap	$5,468,876	8.3%	11.7%	27.2%	9.7%	16.2%	14.5%	8.4%	12.1%	Jun-93
Russell 2000 Value			*14.1%*	*31.7%*	*8.3%*	*15.1%*	*13.1%*	*6.3%*	*10.6%*	*Jun-93*
Russell 2000			*8.8%*	*21.3%*	*6.7%*	*14.5%*	*13.2%*	*7.1%*	*9.2%*	*Jun-93*
International Equity	**$10,534,948**	**15.9%**								
Harbor International	$5,021,097	7.6%	-4.3%	0.2%	-3.5%	4.8%	3.3%	1.9%	8.7%	Jun-93
MSCI EAFE Gross			*-0.7%*	*1.5%*	*-1.2%*	*7.0%*	*4.3%*	*1.2%*	*5.2%*	*Jun-93*
First Eagle Overseas	$5,513,851	8.3%	-3.3%	5.9%	2.8%	6.8%	6.7%	5.0%	6.2%	Dec-15
MSCI EAFE Gross			*-0.7%*	*1.5%*	*-1.2%*	*7.0%*	*4.3%*	*1.2%*	*0.2%*	*Dec-15*

	Market Value	% of Portfolio	2016 Q4	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Opportunistic	**$1,814,390**	**2.7%**								
Nippon Value	$1,814,390	2.7%	2.9%	8.8%	7.1%	9.8%	--	--	8.2%	Oct-11
MSCI Japan Gross			*-0.1%*	*2.7%*	*2.8%*	*8.4%*	*5.8%*	*0.7%*	*7.2%*	*Oct-11*
Hedged Strategies	**$21,993,319**	**33.2%**								
Forester Diversified	$9,484,946	14.3%	1.9%	1.9%	--	--	--	--	1.8%	Feb-14
HFRI Fund of Funds Composite Index			*0.9%*	*0.5%*	*1.2%*	*3.4%*	*2.4%*	*1.3%*	*1.4%*	*Feb-14*
Alternative Investments Institutional	$10,860,721	16.4%	-0.3%	-0.7%	--	--	--	--	1.2%	Feb-14
HFRI FOF: Strategic Index			*0.2%*	*-0.1%*	*0.8%*	*3.7%*	*2.4%*	*1.2%*	*1.0%*	*Feb-14*
Gotham Neutral Return	$1,647,652	2.5%	5.1%	6.2%	--	--	--	--	0.4%	May-15
HFRI Equity Hedge (Total) Index			*1.2%*	*5.5%*	*2.1%*	*5.5%*	*4.0%*	*2.9%*	*0.3%*	*May-15*
HFRI EH: Equity Market Neutral Index			*1.5%*	*2.2%*	*3.2%*	*3.8%*	*2.8%*	*2.0%*	*2.8%*	*May-15*
Real Assets	**$4,428,232**	**6.7%**								
Eagle MLP Strategy Fund	$4,428,232	6.7%	5.1%	39.2%	-6.3%	--	--	--	-5.1%	Dec-13
Alerian MLP Index			*2.0%*	*18.3%*	*-5.8%*	*2.2%*	*8.1%*	*8.0%*	*-5.2%*	*Dec-13*
Fixed Income	**$9,025,277**	**13.6%**								
Metwest Total Return	$3,578,034	5.4%	-2.6%	2.4%	--	--	--	--	1.9%	Oct-14
BBgBarc US Aggregate TR			*-3.0%*	*2.6%*	*3.0%*	*2.2%*	*3.6%*	*4.3%*	*2.2%*	*Oct-14*
PIMCO Short-Term	$3,596,279	5.4%	0.9%	2.6%	1.6%	1.8%	--	--	1.5%	Mar-11
BofA Merrill Lynch 91-Day T-Bill			*0.1%*	*0.3%*	*0.1%*	*0.1%*	*0.1%*	*0.8%*	*0.1%*	*Mar-11*
1607 Bond Fund	$1,850,964	2.8%	-2.2%	8.3%	--	--	--	--	5.2%	Feb-14
BBgBarc US Aggregate TR			*-3.0%*	*2.6%*	*3.0%*	*2.2%*	*3.6%*	*4.3%*	*2.6%*	*Feb-14*
Disbursement Account	$1,932,780	2.9%								
Redemption Proceeds	$33	0.0%								