

**PORTER COUNTY COUNCIL
AND
PORTER COUNTY COMMISSIONERS
FOUNDATION MEETING
February 27, 2018**

The Porter County Council and the Porter County Commissioners met on Tuesday, February 27, 2018 at 5:00 p.m. in the County Administration Center, 155 Indiana-Suite 205, Valparaiso, Indiana.

Mr. Jessen, called the meeting to order with the Pledge of Allegiance.

Members present were Council Member Mike Jessen, Council Member Jeff Larson, Council Member Dan Whitten, Council Member Andy Bozak, Council Member Jeremy Rivas, Council Member Sylvia Graham, Commissioner Jeff Good, Commissioner Laura Blaney, Commissioner Jim Biggs, Foundation Advisory Board Member Mathew Vessely and Foundation Advisory Board Member Mark Ritzi. Also present was Council Attorney Harold Harper, County Attorney Scott McClure, Auditor Vicki Urbanik, Treasurer Michelle Clancy and Council Administrative Assistant Joy Blakely. Members not present Council Member Karen Conover and Foundation Advisory Board Member David Kwaite.

Approval Of Minutes

Approval of Foundation minutes for June 27th, 2018, August 15th, 2017, September 26th, 2017 and November 28th, 2017

Mr. Jessen, Thank you very much.

Mr. Whitten, Mr. Chairman I'd like to make a motion to approve all these minutes on the agenda.

Ms. Graham, Second

Mr. Jessen, Motion on the floor that has a second right out of the gate.

Mr. Whitten, I was on a roll...

Mr. Jessen, We have a couple of matters to take care of prior to the Capital Cities presentation. Any discussion on the minutes? Seeing none all those in favor signify by saying Aye? All those opposed? Motion carries.

Motion carries on a unanimous voice vote

Reorganization

Election of Officers - Current Officers
Councilman Mike Jessen - Foundation President
Councilman Dan Whitten - Foundation Vice President

Mr. Jessen, Next we move on to our annual reorganization for the Foundation and our annual election of Officers. The first position that I'd like to offer up is for the position of the Foundation President and I'd like to ask if...

Mr. Whitten, I'll nominate Mike Jessen.

Ms. Graham, I'll second that.

Mr. Jessen, There is a motion on the floor that has a second for me to remain as Foundation President. Any discussion? Roll call please.

Auditor Vicki Urbanik,

Motion carried on the following roll call vote:

Councilmember Larson	-	Yes
Councilmember Whitten	-	Yes
Councilmember Bozak	-	Yes
Councilmember Rivas	-	Yes
Councilmember Graham	-	Yes
Councilmember Jessen	-	Yes
Commissioner Good	-	Yes
Commissioner Blaney	-	Yes
Commissioner Biggs	-	Yes

Mr. Jessen, Alright that you all very much. Next we will move on to the Foundation Vice President position.

Mr. Rivas, I will nominate Dan Whitten.

Ms. Graham, Second.

Mr. Jessen, Motion on the floor that has a second for Dan Whitten to remain as the Foundation's Vice President any discussion? Seeing none roll call please.

Auditor Vicki Urbanik,

Motion carried on the following roll call vote:

Councilmember Whitten	-	Yes
Councilmember Bozak	-	Yes
Councilmember Rivas	-	Yes
Councilmember Graham	-	Yes
Councilmember Jessen	-	Yes
Councilmember Larson	-	Yes
Commissioner Good	-	Yes
Commissioner Blaney	-	Yes
Commissioner Biggs	-	Yes

Auditor Vicki Urbanik, 9 - 0

Mr. Biggs, Congratulations

Mr. Jessen, The hesitation from Commissioner Biggs is duly noted.

Capital Cities Presentation

Mr. Jessen, Ok moving onto the agenda for this evening with Capital Cities presentation, we'd like to turn it over to you folks to tell us what you know.

Capital Cities Joe Bill Wiley, Great thank you Mike. If you could go to the Considerations and Observations page on the PowerPoint is where we are going to start which for you on your presentations in front of you it would be behind the cover page of our report (Porter County Government Nonprofit Charitable Foundation, Inc. meeting materials)

<p>Porter County Government Nonprofit Charitable Foundation, Inc. Considerations and Observations Period Ended December 31, 2017</p> <hr/>

Topic	Observations	Action
Items for Discussion:		
Annual Market Review	<ul style="list-style-type: none"> Capital Cities has prepared a presentation to assist in reviewing 2017 year-end performance and looking ahead to 2018. 	See Annual Market Review dated February, 2018.
Operational/Other:		
Externally-held municipal bonds (Page 21)	<ul style="list-style-type: none"> There are municipal bonds held directly by Porter that are not part of the Foundation account at Schwab. Principal and interest payments are received twice a year, in July/August and January/February. The City of Portage Series 2013 and Valpo Schools bonds both mature in January 2018. A deposit of \$2,705,000 in principal was received at Schwab in January. As of this report, these bonds total ~\$3.9 million. 	Continue monitoring the receipt of principal and interest payments.
Fund Changes	<ul style="list-style-type: none"> Per the November 2017 meeting, the Vanguard Institutional Index was replaced by the Schwab S&P 500 Index to save in fees. The Schwab Government Money Fund was also purchased to add yield over the sweep. These changes took place at the beginning of December. 	Performance for the Schwab S&P 500 index will begin in the IQ18 Performance & Evaluation Report.
Loomis Strategic Alpha (Pages 11-12)	<ul style="list-style-type: none"> Capital Cities worked with Schwab to get the a new share class of the Strategic Alpha Fund added to their platform. This share class dropped the fee from 75bps to 68 bps. The exchange took place on January 18th. 	None.
2016 Distribution	<ul style="list-style-type: none"> The 2016 Distribution of \$6,194,079 was distributed from the account on December 6, 2017. 	None.
2017 Distribution	<ul style="list-style-type: none"> The 2017 distribution is \$6,785,181. Funds were sold in February to raise cash for the distribution and the check went out on February 14th. 	None.



Capital Cities Joe Bill Wiley, So each quarter we do a project and it's really meant to meet your fiduciary obligations. In the first quarter of each year we do an annual review of the previous year and kind of give our perspective on some of the things that we are thinking about for 2018, Peter is going to cover that in a few minutes. I'll cover the report and then we have some operational things that are important at this stage to discuss because some of them involved distributions from the fund and I'll let Peter go over those.

Capital Cities Peter Harvey, Absolutely, thanks a lot Joe Bill. Just an update on the externally held Municipal Bonds (see above) we did have two of those mature in January, this is obviously a report for the end of the year so in the report it will still identify that they are outstanding, but they did mature on January 15th and actually some of those cash flows were used as part of the 2017 distribution just because the cash was made available. Additionally last meeting you voted to exchange the Van Guard Institutional Index for the Charles Schwab S&P 500 Index that was the passive fund change based on fees that you approved last meeting as well as looking into the Government Money Market Fund for the cash position in the portfolio. Those changes took place in December there is no further action we just wanted to notify you that they did take place. Additionally the share class exchange for Loomis Strategic Alpha was executed in January as well and as you saw that share class exchange dropped

bps on the product from 75 basis points (bps) down to 68 basis points (bps) that one of the things that we are doing on a continual basis just to monitor and make sure that you are invested in the lowest possible vehicle for the investment and then as you can see on the distributions took two distributions one right at the end of December and one for 2017 went out in February for just shy of \$13,000,000 million, so those took place without any hiccup so we are happy to report that for you.

Capital Cities Joe Bill Wiley, So if you will flip behind Tab II and turn your books sideways because it's landscape presentation (see below).

The Market Environment

A continued bull equity market highlighted 2017 and has set the stage for 2018.

- Investor sentiment remained bullish in 2017 as macroeconomic events, including multiple record strength hurricanes, tensions with North Korea and looming questions regarding Russia's involvement in the U.S. election, could not derail the momentum.
- Many equity valuations eclipsed all-time highs in a record-low volatility environment as measured by the CBOE Volatility Index (VIX).
- Looking ahead, the impact of tax reform could provide additional runway for the bull markets. While uncertainty surrounding other policies alongside macroeconomic factors could provide challenges for the financial markets.

Capital Cities Cartoon Source: Hedgeye INSTITUTIONAL INVESTING MADE PERSONAL 2

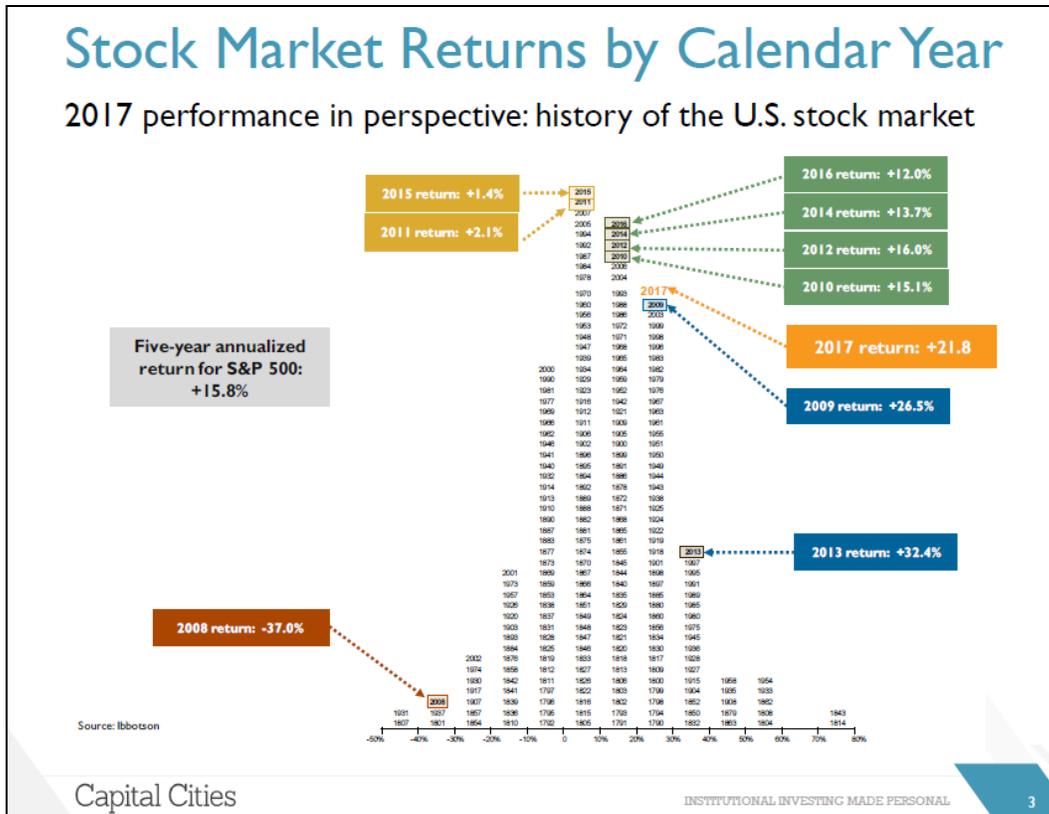
Capital Cities Peter Harvey, And this is the Market Review this is the other presentation. So this is the one opportunity during the year where we get to use pictures and cartoons and keep it a little lighter for everybody.

Mr. Whitten, On behalf of Commissioner Biggs thank you for the pictures.

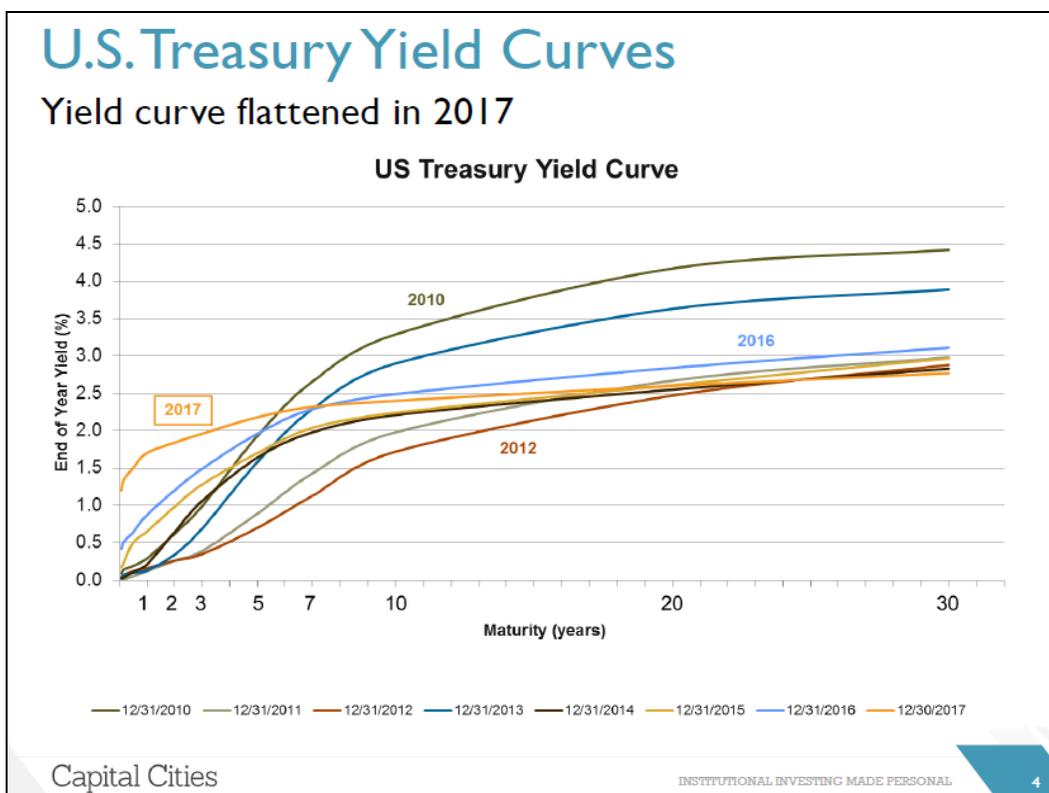
(Laughter)

Capital Cities Peter Harvey, So this is the recap of 2017 and a little bit of an outlook for this coming year. During 2017 we continue to see a resilience of investors risk on sentiment which drove markets higher. That was uncharacteristic or was done in an uncharacteristically volatility fee market despite the many potentials for geopolitical uncertainties to derail the markets investors continued to pour money into risk assets, which really drove prices for those assets higher. Towards the end of year we did see tax reform come in which added a bit more fuel to the fire as that increase the amount of savings and investable income for individuals to pump back into the markets and also lowered the tax rate effectively for a lot of companies in the US, which read through to the underlying analysis in Wall Street just on face value allows more money to drop to the bottom line for the companies which is at the end of the day what their valued on. So impacts of tax reform have not yet been seen, but the effects have been priced into the market. So that is one of the things that drove markets toward the end of the year. We'll kind of wait and see how that really plays out from an earning standpoint the jury is still out there yet. The last two major points that we wanted to point out in 2017, that we did start to see some inflation come into the market which is what we have really been waiting to see for the Fed to continue on its path. So it's coming in at a relatively subdued rate, nonetheless I'll show you later in the presentation it is ticking up incrementally and lastly the thing that has been making a lot of news as of late, Janet Yellen did not have her term renewed as Federal Chairman. We have Jerome Powell coming in as the new Fed Chair and that's potentially changing how the Federal Reserve could be acting towards

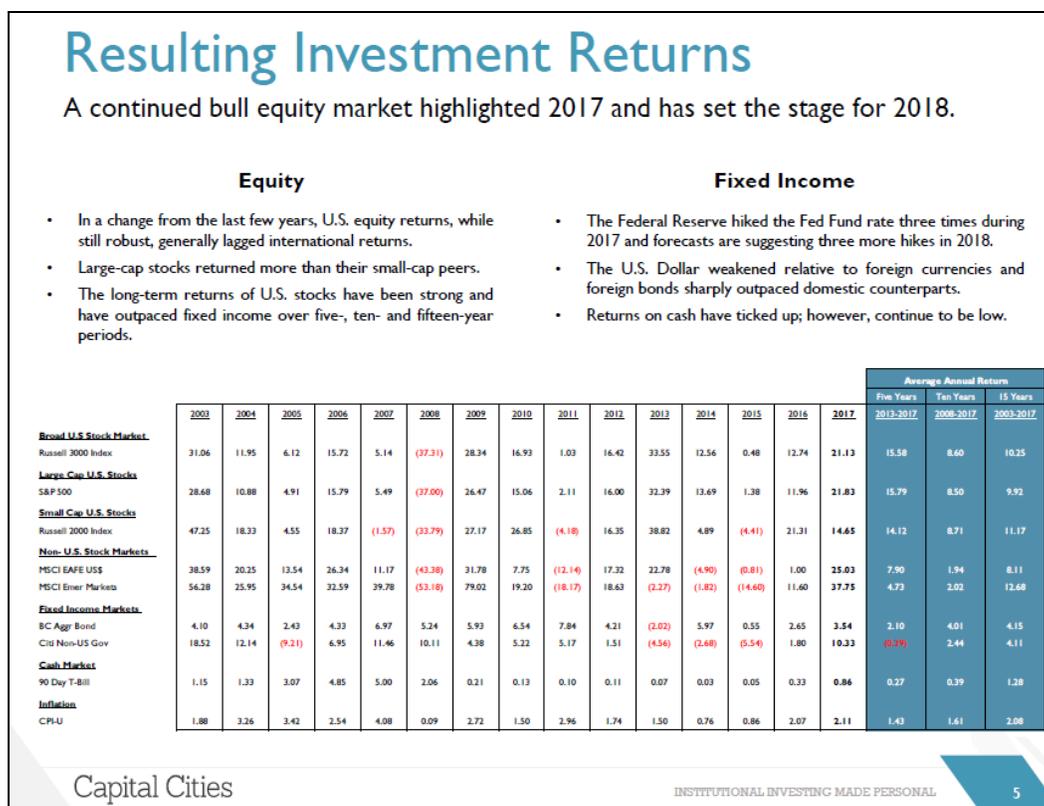
markets and changing rates. We've obviously seen that taking place especially today with his testimony the markets really now testing in that there could be a regime change in the Federal Reserve, we're watching it very closely, we think that you are very well positioned with your portfolio and I'll get into that here in a little bit, but those are the major changes for 2018 that could be impacting markets on a going forward basis.



Capital Cities Peter Harvey, On page 3 (see above) we have a distribution of S&P 500 returns over the last couple of years. We think that this is really interesting you can see all the way on the left-hand side there the 2008 return at **-37%** percent since that point we haven't had a single year where the S&P 500 has been negative. We are using this as a great illustration to temper expectations, we've had a great run over the last couple of years but we want to be mindful that having a diversified balanced portfolio is prudent because this distribution is semi-normal and there is a left-hand side to the distribution. We tend to forget after a long period about any negative markets that they can happen so just reaffirming that they way that the portfolio is positioned is definitely taking this into account.



Capital Cities Peter Harvey, On page 4 (see above) we take a look at the Yield Curves this has changed dramatically over that last couple of years when you see 2010 which is that dark line very steep yield curve indicative of where we were in the cycle and on that orange line of 2017 we saw the Fed tightening from the short end of the curve as well as the long end of the curve coming down slightly as multiple things happened but notably inflation didn't take off, it was prevalent but it didn't take off causing the long end to expand. But also there is what we call kind in our world it's called a carry trade where basically the US on a relative basis has got really higher yields than Europe and some of the more developed Asian countries leading it to be a very attractive for other foreign investors to invest. So we think that could also be holding the long end of the curve down. Now since publishing the chart the long end of the yellow curve has popped up to about 2.9% percent and that has a lot to do with inflation expectations what that means for the dollar and whether or not it could be weakening changing some of the relative pricing there.



Capital Cities Peter Harvey, In...oh sorry, on page 5 (see above) we really try to encapsulate what this meant for investors in 2017 US equities had a very strong return but for the first time for a couple of years they were eclipsed by their international counterparts and that had a lot to do with economic improvement in Europe picking up as well as the weakening dollar. So relative for domestic US investor investing overseas the dollar weakened those assets performed well. Additionally large cap stocks outperformed their small cap peers and equities in general continue to outperform on a longer term horizon. What we will point out to you here also on a ten (10) year standpoint is after this year 2008 will be dropping of that ten year number so the ten year depending on what the market do this year could look a little more representative of what everybody has been hearing in the news. In the fixed income world there were three rate hikes from the Fed in 2017. Currently its forecast that there is going to be three more in 2018, I think that's changed quite a bit in the last week or two. I think the markets now pricing it at a higher likelihood of there being four rate hikes. But again there is no certainty there that's just what the market is projecting or is implying right now. From a Fixed Income standpoint if you look all the way, the third from the bottom on the 2017 column you can see the International Fixed Income had a really strong year and again that had to do with the weakening dollar really helping to drive those returns and lastly on this page I'll point your attention to the bottom line and you can see how inflation has incrementally been increasing and CPI (Consumer Price Index) this not PCE (Personal Consumption Expenditures Index) so it's not the gage that the Fed uses but it's generally the broad proxy for inflation and you can see that it has incrementally been taking up not yet to a point where we would think that the Fed would take drastic action yet.

Review of Asset Categories

2017 and Looking Ahead

Asset Categories	Strategic Role	Looking Back at 2017	Looking Ahead
Passive US and Non-US Equity	Inexpensive, broad exposure, return generator	Leading performer given momentum-led markets	Passive exposure provides diversification and return; long-term allocation necessary given inability to time markets
Active Equity	Diversification, exposure to niche markets, utilization of manager expertise to seek downside protection or higher returns	Strong absolute performance, but generally lagged passive indices given tendency of active managers to implement more defensive positioning	Active stock selection and sector/region rotation could improve return potential should markets face any downward surprise
Core/Core Plus Fixed Income	Active, broad exposure complemented by "plus" sectors meant to generate reasonable return and demonstrate less volatility than Equity	Modestly positive results, performance negatively impacted by Fed action and resulting rising interest rates	Continued Fed action likely to put pressure on returns; rich credit valuations limit high capital appreciation
Opportunistic Fixed Income	Focused exposure seeking higher return (with higher volatility) given exposure to higher yielding sub-styles (IG and HY Credit, Non-US, EM, etc.)	Strong positive results given correlation of High Yield to Equity markets	High returns likely unsustainable given current valuations; key is to give managers' sub-asset class flexibility
Unconstrained/Flexible Fixed Income	Flexible strategies that are not tied to benchmarks, goal is to provide return, with an emphasis on absolute return over a cycle	Strong relative results (compared to Broad Fixed) given positioning of managers to avoid interest rate risk and focus on credit opportunities	Active managers will need to balance being defensive with seeking return
Short Duration Fixed Income	Conservative strategies designed to provide a liquidity backstop, preservation capabilities and a higher return than Cash	Limited return given impact of Fed action on the short part of the yield curve	Higher returns possible given higher yields in the short-term space, but short-term volatility likely
Cash	Liquidity, ease of rebalancing, preservation	Highest return (albeit modest) in years given impact of higher short-term rates	Continued improvement (or at least maintenance of current levels) in expected return potential
Diversifying Assets	Utilize Equity, Fixed Income and Real Assets in a manner not neatly defined by an Equity or Fixed Income "box"; Diversification relative to Equity and Fixed Income; Real Return	Mixed results for different strategies: Equity-correlated and income-focused strategies did well, hedging strategies underperformed, macro/tactical strategies mixed given manager views	Expect diversification benefit, which likely means underperformance in bull Equity markets; potential for relative outperformance if Equity market falls

Capital Cities

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Capital Cities Peter Harvey, On page 6 (see above) we want to really draw your attention to two asset classes in particular, this is a review of individual asset classes, how they performed and how they think that they or what the environment could imply for 2018. Your active equities managers, those are your managers that have the discretion to look different from a benchmark and position maybe for being growth orientated of value orientated or higher quality in defensive and we think that it's been a really difficult market for them for the last nine years. We think that we are entering into a market that's going to be a little less macro driven so individual securities selection and the ability to look different, be a little bit more defensive, we think that 2018 will be a better environment for them. That's not guaranteed by any means, but we think the way that the economy is shaping up where we are in the cycle, this is an environment where we would look to your active managers to be a bit more of a driver of returns relative to passive markets. Additionally your unconstrained fixed income, this is something that we have talked about at the last meeting but these are your managers that have the flexibility to be either longer or shorter duration so having more or less interest rate sensitivity. We think that you are very well positioned there, it's benefited you the last couple of years, as we started to see rates rise a little bit, and we think you continue to be well positioned there. The Feds could be moving rates at a more sustained rate then they have in the last couple of years. I will stop there, if there are any questions on the markets or anything that we presented otherwise I can go into kind our timeline for projects for this year.

On page 7 (see below) this is just briefly a timeline of the projects that we will be providing for you, this is part of our co-fiduciary duty. These four projects that you see for the quarterly projects are the big projects that we delivered to you every quarter. All on the right side here these are the things that we are doing in the background for you that you don't really see that we try to do that as an advocate for you with fund managers with the custodian and one example of this would be that Strategic Alpha share class exchange where we found that a new share class came to the market that could save you on fees. You know we went out and worked with Schwab your custodian to get that share class on the platform so that you could realize those fee savings. In May we will be presenting your first quarter performance evaluation report as well as a comprehensive fee analysis to benchmark your fund management fees, your custodian fees as well as investment consulting fees. In August we will be presenting the second quarter performance evaluation as well as doing a portfolio construction to reaffirm that the portfolio is allocated in accordance with your expectations and that you're still comfortable with that composition. In November we will be doing an IPS (Investment Policy Statement) review to restate the appendix of the IPS just to update it just to make sure that we've captured all of the

changes in the fund and then in February of 2018, I guess this will be for this meeting right now for 2018 but we will be doing a very similar presentation in 2019 in February to go over what happened in the markets and provide you with that update as well as the performance evaluation. So with that I will hand it off to Joe Bill unless there are any other questions?



Mr. Whitten, I know that only two months into this quarter, I mean is there anything that you want to tell us about this quarter and how we are doing thus far?

Capital Cities Peter Harvey, Yeah absolutely we can. I can tell you as of yesterday the portfolio was a \$156,843,471 dollars. That...obviously there was the cash flows which is why it's incrementally ticked down from last presentation, but that resulted in a 1.17% percent return for your investment so we are positive during the quarter...

Mr. Whitten, Ok.

Capital Cities Peter Harvey, despite the volatility.

Mr. Whitten, Yeah, that was my thought so...

Capital Cities Peter Harvey, Yeah.

Mr. Whitten, Ok great.

Mr. Jessen, Any other questions? Joe Bill

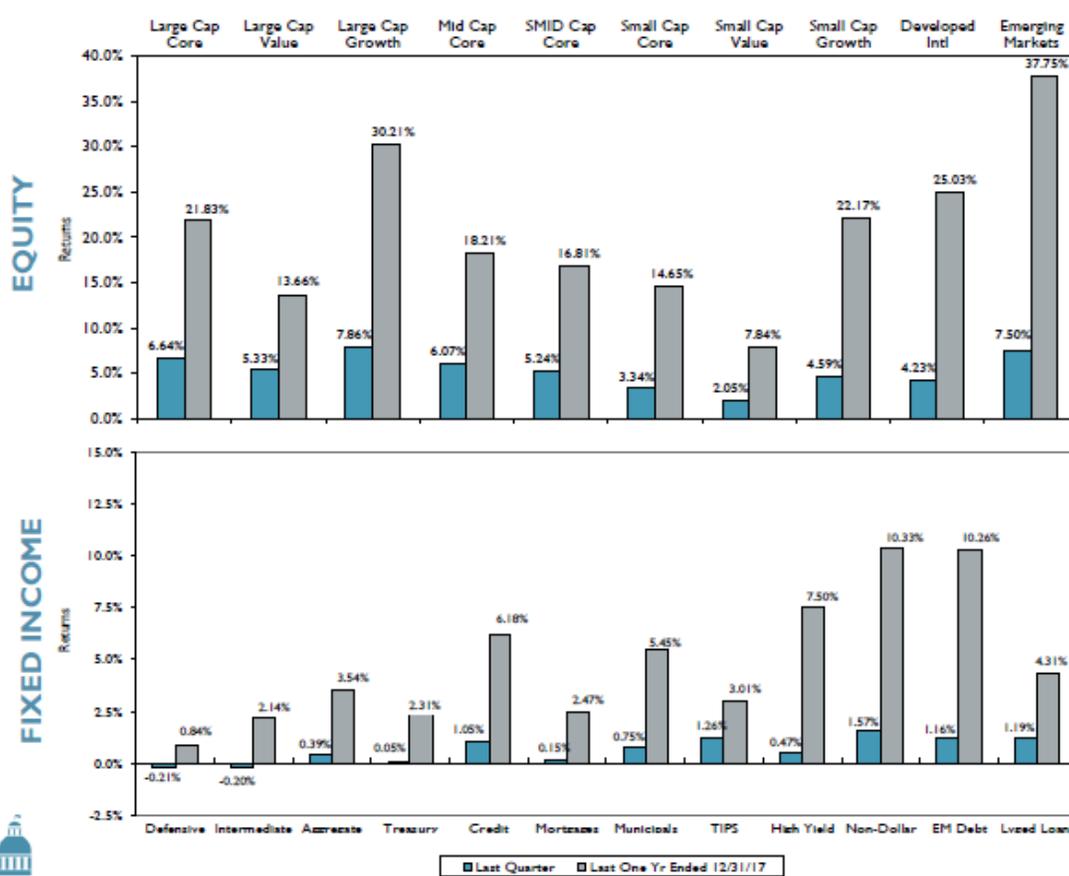
Capital Cities Joe Bill Wiley, Ok if you will flip back pass tab 1, I'll real quickly tell a story on myself Dan based on the cartoon. I used to work for Senator Luger Thirty years ago and I had to as part of my travel with him get whatever amount of papers were in the hotel lobby shop. So normally there was six or seven and I would take them up to his room and USA Today was new at that point and time and he would always give me the USA Today and say Joe Bill you can start with the one with pictures.

(Laughter)

MARKET OVERVIEW PERIOD ENDED DECEMBER 31, 2017

Last Quarter: Investors' risk appetites persisted through the fourth quarter as equities continued to advance. Growth outperformed Value and Large Cap outpaced Small Cap during the 4th quarter time period. The strongest performance occurred within Large Cap Growth stocks which returned +7.9%, outpacing all other styles of domestic equity. Developed foreign equities (+4.2%) trailed their domestic counterparts for the first time since 2016. Emerging Markets (+7.5%) outpaced both domestic and developed markets for the period. All equity styles are still displaying positive returns over the last one-year time period. Turning to fixed income, returns were muted, but generally positive across styles. We saw the yield curve continue to flatten. Defensive (-0.2%) and Intermediate (-0.2%) styles were the lone detractors during the quarter. The Bloomberg Barclays Aggregate Bond Index (+0.4%) posted a modest positive return for the period. Fixed income is positive across all styles over the last one-year time period.

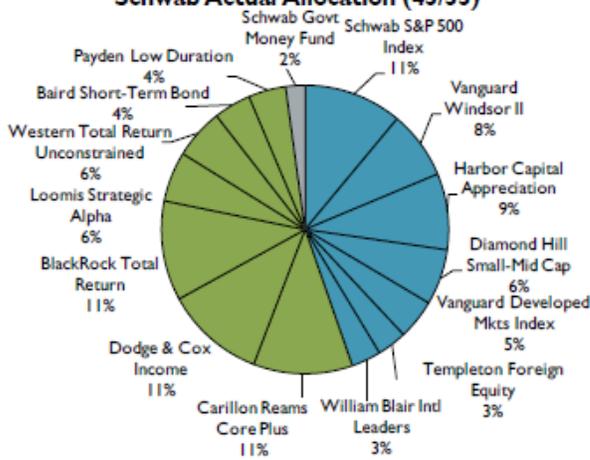
Style	Index	Style	Index
Large Cap Core	S&P 500 Index	Defensive Fixed Income	BB Barclays 1-3 Year G/C
Large Cap Value	Russell 1000 Value	Intermediate Fixed Income	BB Barclays Intermediate G/C
Large Cap Growth	Russell 1000 Growth	Core Fixed Income	BB Barclays Agg Index
Mid Cap Core	Russell Mid Cap Index	Treasury Sector	BB Barclays Treasury Index
SMID Cap Core	Russell 2500 Index	Credit Sector	BB Barclays Credit Index
Small Cap Core	Russell 2000 Index	Mortgage Sector	BB Barclays Mortgage Index
Small Cap Value	Russell 2000 Value	Municipal Fixed Income	BB Barclays Muni Fixed Income
Small Cap Growth	Russell 2000 Growth	Treasury Infl Protected Sec	BB Barclays TIPS Index
Developed International	MSCI EAFE US\$	High Yield Fixed Income	BB Barclays HY Index
Emerging Markets	MSCI Emerging Markets	Non-Dollar Fixed Income	Citi World Gov Bd Idx Non US
		Emerging Market Debt	JPM Emerging Mkts Bd GI
		Leveraged Loans	S&P/LSTA Leveraged Loans



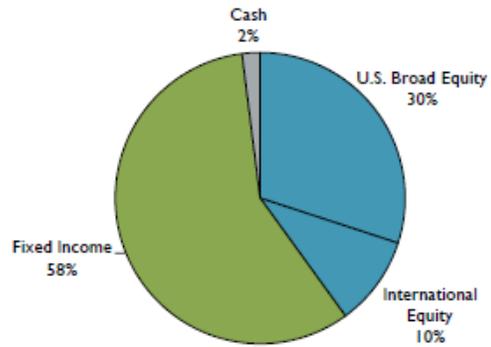
Capital Cities Joe Bill Wiley, So if you go to page 1 (see above) I'll just give you a quick market overview. So you know it's kind of déjà vu of what Peter said happen in 2018 as a whole, we had a strong performance in the equity market place in the fourth quarter of 2017, you can see with the blue bars that represent the quarterly return. We had positive returns across all styles of equity investing. Growth did better than value the growth as we have talked about in previous meetings was lead by the five tech stocks basically that we've talked about Facebook, Apple, Amazon, Netflix and Google you know drove the market but also consumer discretionary did very well and financials did very well during the quarter. Healthcare and Utilities kind of lagged but we still had positive returns which benefited the portfolio. The Fed raised rates in the fourth quarter by 25 basis points (bps), it hurt on the short end of the curve so you can see to the far left down at the bottom we saw negative returns in Defensive and Intermediate fixed income, modest returns across other fixed income investments. The dollar dropping against other currencies helped not only in the equities space but in the fixed income space with regard to returns with foreign both equities and fixed income.

**Porter County Government Nonprofit Charitable Foundation, Inc.
Plan Summary
Period Ended December 31, 2017**

Schwab Actual Allocation (45/55)



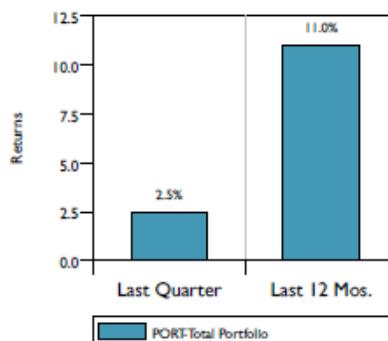
Strategic Allocation (40/60)



Manager Market Value

PORT-Schwab 500 Idx	\$17,492,493
PORT-Vang Windsor II	\$12,068,296
PORT-Harbor Cap Apprec.	\$13,490,304
PORT-Diamond Hill SMID	\$9,855,450
PORT-Vang Dev Mkt	\$7,076,402
PORT-Templeton Intl	\$5,275,727
PORT-WB Intl Ldrs	\$5,248,853
PORT-Reams Core Plus	\$17,619,167
PORT-Dodge & Cox Income	\$17,677,119
PORT-BlackRock Tot Ret	\$17,642,149
PORT-Loomis St. Alpha	\$8,870,936
PORT-Western Uncons	\$8,883,333
PORT-Baird ST Bond	\$6,622,312
PORT-Payden Low Dur	\$6,639,853
PORT-Schwab Govt MM	\$3,409,879
PORT-External Muni Bonds	\$3,895,000

Returns as of December 31, 2017



PORT-Total Foundation \$161,767,274

Criteria	Page #	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Qualitative Review		●	●	●	●	●	●	●	●	●	●	●	●	●	●
Long-Term Performance		●	●	●	●	●	●	●	●	●	●	●	●	●	●
Short-Term Performance		●	●	●	●	●	●	●	●	●	●	●	●	●	●

Legend
● Everything is good to excellent in this area
● Caution is warranted but action is not required at this time
WL Watchlist Status
● Action is required or is being taken
White background indicates a Change in Status

Capital Cities Joe Bill Wiley, So what did that mean for your portfolio? You earned a return of 2 1/2% percent in the fourth quarter over the last twelve months you have had a 11% percent return (see above). We really have no concerns down at the bottom with our stoplights with regard to managers at the end of December 2017 you ended up with just under \$161,800,000, but we talked about the distributions that have been taken out so your balance is obviously what Peter indicated a few minutes earlier. But everything is going well with the portfolio we're pleased with how it performed. You're at 45% percent equities 55% percent fixed income, so you didn't benefit on the total upside with the equities markets, but you're not trying to do that because of the way the portfolio is structured for the purposes you have determined appropriate. So we're very pleased and I'll seize fire and if anybody has any questions we'll be happy to answer.

Mr. Whitten, So we stayed within our margin of error...not margin breathing room on our equities allocation throughout the year we didn't have to do anything drastic.

Capital Cities Joe Bill Wiley, Rebalancing correct.

Mr. Whitten, That's good.

Mr. Jessen, Any questions Mr. Ritzi or Mr. Vessely?

Mr. Vessely, Not yet.

Capital Cities Peter Harvey, Thank you

Capital Cities Joe Bill Wiley, Alright guys, thank you take care.

Mr. Whitten, Thanks guys.

Ms. Graham, Have a safe trip home.

Mr. Jessen, Ok so obviously a very good report through the end of last year and actually with the volatility that we have seen in the market so far this year we're still ahead which is a good thing. One thing that I would like to present to the Board is a resolution which I will distribute now. One thing that we do know with as good as the report was that we just heard as we have witnessed since the inception of the Foundation, we know that we can't always count on those types of returns. It's the market and there's risk involved and so as a board I think we have a responsibility that we are...we appreciate and enjoy the successes we have with the return but also be well prepared in the event that things don't go quite so well. I think everyone remembers not too long ago, just a couple of weeks ago in fact the market went crazy and we had a significant loss in the market where the DOW at one point during the day was down 1595 points and ended up the day down 1175 down 4.6% percent in one day. So that was the worst point decline that we saw in the DOW in history as I understand it.

Mr. Whitten, Just like that it was gone.

Mr. Jessen, It was gone...so it settle in so at the end of the day on that day of February 5th we were down 4.6% percent for the DOW and we were down 4% percent for the NASDAX so there is obviously if that's not an indication that there is risks involved in what we are doing, I don't know what would be. And I would say as a Foundation we're secure in the sense that we are limited in the terms of how much funding we can have in Equities versus Fixed Incomes, however there is still risk and knowing that the market is volatile and we need to be I think, have a conservative approach to managing those funds. The idea of a resolution to basically establish for a lack of a better term, would establish a Rainy Day Fund within the Foundation holding account was presented and discussed. So what everyone should have in front of the is what that resolution states and what I'd like to do at this point is read the resolution and then open up the floor for discussion.

So it Comes Now, the Board of Director of the Porter County Government Charitable Nonprofit Foundation, Incorporated hereafter known as "the Board"; Whereas, the Board previously established the "Foundation Holding Fund" and the "Foundation Budget Fund"; Whereas, the Board recognizes the need to establish a "Rainy Day Fund" to be held within the "Foundation Holding Fund" to facilitate the continued funding of the "Foundation Budget Fund" so there is a lot of funding discussion and terms there that I'm also going to have the board Attorneys kind of further clarify and or simplify for the group...if the Foundation does not produce sufficient earnings in a given year or years; and Whereas, The Board believe the Rainy Day Fund, to be held in the Foundation Holding Fund, should be at least three (3) time the previous years approved Foundation Budget. Therefore Be It Resolved, by the board as follows: The Board of Directors of the Porter County Government Charitable Nonprofit Foundation, Incorporated resolve to save at least three (3) times the previous years approved Foundation budget in the Foundation Holding Account.

A Resolution Establishing Guideline for Rainy Day Fund Within
Foundation Holding Account

COMES NOW, the Board of Directors of the Porter County Government Charitable Nonprofit Foundation, Inc. (hereafter “the Board”); and

WHEREAS, the Board has previously established the “Foundation Holding Fund” and the “Foundation Budget Fund”; and

WHEREAS, The Board recognizes the need to establish a “rainy day fund” to be held within the “Foundation Holding Fund” to facilitate the continued funding of the “Foundation Budget Fund”, if the Foundation does not produce sufficient earnings in a given year or years; and

WHEREAS, The Board believes the rainy day fund, to be held in the Foundation Holding Fund, should be at least three (3) times the previous years approved Foundation Budget.

THEREFORE BE IT RESOLVED, by the board as follows:

The Board of Directors of the Porter County Government Charitable Nonprofit Foundation, Inc. resolve to save at least three (3) times the previous years approved Foundation budget in the Foundation Holding Account.

Adopted this 27th day of February 2018.

Signed: Jim Biggs
Andy Bozak
Jeff Good
Mike Jessen
Jeremy Rivas
Laura Blaney
Sylvia Graham
Jeff Larson
Dan Whitten

Mr. Jessen, So that’s the resolution (see above) that you have a copy of in front of you and what I’d like to do at this point...

Mr. Whitten, Well is I could chime in just real quick before we throw it to Harold, Mr. Chairman...because I know Harold and I have talked about this a little bit. This is kind of the conceptualization or the memorialization of our conceptualization of the money. And we’ve all sort of had and bantered around what we think we can do to ensure in a negative cash flow year we don’t have to go back tap into principal because of this notion of a negative flow and we have to get at ten out of ten vote to go back to principal to fund the Foundation Budget. So I am going to help Harold out here a little bit, so as you know for the benefit of the people in the audience we get up to 5% percent of our earnings coming into the county. So what we have done previously is we’ve designated a place for that money to go and that’s our Foundation Holding Fund and then out of that we have a Foundation Budget that we draw money from every year to pay for the things that we pay for in our Foundation Budget. That’s not the whole 5% percent if we do 5% percent, so the question is what happens to the remaining money that we don’t use for the Foundation Budget while that sits in the Foundation Holding Fund. We as a group has decided over the past year that we want to have a build-up like any corporation or any entity that has an ongoing concern that they have to pay, particularly with taxpayers that we never...that we have a build-up inside that holding fund that we can use for our Foundation Budget in those years that we don’t bring in enough money to pay for our Foundation expenditures. So this Rainy Day Fund is exactly what we have been talking about we are going to build up three years of our Foundation Budget as a Rainy Day Fund to use if we have bad investment return years. It is a very conservative approach we’re going three (3) years but we are a very conservative board. We are a very conservative board because we

are talking about public money and in that Foundation Budget there are things being paid out of that...that are very important to the safety and well being of our constituency, so it is a hyper important and sensitive budget that we always have to maintain the integrity of funds to make sure that we pay those things that we budgeted for. So with that I would just like to encourage the board to follow through with this but I hope that I simplified that a little bit.

Mr. Jessen, I don't know if Harold you had anything to add or Scott do you have anything that you'd like to add to Dan comments?

Council Attorney Harold Harper, I don't, I would echo everything that Dan said.

County Attorney Scott McClure, The only thing that I would say is that for the Auditor's benefit the term Rainy Day Fund within the Holding Fund is not meant to be a State Board of Accounts term of art. It's just conveying the concept of having three times set aside within the holding account to weather those bad days.

Mr. Whitten, We labored over what to called it, but it seemed like for simplicity sake and transparency it just seemed like a very good name to call a buildup. Let's hope it doesn't rain guys, let's hope that we never have to that and we get our three years built up and you know we're just living in fat city.

Mr. Jessen, It will rain.

Mr. Whitten, But it will rain.

(Laughter)

Mr. Whitten, It always does.

Mr. Jessen, Ok would someone like to make the motion?

Mr. Whitten, I'll make that motion.

Ms. Graham, Second

Mr. Larson, Second.

Mr. Jessen, There is a motion on the floor that has a second to approve the motion as read and discussed. Any additional discussion, ok roll call please?

Auditor Vicki Urbanik,

Motion carried on the following roll call vote:

Councilmember Graham	-	Yes
Councilmember Jessen	-	Yes
Councilmember Larson	-	Yes
Councilmember Whitten	-	Yes
Councilmember Bozak	-	Yes
Councilmember Rivas	-	Yes
Commissioner Good	-	Yes
Commissioner Blaney	-	Yes
Commissioner Biggs	-	Yes

Auditor Vicki Urbanik, 9 - 0

Attorneys Report

Mr. Jessen, Attorney report, Harold is there anything else to report this evening?

Council Attorney Harold Harper, All I can report is I was in contact with Katz Sapper & Miller in June of both Foundation years and they are on track. They have

been in contact with Vicki I know and the State Board of Accounts so everything in on schedule.

Mr. Jessen, Alright thank you very much, attorney McClure anything to add?

County Attorney Scott McClure, No.

Meeting Adjourned

Mr. Rivas, Motion to adjourn.

Mr. Whitten, Second.

Mr. Rivas, Do we need to set a date?

Mr. Jessen, We will forward that date as soon as it's available. All those in favor of adjournment signify by saying Aye? All those opposed? Meeting is adjourned.

Motion carried on a unanimous vote.

There being no further business, meeting was adjourned.

**PORTER COUNTY COUNCIL
PORTER COUNTY, INDIANA**

Andy Bozak

Absent

Karen Conover

Sylvia Graham

Mike Jessen

Jeff Larson

Jeremy Rivas

Dan Whitten

**PORTER COUNTY COMMISSIONERS
PORTER COUNTY, INDIANA**

Jim Biggs

Laura Blaney

Jeff Good

Attest: _____
Vicki Urbanik, Auditor