PORTER COUNTY COUNCIL
AND
PORTER COUNTY COMMISSIONERS
FOUNDATION MEETING
June 11, 2020

The Porter County Council and Porter County Commissioners held their Foundation video conference meeting Thursday, June 11th, 2020 at 4:30 p.m. The Foundation Meeting was conducted via Zoom and was live streamed on the Porter County Government Facebook page.

Ms. Blaney, called the meeting to order with the Pledge of Allegiance.

Members present were Commissioner Jeff Good, Commissioner Laura Blaney, Commissioner Jim Biggs, Council Member Bob Poparad, Council Member Greg Simms, Council Member Sylvia Graham, Council Member Mike Jessen, Council Member Dan Whitten and Council Member Jeremy Rivas, Foundation Advisory Board Member Mathew Vessely and Foundation Advisory Board Member David Kwait. Also present was Council Attorney Harold Harper, County Attorney Scott McClure, Auditor Vicki Urbanik, Treasurer Michelle Clancy and Commissioners Assistant Curt Ellis. Members not present Council Member Jeff Larson and Foundation Advisory Board Member Mark Ritzi.

<u>Approval Of Minutes</u>

Approval of Foundation minutes for January 28th, 2020.

Ms. Blaney, Ok the first order of business is the approval of minutes from January 28th, 2020

<u>Ms. Graham, Move to approve</u>

<u>Mr. Jessen, Second</u>

Ms. Blaney, We have a motion and a second. All those in favor signify by saying Aye? All those opposed same sign? Motion carries.

<u>Motion carries on a unanimous voice vote</u>

Ms. Blaney, Ok we have Amanda Black here and Peter Harvey and they have the Capital Cities presentation for us we got the first quarter report for 2020.

Mr. Whitten, Could we do roll call of the members present?

Ms. Blaney, Sorry I forgot about that yes, roll call please Curt.

(Roll Call was taken)

<u>Any other matter that may properly come before the Board</u>

- Approval of Claims – Capital Cities (Billing Period January 1 – March 31, 2020)

Ms. Blaney, As I was mentioning we have the Capital Cities presentation but we are going to skip ahead real quick just in case that we lose anyone and do our claim approval for Capital Cities it's their quarterly amount of $16,250. I'd be happy to entertain a motion?

Ms. Graham, Motion to approve.

Mr. Whitten, Second.

Ms. Blaney, So we have a motion and a second Sylvia Graham made the motion and Dan Whitten gave us the second.

Mr. Whitten, I'll take it I am always second to Sylvia

Ms. Blaney, Curt would you do the roll call please?

Commissioners Assistant Curt Ellis,

<u>Motion carried on the following roll call vote:</u>

Commissioner Blaney	-	Yes
Commissioner Good	-	Yes
Councilman Poparad	-	Yes
Councilman Simms	-	(No Sound)
Councilman Whitten	-	Yes
Councilman Rivas	-	Yes
Councilwoman Graham	-	Yes
Councilman Jessen	-	Yes

Commissioners Assistant Curt Ellis, 6 – 0 vote

Ms. Blaney, Bob Poparad messaged me that he votes yes.

Commissioners Assistant Curt Ellis, Ok so we have a 7 – 0 vote

Ms. Graham, Very good.

<u>Capital Cities Presentation</u>

- Capital Cities Presentation – First Quarter Report 2020
- 2020 ~~Outlook~~ Portfolio Construction Update

Ms. Blaney, Ok so now we can get to the Capital Cities presentation the agenda talks about the First Quarter Report and the 2020 Outlook but that's a little bit of an error, we did the 2020 Outlook last time and today is the 2020 Portfolio Construction update. So I'm am going to pass it over to Amanda Black and Peter Harvey and go ahead and let's go ahead and get started the floor is yours.

Capital Cities Amanda Black, Great to see you all thank you for the (inaudible) it's still great to see your faces. I'm going to quickly turn it over to Peter, he is going to cover the report. He will also bring you up to speed with more recent information and I am going to cover the Portfolio Construction Update. So please if you have a chance to mute while we are talking just to help with the feedback, we'll try to pause and make sure there are opportunities to ask any questions and you would need to unmute yourselves. Thank you here you go Peter.

Capital Cities Peter Harvey, Great well thank you I'm not sure what is showing on your screen but if you have the PDF up we can just start on page two (2) of the report on the other PDF. So I just want to set the stage for today's meeting we'll be reporting the Portfolio Construction Review as part of our (inaudible). We'll review the Portfolio (inaudible)…I just want to say a few additional things. I want to make you aware that (inaudible) that we (inaudible) Investment Policy Statement. (Inaudible)

Ms. Blaney, Can I interrupt real quickly? Excuse me, I don't know if it's just me, but I can't hear you. You are really breaking up badly, does anyone else have that problem?

Mr. Jessen, Yes.

Mr. Whitten, Yes.

Mr. Rivas, Yes.

Mr. Whitten, It's not just you.

Ms. Graham, Yes.

Ms. Blaney, Not sure how to solve it Peter do you have a better spot or did you get kicked off of your internet?

Capital Cities Amanda Black, I can jump in here while he's working on it. Ok so what we were hoping to look at was the second page of this PDF. PDF page 2 ok that's alright we'll do this. I'm catching up let me put this on my screen too so I can look at it alongside everyone while Peter's trying to connect.

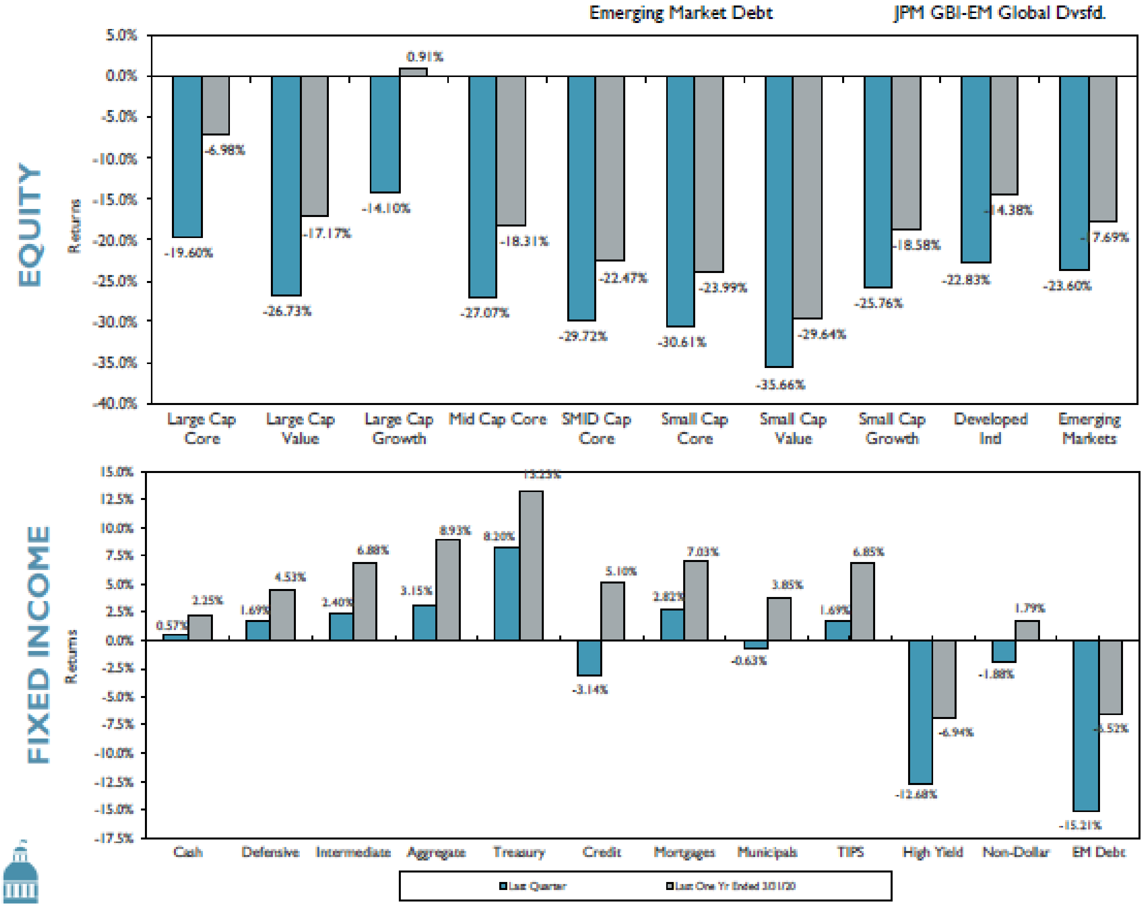
Capital Cities Peter Harvey, Sorry my audio dropped there.

Capital Cities Amanda Black, So Peter why don't you do a quick Market Review and Curt could you please go back one page to the Market Overview. There you go, I'll be happy to jump in if it occurs again though.

MARKET OVERVIEW
PERIOD ENDED MARCH 31, 2020

Last Quarter: Global Markets experienced the sharpest selloff since 2008, as economies around the world shut down in an effort to combat the spread of COVID-19. In equity markets, Large Cap fared better than Small Cap. Large Cap Growth (-14.1%) held up better than all other sectors. International and Emerging Market Stocks also sold off sharply. Over the one-year period, only U.S. Large Cap Growth has generated a positive return, while most other styles have generated double digit negative returns. Turning to fixed income, returns were positive across defensive styles. Spread sectors generally experienced negative results during the quarter, despite 150 bps of rate cuts from the Fed. The Bloomberg Barclays Aggregate Bond Index (+3.2%) closed the quarter with a strong positive gain as Treasuries (+8.2%) outperformed Credit (-3.1%). Emerging Markets Debt (-15.2%) was the worst performing style. Developed Non-Dollar (-1.9%) was also negative during the period. Most fixed income styles are positive over the last one-year time period, save High Yield and Emerging Markets Debt.

Style	Index	Style	Index
Large Cap Core	S&P 500 Index	Cash	3-Month Treasury Bill
Large Cap Value	Russell 1000 Value	Defensive Fixed Income	BB Barclays 1-3 Year G/C
Large Cap Growth	Russell 1000 Growth	Intermediate Fixed Income	BB Barclays Intermediate G/C
Mid Cap Core	Russell Mid Cap Index	Core Fixed Income	BB Barclays Agg Index
SMID Cap Core	Russell 2500 Index	Treasury Sector	BB Barclays Treasury Index
Small Cap Core	Russell 2000 Index	Credit Sector	BB Barclays Credit Index
Small Cap Value	Russell 2000 Value	Mortgage Sector	BB Barclays Mortgage Index
Small Cap Growth	Russell 2000 Growth	Municipal Fixed Income	BB Barclays Muni Fixed Income
Developed International	MSCI EAFE US$	Treasury Infl Protected Sec	BB Barclays TIPS Index
Emerging Markets	MSCI Emerging Markets	High Yield Fixed Income	BB Barclays HY Index
		Non-Dollar Fixed Income	FTSE Non-USD WGBI
		Emerging Market Debt	JPM GBI-EM Global Dvsfd.



1

Capital Cities Peter Harvey, Ok great. Well just to recap this is a Market Review for the end of the first quarter to March 31st, 2020. As I am sure that everybody is aware the global markets experienced a pretty significant selloff. The sharpest selloff since 2008 global financial crisis as result of the spread of the COVID-19 virus globally and its growth spread to a pandemic status. When we look at the Equity Market just to recap the different areas of the market that performed better than others. Really all Equity sectors were negative during the quarter and really negative for the full one year period. Large Cap stocks so those larger publicly traded companies generally outperformed their smaller peers. And then when we look from a style basis growth oriented companies outperformed their value peers. So really the types of stocks that have been driving the market for the last couple of years continued to outperform on a relative basis albeit it's still significantly negative. Really for the last one year period the only part of the market where you are able to still have a positive return at the end of the first was Large Cap growth. But when we look at just the quarter itself stocks were really down about twenty (20%) percent so definitely a tough quarter within the Equity Markets.

Within the Fixed Income Market there was a little bit better story obviously Fixed Income Assets especially Treasuries or those issued by the US Government definitely benefited from a flight to quality as well due to the changing interest rates as the Federal Reserve lowered the interest rates back down to the zero bound. When we look at the Broad Fixed Income Market as denoted by the Bloomberg Barclays Aggregate so that fourth blue bar in the chart on the bottom (see page 1 above) you really saw the market were up 3.15% percent in Fixed Income Markets and US Fixed Income Markets and again that's really due to that flight to quality and Treasury within that benchmark. Right next to that that 8.2% percent return was Treasury so again the safer part risk free assets part of the Fixed Income Market was really the place to be during the quarter amidst all the volatility.

When we look at spread sectors whether it be Corporate Credit, High Yield or Emerging Markets that's where we really see those strong negative numbers. High Yield was down about 12.7% percent and Emerging Markets were down about 15.2% percent. Really a pretty unfortunate quarter from an investment perspective, especially across risk assets but happy to have seen that we have had some rebound coming into the second quarter of the year.

I am going to stop there to see if there is any questions on the Market Overview before I touch on performance of the portfolio.

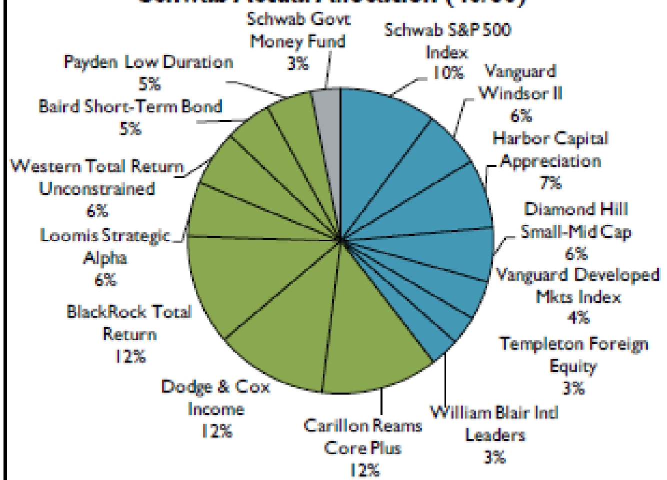
Ms. Graham, None here.

Capital Cities Peter Harvey, Ok so what that meant if we go to the next page (see page 2 below) what that meant for the portfolio, that meant that you ended the quarter down about 9.5% percent and down about 2.1% percent for the last one year period and that denoted by that chart on the right hand side there in the middle. If you look at those pie charts at the top you will note that the current allocation at the end of the quarter was right in line from an asset allocation forty (40%) percent to Equities and Sixty (60%) percent to Fixed Income and that really has to do with rebalance taking place right towards the end of the quarter.

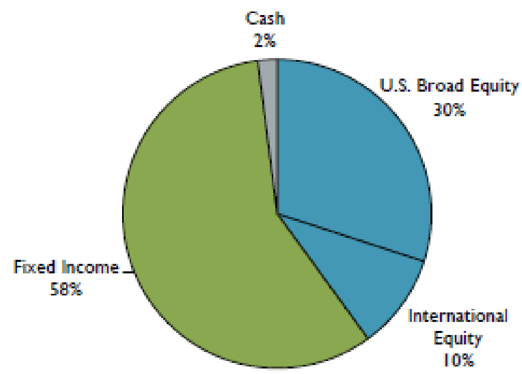
At the end of March the portfolio was valued at about $149.7 million dollars. I do have an update for you as of yesterday I did mention that we have had some positive performance over the last couple months so the portfolio balance at the end of the trading day yesterday (June 10th, 2020) was $170,350,373 dollars. From a return perspective what that meant was the portfolio on a year to date basis so from January 1st, 2020 through June 10th, 2020 is actually up 2.58% percent so we are definitely happy to see that. So far during the second quarter the portfolio as of yesterday was up 13.73% percent, so again a really to see the participated in the up market in the last couple of months since the close of the first quarter and from the inception to date period so dating back to 2016 the portfolio as of yesterday was up 7.2% percent.

Porter County Government Nonprofit Charitable Foundation, Inc.
Plan Summary
Period Ended March 31, 2020

Schwab Actual Allocation (40/60)

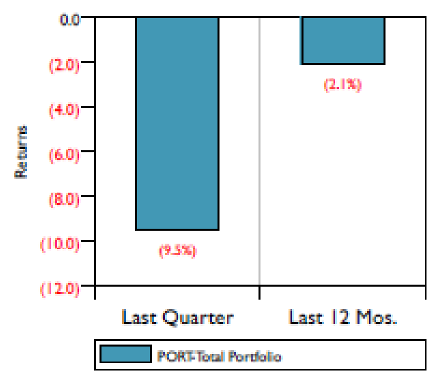


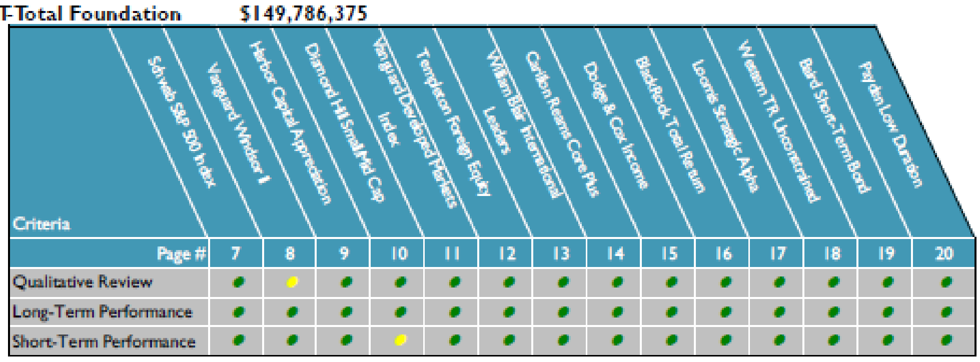
Strategic Allocation (40/60)

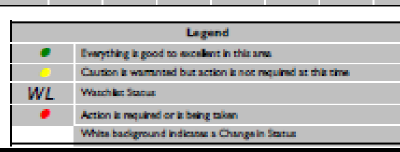


Manager	Market Value
PORT-Schwab 500 Idx	$15,293,405
PORT-Vang Windsor II	$9,094,868
PORT-Harbor Cap Apprec.	$11,006,369
PORT-Diamond Hill SMID	$8,552,876
PORT-Vang Dev Mkt	$6,189,772
PORT-Templeton Intl	$4,548,429
PORT-WB Intl Ldrs	$4,641,376
PORT-Reams Core Plus	$18,527,871
PORT-Dodge & Cox Income	$17,740,753
PORT-BlackRock Tot Ret	$17,540,981
PORT-Loomis St. Alpha	$8,587,821
PORT-Western Uncons	$8,807,418
PORT-Baird ST Bond	$7,333,222
PORT-Payden Low Dur	$7,242,677
PORT-Schwab Govt MM	$4,678,537
PORT-Total Foundation	**$149,786,375**

Returns as of March 31, 2020







2

Capital Cities Peter Harvey, We don't have any changes to the stop lights at the bottom of the page (see above page 2).

But I do want to if we can move forward about three pages to page five (see below page 5) right there I did want to touch base on the cash flow that happened at the end of February there was the annual distribution of $7,497,244 dollars that took place there. That was actually not planned but pretty good timing that happened right before the significant market volatility that we saw during March.

CHANGE IN MARKET VALUE BY INVESTMENT MANAGER
PERIOD ENDED MARCH 31, 2020

	Prior Quarter Market Value	Deposits/ Withdrawals	Investment Gain/Loss	Current Quarter Market Value
PORT-Schwab 500 Idx	$19,014,995	($375,000)	($3,346,590)	$15,293,405
PORT-Vang Windsor II	$12,423,262	($344,980)	($2,983,414)	$9,094,868
PORT-Harbor Cap Apprec.	$12,789,243	($564,980)	($1,217,894)	$11,006,369
PORT-Diamond Hill SMID	$10,051,685	$2,300,000	($3,798,810)	$8,552,876
PORT-Vang Dev Mkt	$6,789,370	$1,030,000	($1,629,597)	$6,189,772
PORT-Templeton Intl	$4,652,820	$1,040,000	($1,144,391)	$4,548,429
PORT-WB Intl Ldrs	$5,379,943	$270,000	($1,008,567)	$4,641,376
PORT-Reams Core Plus	$20,852,566	($2,977,960)	$653,264	$18,527,871
PORT-Dodge & Cox Income	$20,764,002	($2,904,960)	($118,289)	$17,740,753
PORT-BlackRock Tot Ret	$20,835,987	($3,237,960)	($57,046)	$17,540,981
PORT-Loomis St. Alpha	$9,730,049	($634,980)	($507,249)	$8,587,821
PORT-Western Uncons	$10,329,189	($624,980)	($896,791)	$8,807,418
PORT-Baird ST Bond	$8,323,469	($959,980)	($30,267)	$7,333,222
PORT-Payden Low Dur	$8,259,627	($874,980)	($141,970)	$7,242,677
PORT-Schwab Govt MM	$3,306,264	$1,363,516	$8,758	$4,678,537
PORT-Total Foundation	**$173,502,471**	**($7,497,244)**	**($16,218,853)**	**$149,786,375**

5

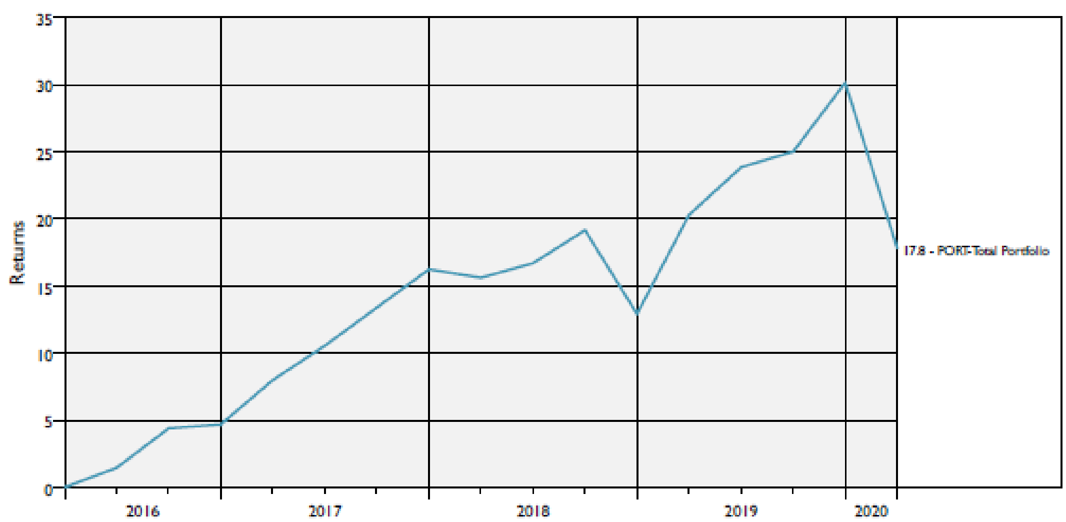
Capital Cities Peter Harvey, And then lastly on page six (see below page 6) before I stop for questions and hand it over to Amanda from a cumulative perspective the portfolio ended the quarter still positive but again pretty significantly off the highs that we saw at the end of 2019. I do have an update on that…that I ran through yesterday and we have actually gotten back into kind of all time high territory as of yesterday (June 10th, 2020) at 33% percent cumulative positive return. While that is great we do kind of want to temper expectations a little bit given what we've seen in the market, especially today, but in general we're still in the midst of this event from both a humanitarian perspective and from a health and investment perspective. So we do want to temper this it has been a great run off of the end of the first quarter to yesterday, but we do always want to be cognizant the volatility is definitely possible in the future especially given the current state of affairs from an economic perspective.

Are there any questions on the Performance Evaluation Report before I pass it over to Amanda to cover the Portfolio Construction?

Total Fund Performance

The Charts below show the cumulative return of the Total Fund's performance since inception. The top chart shows as a return percentage while the bottom chart shows in dollar terms.

Cumulative Returns
Since Inception Ended March 31, 2020



PERIOD ENDED MARCH 31, 2020

	January 1, 2016 Market Value	Deposits/ Withdrawal	Investment Gain/Loss	Ending Market Value
PORT-Total Portfolio	$0	$125,401,138	$24,385,237	$149,786,375

6

Ms. Blaney, I have a question here from Bob Poparad and I wanted to note that Commissioner Biggs and Councilman Simms are now part of the meeting.

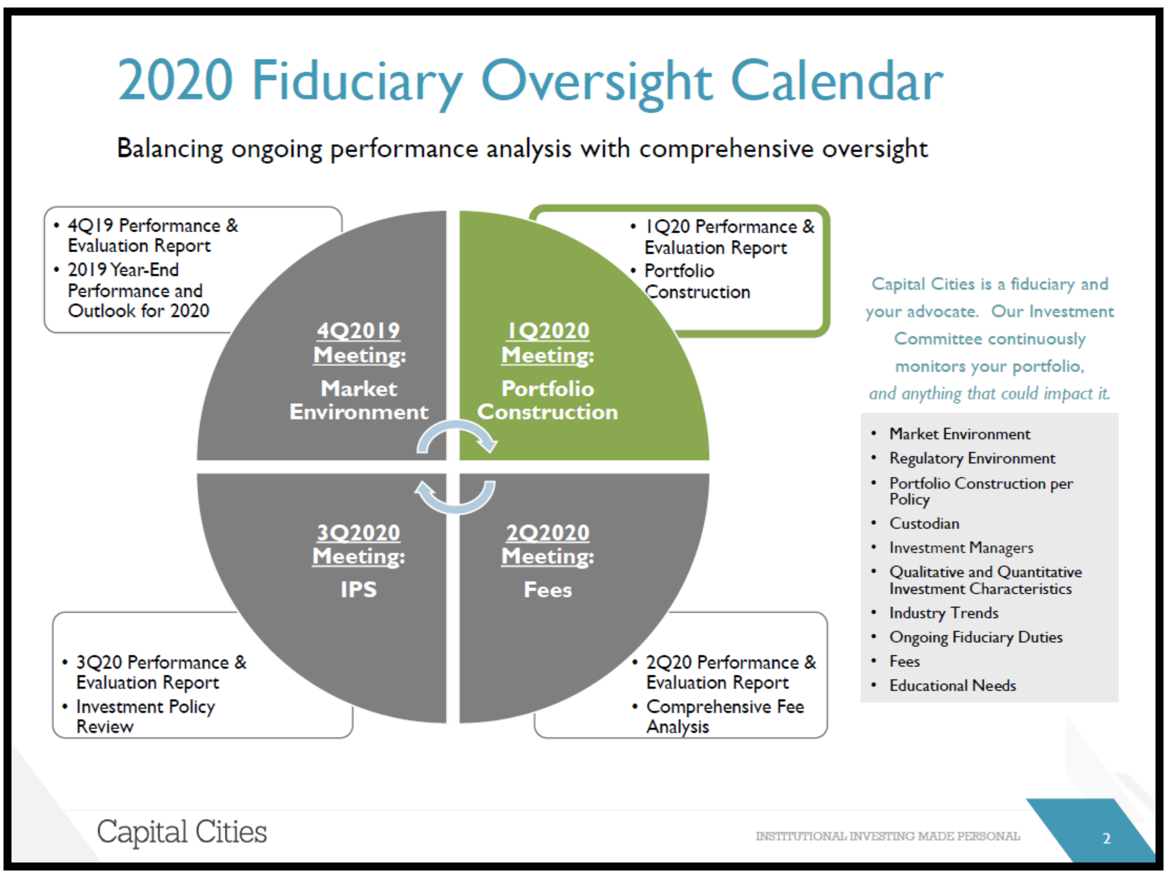
Councilman Poparad was talking about negative interest rates, he was curious about the rates on the Fed deposits on the Treasury Notes?

Capital Cities Peter Harvey, Yes so we are not currently in negative interest rates territory, Europe and other Central Banks around the world have moved into negative interest rate environments and really have been there actually for quite a long period of time…really post financial crisis. As far as whether or not that is a possibility here in the US, I really don't have any incite there other than to say that while the Fed may not set their benchmark rate at negative, it is always possible that the market views there to be more risk and it could go…you know the market could bid the assets negative. The US still does benefit from being reserve currency and for that reason I don't know that we are necessarily apples to apples with Europe or other

countries around the world from an interest rate perspective, but we are really in uncharted times so I don't want to sit here and say no it's not possible, it hasn't happened historically but we continue to watch how the Fed attempts to stimulate the economy and manage their mandate. It could be possible in the future I don't know one way or the other beyond that.

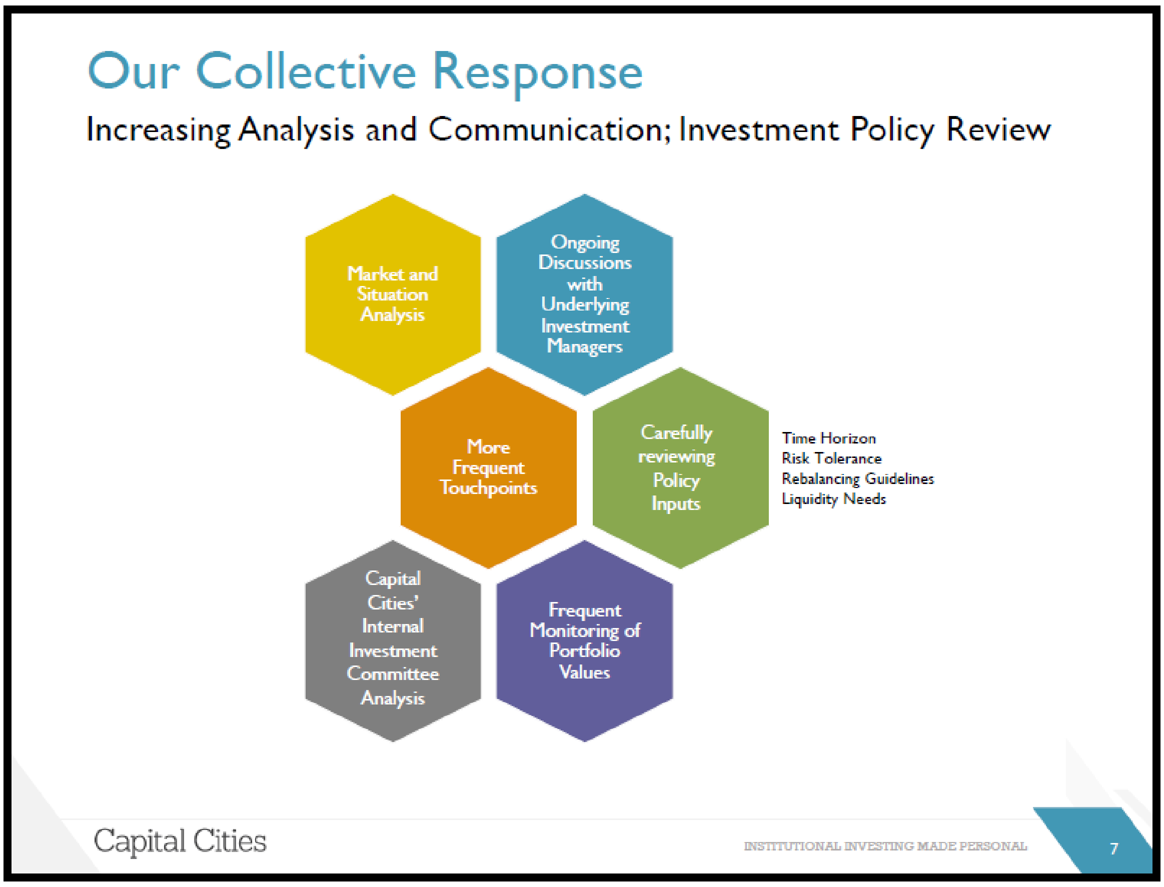
Ms. Blaney, Ok thank you that answers his question. Did anybody else have questions? Ok I think we will move on to Amanda.

Capital Cities Amanda Black, Ok thank you so I'm going to cover the Portfolio Construction Update it's the separate presentation and I want to do this on a really high level basis just to start very quickly so that anyone that has to drop off right at five o'clock will have gotten the full gist but then I'm happy to dig into detail. So bear with me while I fly through this…quickly I want to remind you on this page (see below page 2) that we as your Co-Fiduciary of these assets look at all of the key responsibilities that we as stewards of these assets must adhere to on an ongoing basis. So we have a calendar to make sure that we follow those things today we are looking at the asset allocation or the portfolio construction.

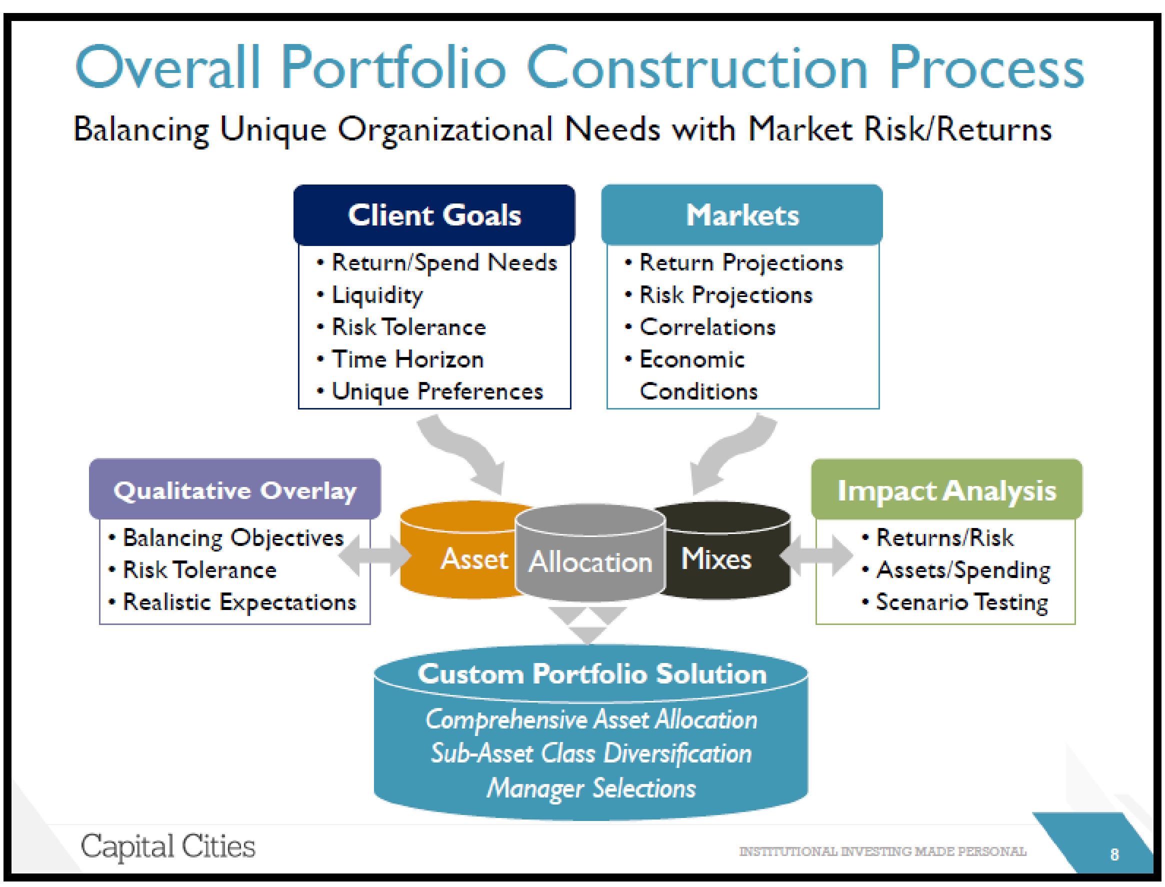


So if we move on…I'm actually going to skip a couple of pages here in the middle. I'm going to skip pages 4, 5 and 6 and go to page 7 (see below) what I just skipped were all kinds of information on what has transpired in the markets and the economy basically since the COVID-19 pandemic has ensued bringing you more up to speed but those are all things that you can read and I am happy to go back through them.

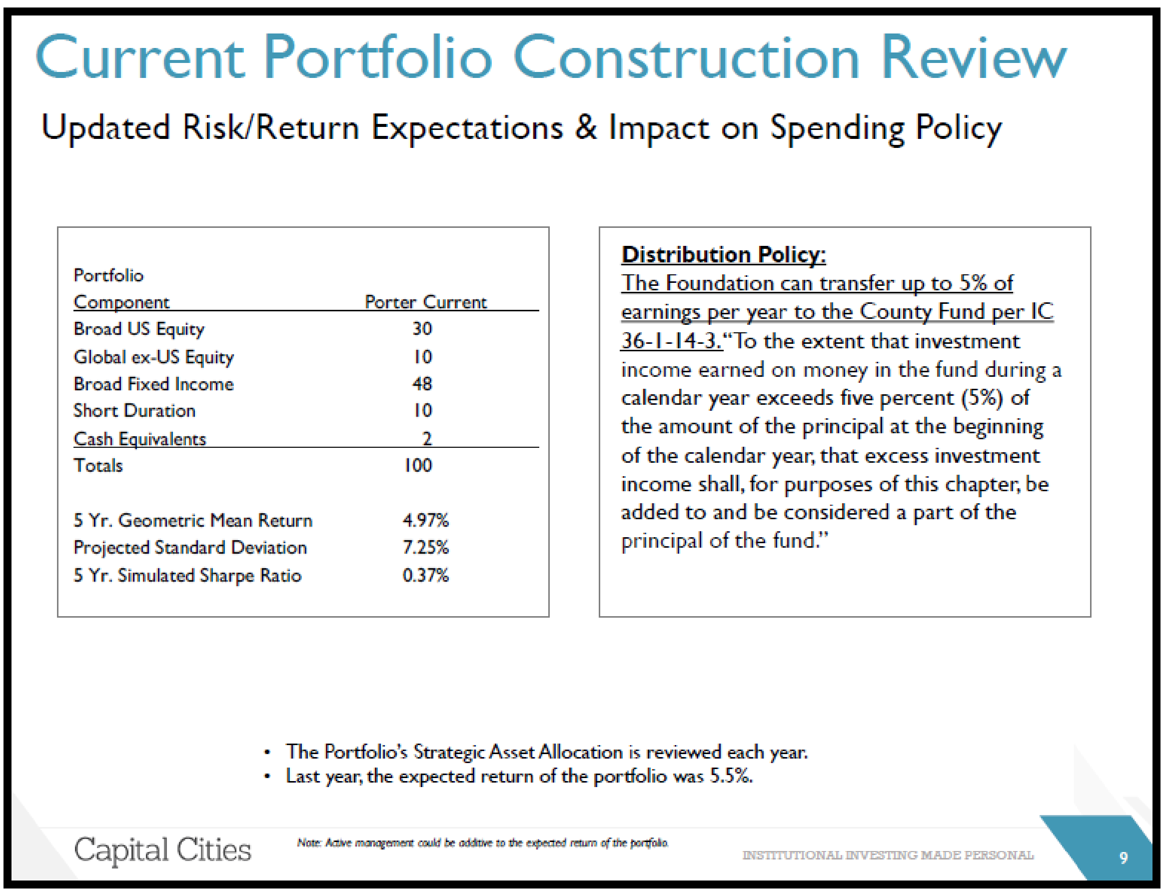
I do want stop here on page 7 and tell you what we have done as your Fiduciary during these times. We've been working with your underlying managers talking to them frequently. We've been watching your investment policy statement reading it, making sure that we're following it. That's one of the reasons that we rebalanced back to your strategic asset allocation targets. We've been meeting as an internal committee at Capital Cities on a daily basis to talk about your portfolio, the balances; your managers; what's going on in the market, just because you don't hear from us day in and day out does not mean that we are not looking at your portfolio so I just wanted to reiterate that.



Capital Cities Amanda Black, On page 8 (see below) one of the key things that we all can do as stewards of these assets is to make sure that the asset allocation is appropriate for Porter County's need and when I say asset allocation I mean that mix between stocks and bonds. So this just shows you that process that we follow to arrive at what we all think is the best portfolio for the county for the Foundation



Capital Cities Amanda Black, On page 9 (see below) I want to bring you up to speed of what the asset allocation looks like and we can put some parameters around what we think you can expect in terms of returns and risks for this portfolio. So this is the key thing that I wanted to make sure that everybody hears. So basically you have a strategic asset allocation outlined in your investment policy statement that you must follow. In other words we're going to experience bumps and hopefully good times, but we know that there will be bad times in the market. You as a group do not have the ability just to say just let's just move this to cash, your policy tells you that you must stay invested. However this is the asset allocation that you have chosen and it is rather conservative relative to other foundations. So you have thirty (30%) percent in Broad US Equity, ten (10%) percent Global ex-US Equity and then the remainder sixty (60%) percent of the portfolio is in different types of bonds or fixed income and cash. So when you look at this portfolio on a forward looking basis and we can make some estimations for what returns we might expect over the long haul. We estimate that you should expect about a five (5%) percent return in this portfolio. The projected standard deviation or risk is 7.25% percent.



Current Portfolio Construction Review

Updated Risk/Return Expectations & Impact on Spending Policy

Portfolio Component	Porter Current
Broad US Equity	30
Global ex-US Equity	10
Broad Fixed Income	48
Short Duration	10
Cash Equivalents	2
Totals	100
5 Yr. Geometric Mean Return	4.97%
Projected Standard Deviation	7.25%
5 Yr. Simulated Sharpe Ratio	0.37%

Distribution Policy:
The Foundation can transfer up to 5% of earnings per year to the County Fund per IC 36-1-14-3."To the extent that investment income earned on money in the fund during a calendar year exceeds five percent (5%) of the amount of the principal at the beginning of the calendar year, that excess investment income shall, for purposes of this chapter, be added to and be considered a part of the principal of the fund."

- The Portfolio's Strategic Asset Allocation is reviewed each year.
- Last year, the expected return of the portfolio was 5.5%.

Capital Cities

Note: Active management could be additive to the expected return of the portfolio.

INSTITUTIONAL INVESTING MADE PERSONAL

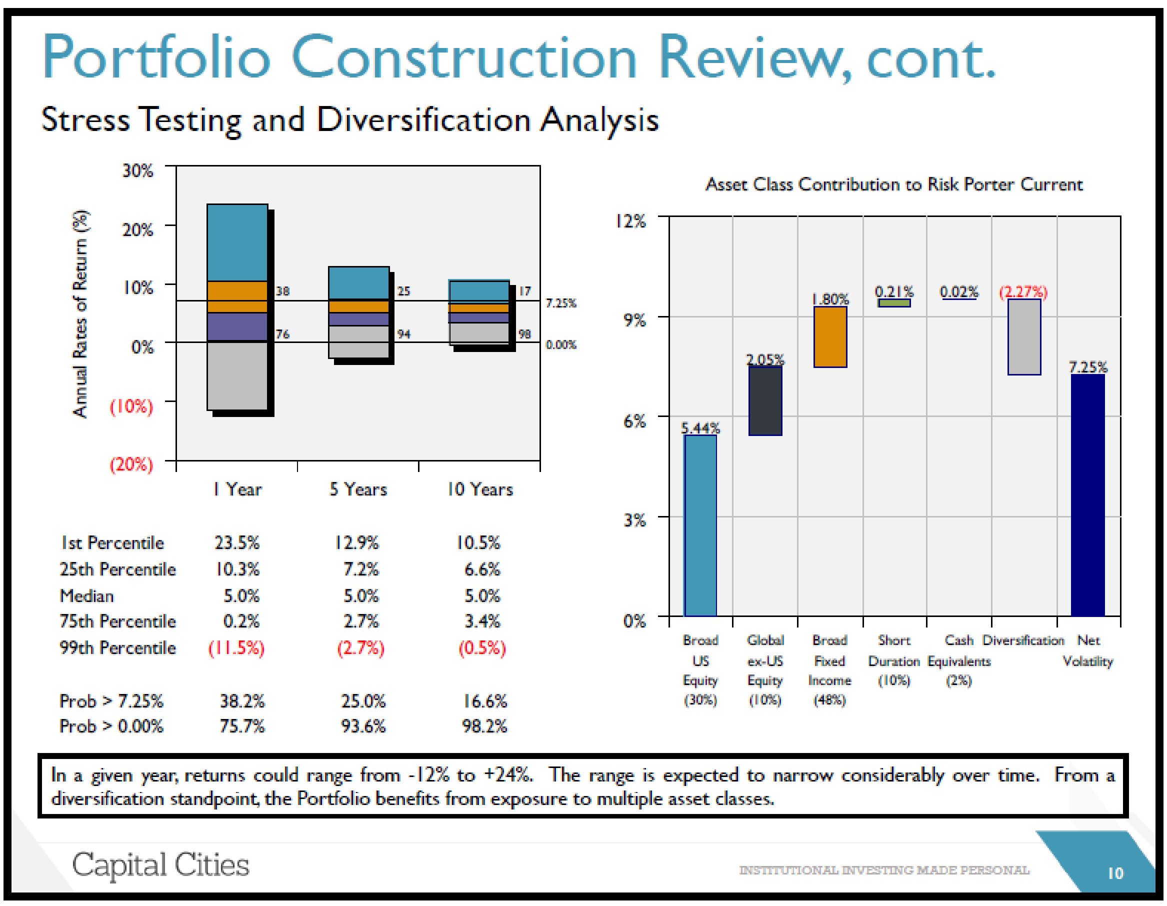
9

So I want to pause there and see if there are any questions on this update? I did want to mention that the last time last year we did this same exercise and the expected return at that time was 5.5% percent. The reason it's lower because economist have broadly lowered their expectations for what asset classes will return in the future. So any questions here?

Mr. Whitten, No.

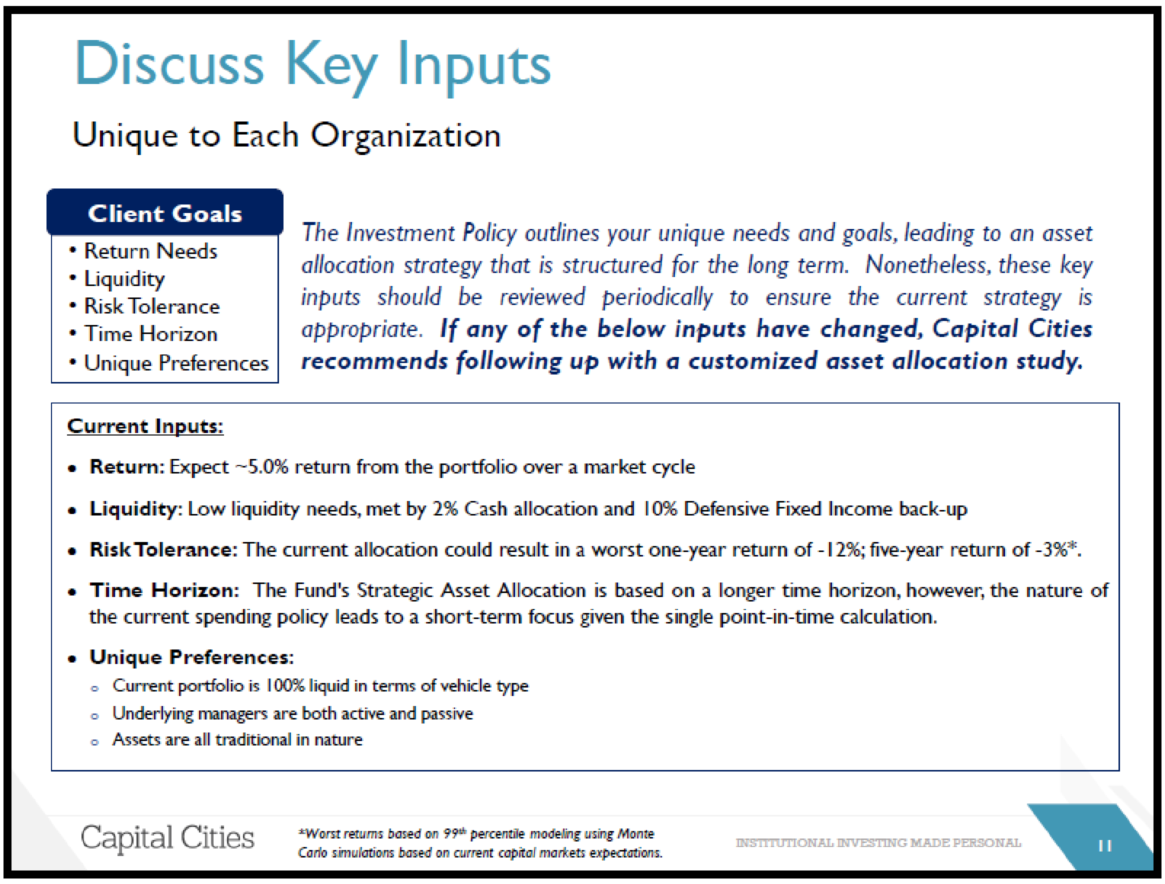
Capital Cities Amanda Black, Ok, part of what…you know the reason this isn't by accident that your portfolio's return expectation is about five (5%) percent your goal is to earn money that you can spend in the county, use in the county without taking undo risk. So the goal here is to tie your asset allocation to your potential spending needs and spending policy without taking another ounce of risk. So that's exactly what we are all doing here with this portfolio

I do want to show you page 10 (see below) I mentioned that we can estimate your return, so we estimated that five (5%) percent return. We can also put some estimations around the ranges of returns that you could expect. So how bad might things be? How good might they be with that type of asset allocation that you have? So the chart on the left shows you the way you would read this is that in a given year based on modeling, and assumptions and quantitative analysis things that help guide us but we shouldn't put all of our emphasis on. Your portfolio could have a return as good as 23.5% percent but as bad as -11.5% percent and I think that what we are experiencing right now we are seeing this volatility that we could have in a portfolio. Now I do want to tell you that if you were looking at a foundation that has a 65% percent allocation to equity that negative -11.5% percent becomes negative -20% percent very quickly. So I do want to emphasize that your portfolio is more conservative and that this rate of returns looks wide is much more narrow than many foundations. So I wanted to point that out and I also wanted to show you over a ten year period the expectation is that you really should not lose money in this portfolio. You should not even in the worst case scenario and that's the negative -11.5% percent so in other words you have a 98% percent probability of earning a positive return over a ten year period. Now again I recognize that this is all assumptions and quantitative modeling, but I do think this could help guide us to make sure that we are sitting at the right asset allocation. That's the part that I really want to cover I know Dan has to jump off and I've got more to show but are there any other questions related to this before anyone needs to leave?



Capital Cities Amanda Black, Ok let's take a look at the next page (page 11 see below). So I mentioned…I'm sorry was there a question? Ok so I mentioned that you have this long term investment policy statement that guides you to your strategic asset allocation that we help keep on track with that asset allocation on a day to day basis and we really don't think that's something that you should change often because this foundation is meant to be in place for the long haul. With that said it is very important that all of us go through the key inputs of the investment policy statement on a periodic basis and just make sure that this portfolio fits our needs.

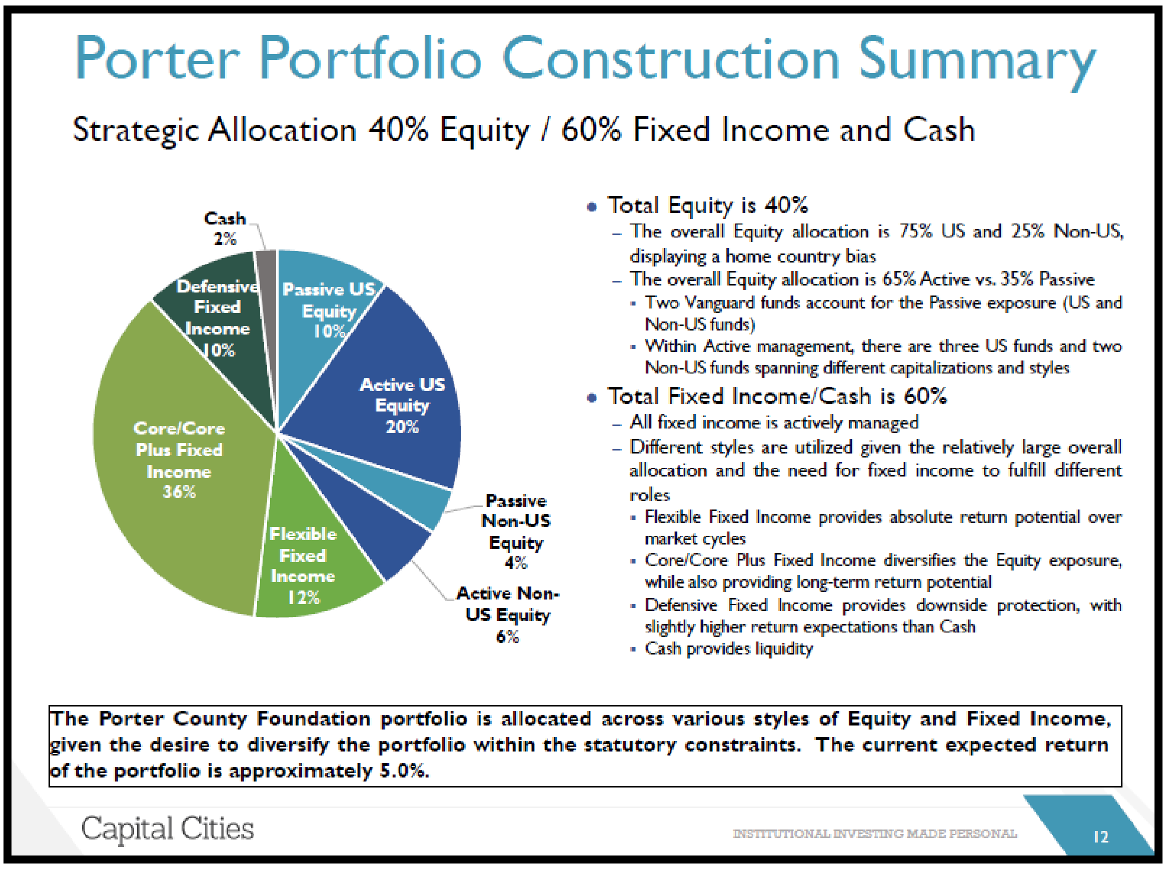
So there is a couple of things that I want to point out here on the returns. The return needs, does this still fit your needs? Is five (5%) percent still appropriate? If you would tell us that you need to seek more than five (5%) percent out of the portfolio then I would tell you that you need to put more in equity in the portfolio that just an example. In terms of liquidity we anticipate that you have relatively low liquidity needs. You have the big outflow hopefully once a year, but other than that you are not pulling from the portfolio. Accordingly we keep a very little amount in cash so as to manage the opportunity costs there. From a risk tolerance standpoint I told you that in a worst case year you could have a return of negative -12% percent. Now again those are estimations that it kind of give us a gut check of what you might expect in a given year. So if you told us that you can't stomach that kind of potential volatility, then we would tell you that you need to back off your equity and have even less in equity and then you would have to adjust your return expectation downward accordingly. So these are just some of the things that really drive the asset allocation of the portfolio and we think it's really important that you all as Fiduciaries we think it's really important that you confirm all of the inputs on an annual basis. So I want to pause here and see if there is any discussion or feedback or questions? Because while I'm not asking you to vote on anything this would be the proper time for you to say wait I think we need to do something differently. So I'll pause here to see if there is any feedback?



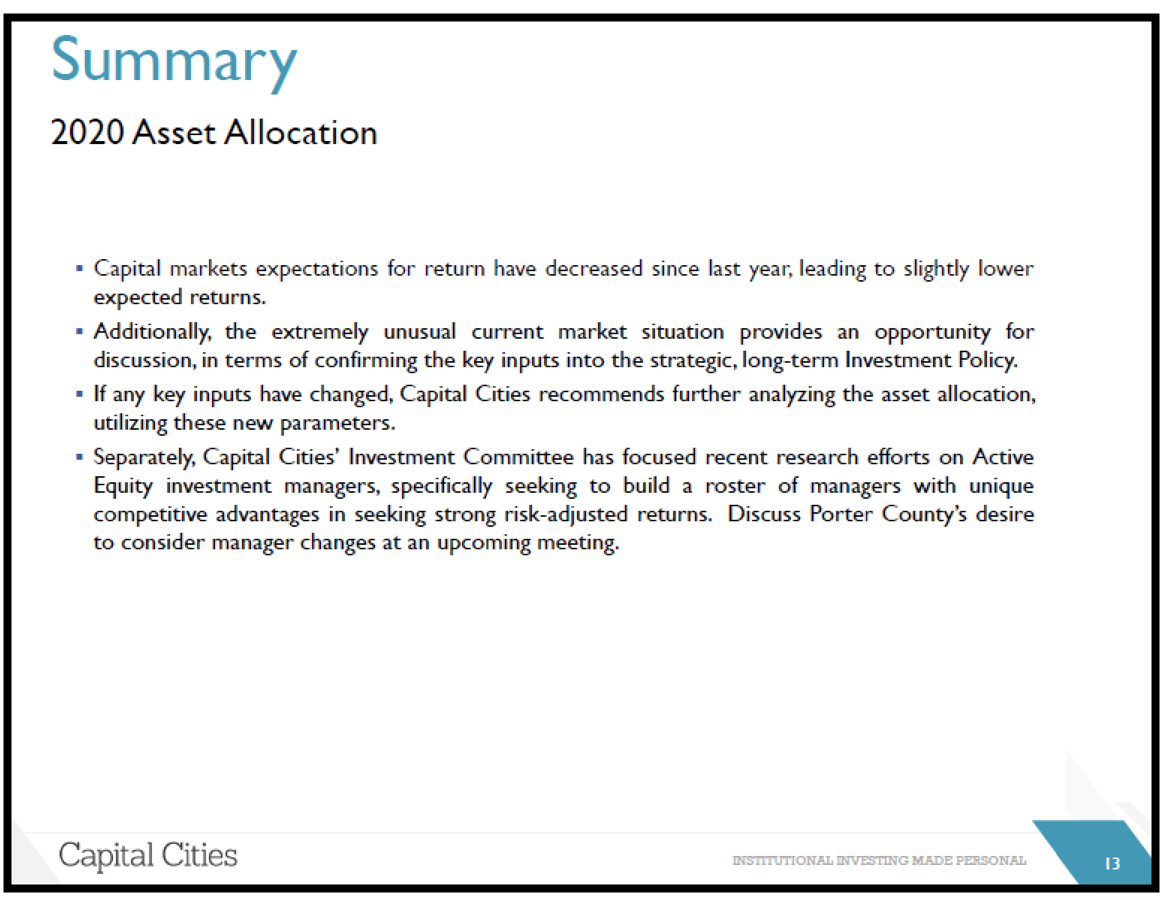
Capital Cities Amanda Black, Ok Laura I saw you unmuted.

Ms. Blaney, Yes I'm happy with what we are doing, I think when these original parameters were set up by our original board that we took into account bad scenarios good scenarios, we were just trying to keep long term thinking at the forefront. So I am happy at where we are at and I hope the market continues to do well it's going to be a bumpy road. In my opinion it would be good time to start discussing smoothing again, but as far as allocations I'm happy with it.

Capital Cities Amanda Black, Ok, let me show you the next page here (page 12 see below) so what I've been talking about is the asset allocation, again that the broad mix between stocks and bonds and that really drives your outcome. You know that drives your return and your risk. Here on page 12 kind of provides a little bit more detail on the flavors so to speak on the stocks and bonds that you have and we provide you with some description on that. So for instance you don't have all U.S., it's mostly U.S. we do have a little bit of non-U.S. for diversification. You also have active managers and you also have passive managers like broad benchmarks. Within fixed income because it such a big part of your portfolio and because we do worry about things like interest rates and credit spreads and default rates and all those things, we have different flavors of fixed income in your portfolio you can see those noted here. So it's not just a plain vanilla stock and bond portfolio we've got a lot of different types of stocks and bonds with the idea they will all complement each other and kind of work together and do their jobs that create a more smooth portfolio over time in terms of return.



Capital Cities Amanda Black, On page 13 (see below) I want to summarize with a couple of things and then I would be happy to discuss other topics. I mentioned that the broad expectations for capital markets have decreased a little bit. That's why you are seeing that 5% percent expectation instead of 5.5% percent, your portfolio hasn't changed just the market has changed. We also talked about this being a key touch point for us to talk about your key inputs into your investment policy statement. I'm not hearing that there is any strong thoughts of changing anything there, but if there were of course we would be happy to look into that and do more analysis for you and talk about it more.



Capital Cities Amanda Black, And finally just as a next step for a future meeting as Peter noted your stop lights of your managers are all green and in good shape so we don't have any concerns regarding any of your underlying investment managers and that's one of our jobs is to help you pick investment managers. With that said Capital Cities we've been doing a whole lot of research on equity managers and we have some pretty interesting and exciting ideas that we would like to bring to you at a future meeting for potential changes to your manager line up and I just want to tell you what's different about that is it's one thing to bring a change when something is broken we don't think anything is broken, we've just really been pouring our research into picking the best managers possible and we do have some new ideas that we would like to bring to you in a future meeting and note that as a possible follow-up and just kind of just gage your temperature on that and see if you would be willing to look at those ideas that we would bring to the table. Any questions on that? Or would that be something that we could possibly do at our next meeting?

Ms. Blaney, I think absolutely.

Capital Cities Amanda Black, Ok.

Foundation Advisory Board Member David Kwait, This is Dave Kwait I think that is a good idea, I would love to have a conversation about how you choose fund managers. Do you have any exposure to dimensional fund advisors?

Capital Cities Amanda Black, We certainly talked of DFA (Dimensional Fund Advisors), Peter do you have any specific examples?

Capital Cities Peter Harvey, We do have some exposure most notably to their tip strategy, so the treasury inflation protected (inaudible) strategy. I think one of the managers that we really like that's actually quite similar to DFA (Dimensional Fund Advisors) from kind of an academic and fundamental research perspective implemented systematically would be AQR (Applied Quantitative Research Capital Management) we really like what they are doing on some of their systematic equity strategy but we do note DFA (Dimensional Fund Advisors) as well. Every client is different so I would say that the expose that we have is more on the TIPS (Treasury Inflation Protected Insurance) side where we have client portfolio's that really warrant a TIPS (Treasury Inflation Protected Insurance) allocation.

Foundation Advisory Board Member David Kwait, Thank you.

Capital Cities Amanda Black, So Laura you mentioned smoothing and when mentioned it I know you were referring to the spending policy. Is that…I do have some things in the appendix, but I will leave that up to you if that's something that you want to further discuss at this time I will turn that back to you.

Ms. Blaney, Well I would just like the Board to continue considering and educating ourselves about it because I think it would protect the amount of money that we take out every year that we are budgeting for and it would be easier to budget for. We are looking at a very potentially volatile market over the next couple of years while we are getting through this COVID-19 pandemic and I just think it would make our waters a lot smoother. We need a legislative change to make it happen so it's nothing we can just decide to do on a whim, but I think and I continue to think it's a good thing to talk about.

Capital Cities Amanda Black, And we're definitely happy to help you with any analysis relating to that just from our perspective as a consultant to many other foundations by-in-large every foundation with whom I've ever worked uses a smoothing policy and in-case people don't know what that means…that means when you are determining your annual spend that you use a rolling market value…a rolling average of market values. Per your legislation you use the market value as of a single day and like Laura said that the way it is because that's the way the legislation is written. But that means that so much is dependent on what happens that one single day in the market. Most foundations if they have the ability to write their own policy they will put in a twenty quarter rolling average or twelve quarter rolling average. So every time a new quarter comes along it gets added to that average and then your percentage spending whether it's 3%, 4% or 5% percent whatever it is multiplied by that rolling average. So you don't have extreme dips and valleys and peaks and what that number looks like over time. And then also what that means as you are approaching the date of your annual spend, let's say it's a twelve quarter rolling average, well you already know what eleven of those twelve quarters are so from a budgeting perspective you have a lot more intel into what that figure is going to be that is spent. So that's just a quick explanation of what smoothing means with regards to a spending policy.

Well I know that I went quickly and also skipped over a lot but I do think we covered the key parts and that is what is your asset allocation? What does it look like on a forward looking basis? Does everybody confirm that the key inputs that have lead us to this asset allocation remain intact? And I am not hearing that anything has changed and Capital Cities would concur, so from that perspective that really concludes our prepared comments.

Ms. Blaney, Thank you Amanda. Does anyone else have any questions for Amanda or Peter while they are still here? Ok well thank you very much that was very informative and we appreciate your time.

Capital Cities Amanda Black, Ok well I hope to see you all in person soon. Take care.

Capital Cities Peter Harvey, Thank you.

Mr. Rivas, Do we have a meeting date set?

Ms. Blaney, Not yet we don't have our next meeting scheduled yet. We'll come up with a date before we break and I will get with her.

Attorney's Report

Ms. Blaney, We have the Attorney's report? Do we have anything today?

County Attorney Scott McClure, I don't have anything today.

Council Attorney Harold Harper, And I don't have anything either.

Ms. Blaney, Alright any questions for the attorneys?

Any other matter that may properly come before the Board

- Approval of Claims – Capital Cities

Ms. Blaney, Ok well any other matters to come before the board? Let's set a meeting date, let see what kind of date if we go three months from now we are looking at September? Does anybody have suggestions? Should we try to do it before the Council meeting?

Mr. Rivas, That's always easiest when you already have seven that are showing up no matter what.

Ms. Blaney, Right. So that would be the fourth Tuesday…does anybody have a calendar in front of them?

Mr. Rivas, That would be the 22nd.

Ms. Blaney, September 22nd?

Mr. Rivas, Correct.

Ms. Blaney, Does that work for everyone? How about does it not work for anyone? Alright let's go ahead and plan it for September 22nd at 4:30 p.m. Does 4:30 p.m. work out ok? I know that we have been doing 5:00 p.m. but that gets kind of tight for the Council.

Mr. Rivas, I think we can try 4:30 p.m.

Ms. Blaney, Alright so we will go with 4:30 p.m. on September 22nd, 2020. Does anybody have anything else?

Mr. Jessen, No we are all good here.

Ms. Blaney, Ok.

Council Attorney Harold Harper, Thanks everyone.

<u>Meeting Adjourned</u>

Ms. Blaney, Thank you everyone I guess we will all adjourn.

<u>Mr. Rivas, Motion to adjourn.</u>

Ms. Blaney, Alright meeting adjourned.

<u>Motion carried on a unanimous vote.</u>

There being no further business, meeting was adjourned.

PORTER COUNTY COUNCIL
PORTER COUNTY, INDIANA

____
Dan Whitten

____
Jeff Larson

____
Sylvia Graham

____
Bob Poparad

____
Jeremy Rivas

____
Greg Simms

____
Mike Jessen

PORTER COUNTY COMMISSIONERS
PORTER COUNTY, INDIANA

____
Jim Biggs

____
Laura Blaney

____
Jeff Good

Attest:______________________________
Vicki Urbanik, Auditor