Western Oregon UNIVERSITY

Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 13 – October 4, 2018
Public Site: Werner University Center, Columbia Room-A
9:00 AM – 1:00 PM

AGENDA

I. CALL-TO MEETING/ ROLL CALL

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

III. CONSENT AGENDA

1) Approval July 5, 2018 Meeting Minutes (page 1)

IV. FINANCE & ADMINISTRATION REORGANIZATION

1) Introduction of Controller – Christeena Whitfield

V. FY2019 BUDGET - ASSUMPTIONS & CURRENT ENROLLMENT STATUS

VI. ACTION ITEMS:

1) FY2019 August 31, 2018 Management Report (page 4)

2) Quasi-Endowment

a. Board Statement – Review and Approval (page 11)

b. Presentation and Selection of Investment Manager
Tom Lofton, Investment Officer | Oregon State Treasury (page 12)
Investment Proposal – Appendix A

c. Investment Board Statement – Review and Approval (page 37)

VII. DISCUSSION ITEMS:

1) October 17, 2018 Board Meeting preparation

2) Budget Managers Training Presentation (page 40)

VIII. UPDATES AND AROUND-THE-TABLE

IX. ADJOURNMENT

Western Oregon University Board of Trustees:
Finance & Administration Committee
Meeting No. 12 – July 5, 2018
Public Site: Werner University Center, Columbia Room
9:00 AM – 1:00 PM

MINUTES

I. CALL-TO MEETING / ROLL CALL

The meeting was called to order at 9:03 am.

Committee members present: Jaime Arredondo, Gayle Evans, Ana Karaman VP for Finance and Administration & CFO), Gavin Keulks, Cec Koontz (chair)

Others present: Scott Beaver, Camarie Campfield, Reina Daugherty, Gary Dukes, Michael Ellis, Rex Fuller, Ryan Hagemann, Katherine Schmidt, Darin Silbernagel, Michael Smith

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

1) Introduction of New Committee Members

   Chair Koontz took a moment to welcome and introduce new board members Evans and Keulks.

2) Introduction of Vice President of Finance and Administration

   Koontz introduced Dr. Ana Karaman, new vice president for finance and administration.

3) Enrollment Report – Gary Dukes

   Dukes provided an update on enrollment for the fall, noting that application numbers are up from last year. He shared that freshman, and overall admitted rates, are up from last year, but transfer students are slightly down from last year. Additionally, housing numbers are up slightly as is SOAR attendance. Dukes said that his division is working on implementing the recommendations made by a consultant who came to campus to look at Financial Aid and Admissions.

III. CONSENT AGENDA

1) Approval April 5, 2018 Meeting Minutes

TOGETHER WE SUCCEED

Arredondo made a motion to approve the minutes as is. Evans seconded the motion and all were in favor.

IV. ACTION ITEMS:

1) FY2018 May 31, 2018 Management Report – Camarie Campfield

   Campfield presented the management report and responded to questions. She explained $500,000 was allocated to move the Child Development Center. The Center was also given $150,000 up front in their budget to cover their costs so they do not continue to run a deficit. Campfield announced that the management report shows a healthy fund balance. Keulks made a motion to recommend the report for acceptance by the board. Evans seconded the motion and all were in favor.

2) FY2019 Budget – Camarie Campfield

   Campfield shared that we are looking at a balanced budget of approximately $71 million. She shared some details of the budget including an increase to student payroll to match minimum wage increases, an increase to graduate assistantship salaries (previously minimum wage), and the Willamette Promise program was funded up front. Additionally, money was allocated to the new Salem center to offer programs to new student bases. Two new fundraising positions were added in the Foundation in order to raise more money for the institution. A half time treasurer positions was added that was funded by savings from the business office re-organization, two programmer positions were funded with savings from shared services, and a new public safety officer positions was added that is partially funded by overtime savings. A position was added in the registrar's office in order to reduce errors and lost revenue from work that was being done across campus. Finally, a half time position was funded for a general education director and an Assistant Director position was added to MSSP for the Cesar Chavez event, a conference that brings many latino high school students to our campus. Other components of the budget include $750 thousand that was set aside to fund the increase to PERS. Bargaining is still ongoing so the salary increases for faculty and unclassified staff are not yet known. The budget assumes a 1% increase to enrollment and takes into consideration the agreed upon tuition increase. Campfield explained that on the expense side work has been done to re-categorize things to more accurately reflect what is expected. The non-general fund revenue and expenses are balanced for the most part. Arredondo made a motion to recommend the budget to the board for approval. Gayle seconded the motion and all were in favor.

3) Quasi Endowment – Camarie Campfield

President Fuller shared that a quasi endowment is one option for using money in the fund balance that is over the 15% target and would allow us to earn money in returns to use for student scholarships. Keulks made a motion to invest half a million now and another half a million in October. Arredondo seconded the motion. Koonts and Evans voted in opposition. Evans moved to invest $1 million in a quasi endowment. No one seconded the motion. The committee discussed the idea further and decided to move forward with investing $750 thousand now with an additional $250 thousand to be added in October. Keulks made the motion, Arredondo seconded it and all were in favor.

V. DISCUSSION ITEMS:

1) UBC Report – Katherine Schmidt

Katherine Schmidt provided an update on the University Budget Committee. She discussed the work that has been done since the committee was formed and noted areas of concern and improvement. Schmidt and Fuller will work together on changes to the committee for next year.

2) 2019-21 Capital Budget Update

Hagemann gave an update on the capital budget. The HECC came to campuses and talked to them about the projects that were submitted for the next three biennia. Two of WOU's projects were selected in the top eight, which means that they will likely be funded. WOU has agreed to contribute $3 million for each of those projects. These funds can either come from a donor or our reserves.

VI. UPDATES AND AROUND-THE-TABLE / BOARD MEETING PREP

The committee discussed the items to bring to the full board meeting and discussed scheduling for the October committee meeting.

VII. ADJOURNMENT

The meeting was adjourned at 1:05pm.

Finance & Administration Committee (FAC), August 31, 2018 Management Report

The attached quarterly management report includes as of June 30, 2018, the last month of FY18, and as of August 31, 2018, period 2 of FY19.

FY18 Year-End

FY18 revenues exceeded May 31st year-end projections by $44,000. FY18 expenses were under projection by $341,000. The fund balance ended at $13,993,000, 19.84% of revenues.

FY19 Period 2 as of August 31, 2018

A year-end forecast will be developed based on period 4 (October 31, 2018) due to heavy enrollment fluctuation during the first month of classes. Enrollment will be finalized at the census date (October 19, 2018). The current report provides year-to-date activity as compared to the same period in prior year and percent of adopted FY19 budget. The largest revenue variance is due to accounting differences as noted below. State appropriations as expected with Q5 allocation being disproportionately larger. On expenses, personnel includes FY19 portion of a two year retirement window program payment. The second payment will be made in FY20.

FY18 and FY19 Accounting Differences:

There is a timing difference between FY18 and FY19 for fall tuition and room and board assessment. In FY18, tuition and room and board were assessed in September; in FY19, tuition and room and board were assessed on August 30. FY19 summer tuition totals $2,458,034, which is on par with FY18 summer tuition.

COMMITTEE RECOMMENDATION:

The Finance and Administration Committee recommends that the Board accept the August 31, 2018 Management Report.

TOGETHER WE SUCCEED

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of June 30, 2018
For the Fiscal Year Ended June 30, 2018

	Year-end Actuals 6/30/2017	5/31/2018 Year-end Projection	Year-end Actuals 6/30/2018	Adopted 2018 Budget	Variance Budget To Actual	Note
Education & General						
Student Fees & Tuition	39,328	41,550	41,788	40,026	1,762	Budget was built on 3% enrollment decline assumptions. Actual enrollment declined by 1.6%. The impact of this was also offset by having a more favorable pricing mixture.
Government Resources & Allocations	23,888	24,506	24,506	24,521	(15)	
Gift Grants and Contracts	652	578	582	608	(26)	
Other Revenue	3,731	3,854	3,657	3,129	528	Variance is due to higher earnings on income on greater than expected cash on hand.
Total Revenues	67,598	70,489	70,533	68,284	2,249	
Personnel	54,471	55,665	55,212	57,367	2,154	Regular labor and benefit salvage due to vacancies.
Service & Supplies	7,383	8,335	8,391	8,928	538	
Capital Expense	454	204	261	203	(58)	
Total Expenses	62,308	64,204	63,863	66,497	2,634	
Interfund Transfers In	(2,979)	0	(2,985)	0	2,985	Interfund transfers were used to support Child Development Center ($612k) and Willamette Promise ($69k).
Interfund Transfers Out	7,749	4,088	6,984	3,184	(3,801)	
Total Expenses and Transfers	67,079	68,292	67,863	69,681	1,818	
Net Revenues less Expenses	519	2,196	2,670	(1,397)		
Additions/Deductions to Fund Balance	(490)		0			
Fund Balance at the Beginning of the Year	11,294		11,323			
Fund Balance at the End of the Year	11,323		13,993			
Fund Balance as a Percentage of Revenues	16.75%		19.84%			
Auxiliary Enterprises (1)						
Enrollment Fees	7,260	7,133	7,293	7,043	251	Variance primarily due to room and board.
Sales and Services	14,520	14,793	14,760	14,692	68	
Other Revenue	1,948	1,859	1,879	1,737	142	
Total Revenues	23,728	23,786	23,933	23,472	461	
Personnel	10,360	11,017	11,071	12,756	1,685	Regular labor and benefit salvage due to vacancies.
Service & Supplies & Capital Expense	12,346	12,343	13,092	13,458	366	
Total Expenses	22,706	23,359	24,162	26,213	2,051	
Interfund Transfers In	(10,857)	(3,188)	(11,547)	(10,181)	1,366	
Interfund Transfers Out	10,572	508	8,516	7,128	(1,388)	
Total Expenses and Transfers	22,421	20,679	21,131	23,160	2,029	
Net Revenues less Expenses	1,307	3,107	2,802	311		
Additions/Deductions to Fund Balance	1,016		(2,619)			
Fund Balance at the Beginning of the Year	10,125		12,448			
Fund Balance at the End of the Year	12,448		12,631			
Fund Balance as a Percentage of Revenues	52.46%		52.78%			

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

	Year-end Actuals 6/30/2017	5/31/2018 Projection	Year-end Actuals 6/30/2018	Adopted 2018 Budget	Variance Budget To Actual	Note
Designated Operations, Service Departments, Clearing Funds (1)						
Enrollment Fees	142	145	105	83	23	
Sales and Services	321	353	416	390	25	
Other Revenue	2,467	2,443	2,406	2,552	(146)	
Total Revenues	2,930	2,941	2,927	3,025	(98)	
Personnel	966	1,248	1,222	1,441	219	
Service & Supplies & Capital Expense	1,296	1,470	1,497	1,779	283	Due to savings in S&S and Capital Expense.
Total Expenses	2,262	2,718	2,718	3,220	502	
Interfund Transfers In	(264)	0	(274)	(52)	(222)	
Interfund Transfers Out	0	0	2	3	1	
Total Expenses and Transfers	1,998	2,718	2,447	3,172	725	
Net Revenues less Expenses	933	223	480	(147)		
Additions/Deductions to Fund Balance	(410)		(408)			
Fund Balance at the Beginning of the Year	2,371		2,893			
Fund Balance at the End of the Year	2,893		2,965			
Fund Balance as a Percentage of Revenues	98.73%		101.32%			

Notes

(1) The budget presented for education and general fund is the Board adopted budget; the budget for auxiliary enterprises and designated operations, service departments, and clearing funds is the adjusted budget that correlates to Banner.

Western Oregon University
Transfers Schedule - Projected
(Unaudited, non-GAAP, for management purposes only)

As of June 30, 2018
For the Fiscal Year Ended June 30, 2018

	E&G				Auxiliary				Des Ops - Serv Dept.	Grants	Plant fund		Restricted funds	Total
Transfers In E&G					(a) 17,089				(b) 1,496	(c) 5,450	(d) 53,519			77,554
Transfers Out E&G					(e) 3,018,022	(f) 85,705	(g) 682	(h) 76,649	(i) 76,654		(j) 229,772	(k) 535,000	(l) 54,330	4,076,815
Transfers In AUX	(e) 3,018,022	(f) 85,705	(g) 682	(h) 76,649							(m) 127,511	(n) 51,412		3,359,981
Transfers Out AUX	(a) 17,089								(o) 86,000		(p) 225,688			328,778
Transfers In DO, SD	(i) 76,654				(o) 86,000					(q) 88,401			(r) 22,079	273,134
Transfers Out DO, SD					(b) 1,496									1,496

Type	Description
(a)	IFC funded computer replacement
(b)	Miscellaneous transfers due to closing entries
(c)	Miscellaneous transfers due to closing entries
(d)	Return of excess Old Student Health renovation funds (transferred out $300k in FY17)
(e)	Athletic operations support
(f)	Conference Services program staff support
(g)	To cover year-end deficit balance in Library Vending
(h)	To cover year-end deficit balance in Child Development Center
(i)	To cover year-end deficit balance in TRI, Mel Brown Jazz, & Willamette Promise
(j)	Transfer out of funds to SELP debt service fund for payment
(k)	Child Development Center remodel
(l)	To cover negative cash balance and true up cost allowance for SEOG
(m)	Transfer in from building & equipment reserves for University Housing, Campus Dining, and Wolfstore
(n)	Return of excess Student Health Building loan
(o)	Auxiliary funded scholarships
(p)	Fund building & equipment replacement reserves for Werner University Center and Parking
(q)	Funds transferred from closing grants
(r)	OTRM Scholarship funding

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of August 31, 2018
For the Fiscal Year Ended June 30, 2019

	Year to Date Activity 8/31/2017	Year to Date Activity 8/31/2018	Adopted 2019 Budget	Variance Prior Year	% of Adopted 2019 Budget	Note
Education & General						
Student Fees & Tuition	2,338	16,646	41,870	14,308	39.76%	There is a timing difference between FY18 and FY19 for fall tuition assessment. In FY18, tuition was assessed in September; in FY19, tuition was assessed on August 30. FY19 summer tuition totals $2,458,034, which is on par with FY18 summer tuition.
Government Resources & Allocations	8,749	8,852	25,007	102	35.40%	Q5 allocation; allocations are not proportional.
Gift Grants and Contracts	54	123	584	69	21.08%	
Other Revenue	422	461	3,892	40	11.85%	
Total Revenues	11,563	26,082	71,353	14,519	36.55%	
Personnel	5,605	6,941	60,055	1,337	11.56%	Includes retirement window program payment of $887k made on July 1, 2018.
Service & Supplies	1,189	1,391	7,753	202	17.94%	
Capital Expense	8	84	203	75	41.22%	Purchase of Netapp Disk Shelf to enhance LMS performance.
Total Expenses	6,802	8,416	68,012	1,614	12.37%	
Interfund Transfers In	(5)	(6)	-	(1)	0.00%	
Interfund Transfers Out	5	6	3,341	1	0.19%	
Total Expenses and Transfers	6,802	8,416	71,353	1,614	11.79%	
Net Revenues less Expenses	4,762	17,666	-	12,905		
Auxiliary Enterprises (1)						
Enrollment Fees	165	2,482	7,021	2,317	35.35%	There is a timing difference between FY18 and FY19 for fall room and board assessment. In FY18, room and board were assessed in September; in FY19, room and board were assessed on August 30.
Sales and Services	253	249	14,969	(4)	1.66%	
Other Revenue	191	180	1,570	(11)	11.45%	
Total Revenues	609	2,911	23,560	2,302	12.36%	
Personnel	1,458	1,540	11,391	82	13.52%	
Service & Supplies & Capital Expense	1,078	1,210	13,922	132	8.69%	
Total Expenses	2,537	2,750	25,313	214	10.86%	
Interfund Transfers In	(179)	(672)	(10,627)	(493)	6.32%	
Interfund Transfers Out	180	470	8,492	290	5.54%	
Total Expenses and Transfers	2,538	2,548	23,178	11	10.99%	
Net Revenues less Expenses	(1,929)	362	382	2,291		

Western Oregon University
Quarterly Management Report
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of August 31, 2018
For the Fiscal Year Ended June 30, 2019

	Year to Date Activity 8/31/2017	Year to Date Activity 8/31/2018	Adopted 2019 Budget	Variance Prior Year	% of Adopted 2019 Budget	Note
Designated Operations, Service Departments, Clearing Funds (1)						
Enrollment Fees	186	218	102	32	214.43%	Clearing funds are cleared on a quarterly basis.
Sales and Services	112	43	352	(68)	12.25%	
Other Revenue	228	216	2,359	(11)	9.17%	
Total Revenues	525	477	2,812	(47)	16.97%	
Personnel	241	242	1,253	1	19.31%	
Service & Supplies & Capital Expense	526	235	1,332	(290)	17.68%	
Total Expenses	767	477	2,585	(290)	18.47%	
Interfund Transfers In	(86)	0	(50)	86	0.00%	
Interfund Transfers Out	0	0	1	0	0.00%	
Total Expenses and Transfers	681	477	2,536	(204)	18.83%	
Net Revenues less Expenses	(156)	(0)	276	156		
Additions/Deductions to Fund Balance						
Fund Balance at the Beginning of the Year						
Fund Balance at the End of the Year						
Fund Balance as a Percentage of Revenues						

Notes

(1) The budget presented for education and general fund is the Board adopted budget; the budget for auxiliary enterprises and designated operations, service departments, and clearing funds is the adjusted budget that correlates to Banner.

Western Oregon University
Transfers Schedule - Projected
(Unaudited, non-GAAP, for management purposes only)

As of August 31, 2018
For the Fiscal Year Ended June 30, 2019

	E&G		**Auxiliary**		**Des Ops - Serv Dept.**	**Plant fund**	**Total**
Transfers In E&G							-
Transfers Out E&G			(a) 3,020,000	(b) 87,863	(c) 150,000	(d) 175,000	3,432,863
Transfers In AUX	(a) 3,020,000	(b) 87,863					3,107,863
Transfers Out AUX						(e) 560,527	560,527
Transfers In DO, SD	(c) 150,000						150,000
Transfers Out DO, SD							-

Type	**Description**
(a) Budgeted	Athletic operations support
(b) Budgeted	Conference Services program staff support
(c) Budgeted	Child Development Center support
(d) Budgeted	Transfer out of funds to Small-Scale Energy Loan Program debt service fund for payment
(e) Budgeted	Fund building & equipment replacement reserves for Housing, Dining, Parking, Health & Wellness Center, and the Werner University Center

Draft Board Statement on Quasi-Endowment Funds

1.0 Scope

This Board Statement applies to all University departments and operating units.

2.0 Policy

The Board of Trustees, for the benefit of the University, may establish, alter, or terminate quasi-endowment funds. A quasi-endowment fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the Board, not by an external donor, and (2) the University may spend down the principal of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund's principal and earnings may be expended only for that purpose.

3.0 Rationale

From time to time the Board may decide to designate assets as quasi-endowment funds. These funds gain the benefit of the earning power of the University's consolidated endowment pool while retaining the flexibility to be expended in whole or in part. This Board Statement describes the requirements for establishing accounts that are to be classified, invested, and accounted for as quasi-endowments and provides an administrative framework for compliance with the appropriate, associated legal and accounting requirements.

4.0 Policy Elaboration

The creation, management, and termination of quasi-endowment funds may proceed only with the approval of the Board of Trustees. These funds create a mechanism for the University to save and invest sums of money to be spent over time to achieve long-range academic objectives. The Board may earmark a portion of the University's unrestricted net assets as a quasi-endowment to be invested to provide income for a medium- to long-term but unspecified period. Once established, a quasi-endowment fund must be invested in accordance with the Quasi-Endowment Investment Board Statement (IBS) approved by the Board of Trustees. New cash or assets may be added to a quasi-endowment fund only if that cash or those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund. Quasi-endowment's principal and interest may be partially or totally expended only with the approval of the Board of Trustees.

5.0 Policy Review

This Board Statement should be reviewed annually by the Board.

6.0 Definitions

A quasi-endowment fund is an expendable fund designated by the Board of Trustees for medium- to long-term investment. A quasi-endowment fund is established by the Board to function like an endowment fund but may be totally expended at the discretion of the Board.

State Treasury Investment Options [7]	1 Yr	3 Yr Avg	5 Yr Avg	10 Yr Avg
BlackRock ACWI IMI B	11.4%	8.7%	9.9%	N/A
Benchmark - MSCI ACWI IMI Net	*11.1%*	*8.3%*	*9.6%*	*6.1%*
Western Asset Core Plus Bond Fund	-0.4%	3.3%	3.8%	6.1%
Benchmark - Bloomberg Barclays Aggregate Index	*-0.4%*	*1.7%*	*2.3%*	*3.7%*
Cash	1.7%	1.2%	0.9%	0.9%
Benchmark - 91 day T-Bill	*1.4%*	*0.7%*	*0.4%*	*0.4%*
Asset Allocated Portfolios				
Portfolio A [1]	6.2%	6.2%	7.0%	N/A
Portfolio B [2]	7.4%	6.7%	7.6%	N/A
Portfolio C [3]	8.6%	7.2%	8.3%	N/A

Notes

[1] Portfolio A allocation is 55% global equities, 40% fixed income, 5% cash

[2] Portfolio B allocation is 65% global equities, 30% fixed income, 5% cash

[3] Portfolio C allocation is 75% global equities, 20% fixed income, 5% cash

Vanguard Investment Options [8]	1 Yr	3 Yr Avg	5 Yr Avg	10 Yr Avg
Vanguard Total Stock ETF	14.9%	11.6%	13.3%	10.3%
CRSP U.S. Total Market Index	*14.8%*	*11.6%*	*13.3%*	*10.3%*
Vanguard Total International Stock ETF	7.1%	5.4%	6.5%	N/A
FTSE Global All Cap ex-U.S. Index	*7.6%*	*5.5%*	*6.5%*	*2.8%*
Vanguard Total Bond ETF	-0.6%	1.7%	2.2%	3.6%
Bloomberg Barclays U.S. Aggregate Float Adj Index	*-0.5%*	*1.7%*	*2.3%*	*3.7%*
Vanguard Federal Money Market Fund	1.3%	0.7%	0.4%	0.3%
Benchmark - 91 day T-Bill	*1.4%*	*0.7%*	*0.4%*	*0.4%*
Asset Allocated Portfolios				
Portfolio D [4]	6.8%	6.2%	7.2%	N/A
Portfolio E [5]	8.1%	7.0%	8.1%	N/A
Portfolio F [6]	9.4%	7.8%	9.0%	N/A
Net of fees [9]				
Portfolio D [4]	6.6%	5.9%	6.9%	N/A
Portfolio E [5]	7.9%	6.7%	7.8%	N/A
Portfolio F [6]	9.2%	7.5%	8.7%	N/A

Notes

[4] Portfolio D allocation is 40% U.S. equities, 15% international equities, 40% fixed income, 5% cash

[5] Portfolio E allocation is 47% U.S. equities, 18% international equities, 30% fixed income, 5% cash

[6] Portfolio F allocation is 54% U.S equities, 21% international equities, 20% fixed income, 5% cash

[7] Performance returns are presented net of sub account manager fees, gross of State Treasury fees, as of 6/30/18.

[8] Performance returns are presented gross of sub account manager fees, as of 6/30/18.

[9] Performance returns have been adjusted to include sub account manager fees for comparison.

Past performance is not a guarantee of future results.

FERGUSON WELLMAN CAPITAL MANAGEMENT

Investment Excellence • Lifelong Relationships

WESTERN OREGON UNIVERSITY

AUGUST 14, 2018

1. **About Our Firm**
2. **About Our Investment Approach**
3. **Performance Measurement and Monitoring**
4. **Fees**
5. **Asset Allocation**
6. **Returns**
7. **Asset Allocation Study**

About Our Firm

As of June 30, 2018, Ferguson Wellman provides discretionary investment management services for 814 clients representing $5.2 billion assets under management. Nearly 60 of these clients represent foundations and endowments of many sizes and missions with over $480 million assets under management. We have been working with the nonprofit community since our inception in 1975, and our oldest nonprofit client since 1987. Our client list includes community organizations, educational institutions, healthcare providers, as well as a variety of others. Additionally, we provide services to several private endowments and foundations run by families and/or individuals.

Our mission, *Investment Excellence; Lifelong Relationships*, succinctly represents our collective goals in serving our clients. By utilizing individual securities, we remove a layer of expense, provide direct access to the investment team and create more transparency for clients. There are very few investment managers like us who invest directly using individual securities for the majority of their clients' portfolios.

Since our inception, we have been an independent, employee-owned firm solely dedicated to investment management services. Of our 46 employees, 70 percent of our staff own shares in the firm and five principal owners share firm-wide management responsibilities. Contrary to current industry trends, we are committed to maintaining our employee ownership structure, as we believe it best serves our clients and staff. The prospect of ownership has been a powerful tool for us in recruiting and retaining talented professionals with expertise in our field. Our employee ownership structure allows us to provide continuity to all of our clients.

Similar to Western Oregon University (WOU), we have core values we hold dear as a firm. Our commitment to our clients, our profession, our community and ourselves is to:

- Exceed expectations
- Act with uncompromising ethics and reliability
- Advocate innovation and manage change
- Foster a collegial environment
- Enjoy the journey

Ferguson Wellman's culture and philanthropy go hand-in-hand. Our employees serve on over 50 boards collectively and one third of our employees are active contributing leaders in their communities. Therefore, we appreciate the challenges trustees face when in pursuit of their mission's goals and objectives. This experience helps us serve those organizations more effectively and efficiently. By collaborating with the client organization's investment committee, our experienced team develops a process to deliver results consistent with the organization's goals and objectives.

About Our Investment Approach

We utilize individual securities to build diversified portfolios for our clients. As such, we are active managers of many asset classes, including large-cap domestic equities, international equities (developed and emerging markets), and several fixed income strategies. Depending on the risk and reward preferences of a client, their portfolio may be balanced with the diversification of several investment strategies. In 2018 we launched a *Global Sustainable Investing* (GSI) strategy. Our approach is to use a positive screen instead of the traditional, exclusionary application. One of the benefits of managing the product in-house with individual securities is that clients still have the option to exclude sectors, industries and companies that do not align with their values.

Our investment philosophy follows a rigorous, unemotional process founded on fundamental analysis. Portfolio construction begins from the top-down, assessing the market and constructing asset allocation based on our projected global economic forecast. Portfolios are currently managed with predominantly in-house strategies, with only a small amount using funds managed by outside expertise. We construct globally diversified portfolios with complete transparency and maximum control for clients and trustees.

A distinguishing feature of our firm is that we manage 85-to-90 percent of our clients' portfolios in-house. This feature allows for timely execution of decisions and comprehensive transparency. Our clients have real-time access to the portfolios if desired and first-hand access to the team making the investment decisions from asset allocation, sector selection and the reasons for the purchase or sale of an individual position.

We are active managers of many asset classes. Over the long run, active management has outperformed passive management. We believe in active management because it allows for the ability to adjust the portfolio during times of market dislocation. Active management can add alpha in three different ways: asset allocation, sector selection and security selection.

We provide our institutional clients with an annual review of investment policy statements. As part of this annual review, we work in collaboration with the client to address investment and spending policies, asset allocation, risk management and preservation of capital. Our investment professionals frequently meet with committee members to review the portfolio and investment policy guidelines and we often present on specific topics regarding the economy, capital markets and various types of investments. Two broad topics require further significant analysis and discussion with the investment committee: asset allocation and spending policy.

Asset allocation decisions are by far the most impactful decisions of both investment committees and investment managers. Asset allocation determines both the future volatility (risk) and the future investment returns of the portfolio. This risk and return directly impacts the potential spending rate of the fund. Our first step would be to run an asset allocation study showing different mixes of asset classes and their resulting expected returns on a go-forward basis. We would also run a historical analysis showing how different mixes of assets have performed in the past. Once the committee and we arrive at an appropriate mix of asset classes that fits both risk and return needs for the fund, we would specify asset allocation ranges in the investment policy reflecting this mix and specify benchmarks appropriate for these asset classes. In conjunction with the asset allocation, we would run a spending rate analysis using both static returns and a "Monte Carlo" (many scenarios) analysis to help the committee determine the long-term impact of the spending rate.

Performance Measurement and Monitoring

Our customer service philosophy is succinctly represented by our mission statement, *Investment Excellence; Lifelong Relationships*. It is integral to how we manage our firm. From our founding days, we know that our experience and expertise in investing is why clients hire us. But equally important is the high quality of service we provide. We believe our commitment to establishing lifelong relationships is why many of our non-profit clients have been with us for decades.

Web reporting is available in real-time and allows clients to view updated current holdings, unrealized gains and losses, transactions and security allocations. Unaudited performance can be updated monthly within days.

Don Rainer would manage the WOU relationship. While Rainer would manage the relationship, the entire 19-person investment team is making investment decisions on behalf of the client. This team structure allows for flexible and effective time management for our clients' portfolios. Rainer would be responsible for communicating and implementing our strategies on behalf of WOU. While portfolio managers typically meet with clients on a quarterly basis to present portfolio updates, meeting frequency, goals and length are always customized to the client's preferences. Most importantly, our portfolio managers are always available to meet with clients to discuss details in their reports and address other questions.

Luz Garcia, Client Relationship Associate, would function as your primary client service contact. Garcia supports clients in a variety of ways such as transferring and distributing assets, distributing performance reports, setting up new accounts and handling special requests.

Similar to our philosophy of customizing investment portfolios to meet clients' needs – we believe that effectively communicating information about portfolio components, structure and performance is of equal importance. We design our quarterly appraisals and performance reports to deliver the information that investment officers will need to make informed decisions in their fiduciary responsibility role to WOU.

Standard documentation includes:

- A customized, easy-to-understand quarterly account statement and performance report
- Any additional research and analysis requested by Investment Officers to address projects and other decisions
- A reflective and forward-looking presentation from our Investment Policy Committee that includes our perspective on the economy and capital markets

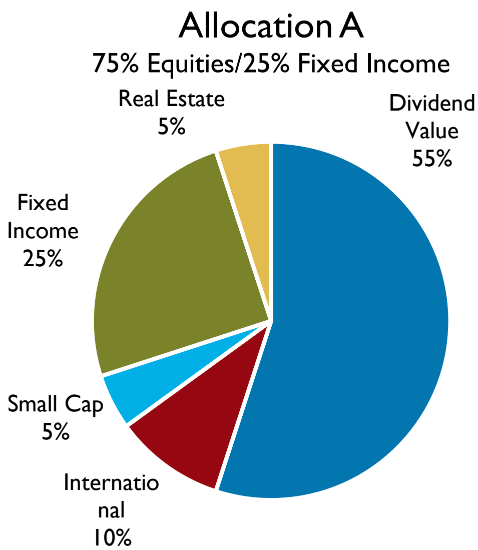
- Information available in the quarterly account statement and performance report includes:
    - Quarter-to-date and year-to-date performance
    - Historical annual and compounded performance
    - Time-weighted performance
    - Current asset allocation and client-defined strategic asset allocation ranges
    - Sector weightings against benchmarks reflecting any active sector bets
    - Sector performance against benchmarks
    - Fixed income characteristics including bond durations, yields, maturity, coupons and sector allocations
    - Purchase and sale reports along with client requested realized gain or loss reports
    - A portfolio appraisal consisting of cost basis and current market values for all positions

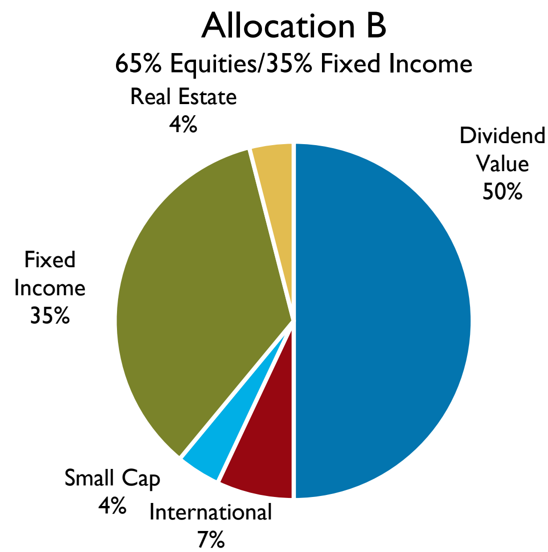
Fees

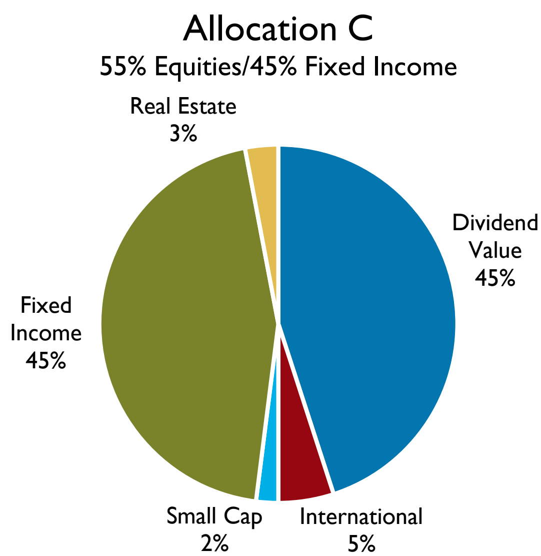
Ferguson Wellman charges an all-inclusive, tiered fee. Any and all services are covered under this fee including travel and out-of-pocket expenses. Our fee is based upon the fair market value, including cash equivalents and accrued interest, of the assets under management. Fees are payable on a quarterly basis in advance and are based upon the value of the portfolio on the last day of the previous quarter. Our annual fee schedule below is for our management services and is applicable for the life of the account. We propose the following all-inclusive annual fee:

.75% of the first $5 million
.60% of the next $5 million
.50% over $10 million

Asset Allocation







Ferguson Wellman Composition

Asset Class	Allocation A	Allocation B	Allocation C
Dividend Value	55%	50%	45%
International	10%	7%	5%
Small Cap	5%	4%	2%
Fixed Income	25%	35%	45%
Real Estate	5%	4%	3%

Benchmark Composition

Asset Class	Benchmark	Allocation A	Allocation B	Allocation C
Global Equities	ACWI	70%	61%	52%
Fixed Income	Barclay's Interm. Gov't Credit	25%	35%	45%
Real Estate	NCREIF	5%	4%	3%

Returns

Allocation A

	1 Year		3 Year		5 Year		10 Year	
	Gross %	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*
Ferguson Wellman	9.24	8.49	7.81	7.02	8.23	7.43	6.91	6.08
Benchmark	7.86	-	6.74	-	7.71	-	5.02	-

Allocation B

	1 Year		3 Year		5 Year		10 Year	
	Gross %	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*
Ferguson Wellman	8.12	7.37	7.08	6.29	7.42	6.61	6.49	5.67
Benchmark	6.74	-	5.99	-	6.89	-	4.70	-

Allocation C

	1 Year		3 Year		5 Year		10 Year	
	Gross %	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*	*Gross %*	*Net %*
Ferguson Wellman	6.92	6.17	6.29	5.51	6.55	5.75	5.99	5.17
Benchmark	5.62	-	5.24	-	6.07	-	4.37	-

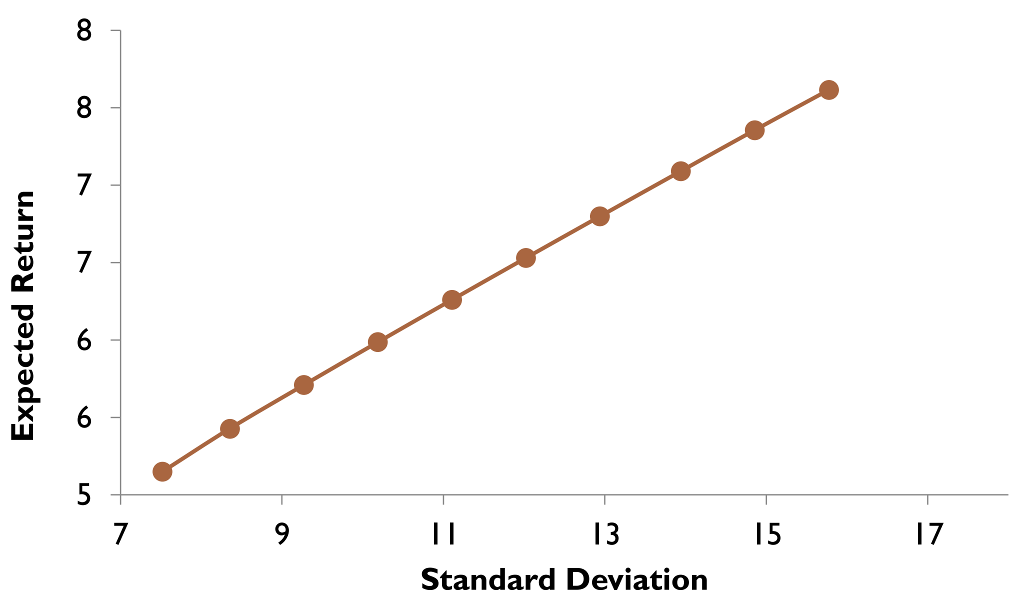
Asset Allocation Study

Below is an asset allocation study that outlines future returns versus market risk. Portfolio 8 in the allocation study corresponds to portfolio A in the proposal, Portfolio 6 to B and portfolio 4 to C. As you can see from the highlighted areas of expected returns +/- 2 standard deviations, the possible upside or downside of each portfolio. Portfolio 8 or A has an upside of 33.6 percent and a downside risk of -19.8 percent. 95 percent of returns will fall within that band. The allocation study gives you a guide to gauge your comfort level with the risk associated with the allocation. We have disclosed our return assumptions and they are conservative based on historical averages.

We would be happy to explore or answer any questions you may have about this tool and the output shown.

	Constraints		Efficient Frontier										
Asset Class	**Min**	**Max**	**Port 1**	**Port 2**	**Port 3**	**Port 4**	**Port 5**	**Port 6**	**Port 7**	**Port 8**	**Port 9**	**Port 10**	**Port 11**
Large Cap U.S. Equity	25	65	32	27	31	45	39	50	43	55	51	55	55
Small Cap U.S. Equity	0	10	0	6	6	2	6	4	6	5	6	6	10
International Equity	0	20	3	9	10	5	12	7	13	10	16	17	20
Private Real Estate	0	10	10	5	6	3	6	4	6	5	6	6	0
Fixed Income	15	55	55	53	47	45	37	35	32	25	21	17	15
Expected Return			5.1	5.4	5.7	5.9	6.3	6.4	6.5	6.9	7.1	7.4	7.6
Standard Deviation			7.5	8.4	9.3	9.8	11.1	11.5	12.0	13.3	13.9	14.9	15.8
+2 Standard Deviations			20.2	22.1	24.3	25.6	28.5	29.4	30.6	33.6	35.0	37.1	39.2
* **Expected Return**			5.1	5.4	5.7	5.9	6.3	6.4	6.5	6.9	7.1	7.4	7.6
-2 Standard Deviations			-9.9	-11.3	-12.8	-13.8	-16.0	-16.6	-17.5	-19.8	-20.8	-22.4	-23.9
+3 Standard Deviations			27.7	30.5	33.5	35.4	39.6	40.9	42.6	46.9	48.9	51.9	54.9
** **Expected Return**			5.1	5.4	5.7	5.9	6.3	6.4	6.5	6.9	7.1	7.4	7.6
-3 Standard Deviations			-17.4	-19.6	-22.1	-23.7	-27.1	-28.2	-29.5	-33.1	-34.7	-37.2	-39.7

*95 percent of all return outcomes will be between +2 and -2 Standard Deviations
**99 percent of all return outcomes will be between +3 and -3 Standard Deviations



Risk-Return Estimations

To create efficient asset allocations, we must estimate the asset classes' risk, return, and their relationship relative to each other. The investment professionals at Ferguson Wellman have thoroughly debated, and have made projections for, these metrics based on rigorous analysis founded on historical experience. Ferguson Wellman's estimates for these inputs to the asset allocation study are listed below in Table 1. The expected returns are our best estimates of the average annual percentage increases in the values of each asset class over a 10-year period of time. It is important to understand that these estimates of long-term, future performance are assumptions and are, therefore, subject to uncertainty. The risk, or volatility, of each asset class reflects this uncertainty, which is measured by the statistic known as standard deviation of returns.

Asset Allocation Modeling Assumptions

Table 1. Risk Return Assumptions

	Assumptions	
Asset Class	**Return**	**Risk**
Large Cap Equities	8.3%	18.4%
Small Cap Equities	8.7%	21.5%
International Equities	8.6%	21.4%
Private Real Estate	5.8%	13.6%
Fixed Income	3.0%	3.8%

Correlation

Proper diversification of the asset classes within a portfolio is considered to be the best way to maximize the total return of the portfolio while minimizing its risk (volatility). Portfolio diversification is possible because the returns of each asset class move in different directions at different times and with different magnitudes. Some asset classes rise in value while others fall in various investment environments. Correlation is the measure that quantifies the degree or magnitude to which these asset classes move (or do not move) in tandem. Correlation is depicted as values between *1.00* and *–1.00*. If returns of two asset classes rise and fall in perfect tandem, they are considered perfectly correlated and therefore hold a correlation value of *1.00*. Conversely, if two asset classes move in opposite directions, at the same magnitude, they are considered perfectly negatively correlated and have a correlation value of *–1.00*. A correlation value of *0* indicates no relationship. The imperfect correlation values between *1.00* and *–1.00* of any two asset classes are what enable investors to create efficiently diversified portfolios. These portfolios yield the largest returns for any given level of risk. The correlations for these asset classes used in this study are shown in Table 2.

Table 2. Correlations

	Large Cap Equities	Small Cap Equities	International Equities	Private Real Estate	Fixed Income
Large Cap Equities	1.00				
Small Cap Equities	0.91	1.00			
International Equities	0.83	0.74	1.00		
Private Real Estate	0.66	0.61	0.59	1.00	
Fixed Income	-0.09	-0.15	-0.09	-0.03	1.00

Efficient Asset Allocation Portfolios

The risk, return, and correlation assumptions described in the previous sections of this study are the necessary inputs for the model to produce efficient asset allocation portfolios. The asset allocation model uses these assumptions to build several portfolios with different percentage allocations to each asset class that are considered "efficient." A portfolio is considered "efficient" when it is expected to maximize return per unit of risk assumed. We also constrain the model through employing minimum and maximum allocations to each asset class to ensure that the allocations are reasonable.

The tables show at the beginning of this section are ten efficient allocations given the asset classes selected and the constraints employed listed under the "Min" and "Max" columns. The ten portfolios are on a continuum starting from the portfolio containing the least amount of risk (Port 1) through to the riskiest portfolio (Port 10). Similarly, the corresponding returns for the portfolios are also on a continuum from the portfolio with the lowest expected return (Port 1) to the portfolio with the highest expected return (Port 10). This continuum illustrates the trade-off between return and risk; additional return can only be achieved by undertaking additional risk.

The Efficient Frontiers and their risk-return relationship are illustrated in the corresponding graph. The risk of each portfolio on each Frontier is plotted against the horizontal axis (x-axis), while the return is measured on the vertical axis (y-axis). The lines connecting the points represent all the optimal portfolios subject to the given constraints and are known as the "Efficient Frontier." The upward slope of the frontiers represents the direct relationship between return and risk.

Asset Allocation Modeling for this presentation has been prepared through the use of Morningstar EnCorr software. The software features advanced asset allocation tools to create, analyze, and implement optimal portfolio strategies using historical data and modeling assumptions based on possible market conditions. Diversified portfolios designed in an attempt to maximize returns at varying levels of risk have been built using the current investment guidelines of your portfolio. Forecasting "test scenarios" are created based on a variety of simulated market conditions; results compare investment styles and performance over time. Risk-Return assumptions are based on Ferguson Wellman analysis. Performance estimates are an average annual percentage increase for all listed asset classes using historical market data. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. Investing in the capital market involves risk and there is a potential for loss. Current and past performance may not be indicative of future results and other calculation methods may produce different results. Performance is shown gross of fees and do not reflect the deduction of investment advisory fees.

GIPS® Compliant Presentation

Performance History
Returns for Periods Ending June 30, 2018

	Quarter		Year-to-Date		1-Year		3-Year		5-Year		10-Year	
	Gross %	Net %	Gross %	Net %	Gross %	Net %	Gross %	Net %	Gross %	Net %	Gross %	Net %
Core Equity	**3.31**	**3.06**	**1.20**	**0.70**	**12.30**	**11.20**	**9.65**	**8.57**	**11.25**	**10.16**	**8.82**	**7.83**
S&P 500	3.43	-	2.65	-	14.37	-	11.93	-	13.42	-	10.17	-
Dividend Value	**1.85**	**1.59**	**0.14**	**-0.36**	**13.31**	**12.19**	**11.29**	**10.19**	**11.24**	**10.15**	**8.92**	**7.92**
Russell 1000 Value	1.18	-	-1.69	-	6.77	-	8.26	-	10.34	-	8.49	-
Core Fixed Income	**-0.09**	**-0.20**	**-1.59**	**-1.81**	**-0.19**	**-0.64**	**1.85**	**1.40**	**2.35**	**1.89**	**3.82**	**3.35**
Bloomberg Barclays Aggregate	-0.16	-	-1.62	-	-0.40	-	1.72	-	2.27	-	3.72	-
Bloomberg Barclays Gov't/Credit	-0.33	-	-1.90	-	-0.63	-	1.83	-	2.29	-	3.78	-
Intermediate Fixed Income	**0.07**	**-0.05**	**-0.57**	**-0.79**	**-0.02**	**-0.46**	**1.12**	**0.66**	**1.40**	**0.95**	**3.10**	**2.64**
Bloomberg Barclays Interm. Gov't/Credit	0.01	-	-0.97	-	-0.58	-	1.16	-	1.60	-	3.08	-
Municipal Bonds	**0.60**	**0.49**	**0.14**	**-0.08**	**0.47**	**0.02**	**1.63**	**1.17**	**2.00**	**1.55**	**2.98**	**2.52**
Bloomberg Barclays Mun. Short/ Interm. Index	0.80	-	0.24	-	0.50	-	1.64	-	2.05	-	3.19	-
Balanced	**1.68**	**1.42**	**0.40**	**-0.10**	**7.66**	**6.60**	**6.03**	**4.99**	**7.39**	**6.33**	**6.65**	**5.68**
Blended Benchmark	1.59	-	0.66	-	7.88	-	7.23	-	8.19	-	7.00	-

Supplemental Information*

International Equity	**-2.59**	**-2.80**	**-2.20**	**-2.61**	**6.71**	**5.81**	**2.85**	**1.98**	**5.50**	**4.61**	**2.92**	**2.04**
MSCI ACWI ex U.S.	-2.39	-	-3.44	-	7.79	-	5.56	-	6.48	-	2.52	-

Performance for Q2 2018 is preliminary. Returns greater than one year are annualized.

Disclosures

For Periods Ending June 30, 2018

Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman, (together "Ferguson Wellman") claims compliance with the Global Investment Performance Standards (GIPS®).

Firm: Ferguson Wellman Capital Management (the "Firm" or "Ferguson Wellman") is headquartered in Portland, Oregon, and is an independent investment adviser registered under the Investment Advisers Act of 1940. This registration as an investment adviser does not imply a certain level of skill or training. We provide traditional portfolio management services to a diversified group of clientele that include corporate and Taft-Hartley retirement plans; foundations and endowments; and individual investment portfolios.

To receive a complete list of composite descriptions and/or a compliant presentation that adheres to the GIPS standards, contact Jeanene Wine, Ferguson Wellman Capital Management, at (503) 226-1444 or wine@fergwell.com. Performance for second quarter 2018 is preliminary.

***Supplemental Information**

The International Equity composite consists of those accounts managed to the International model with allocated cash. After 12/31/09 the returns for this composite are not GIPS compliant and are supplemental to the Balanced composite.

Composites	Descriptions
Core Equity	Equity accounts managed to the Equity or Focus model. The objective is to generate account returns in excess of the S&P 500 Index with less risk through the selection of high-quality, large-capitalization, domestic equities. Accounts are highly diversified through ownership of 50 to 75 individual issues, distributed across all 10 sectors of the S&P 500, with a target allocation contained to +/-4 percent of the actual weight of each sector.
Dividend Value	Equity accounts managed to a value/income discipline. This is an income-oriented equity strategy that requires all stocks held in the account to be dividend payers with a minimum $1.0 billion market capitalization. The strategy consists of dividend-yielding common equities, real estate investment trusts, preferred stocks and convertible preferred stocks. There may also be ADRs included for international exposure.
Core Fixed Income	Fixed income accounts investing in government and investment-grade bonds to provide the highest possible return while minimizing the risk to principal through management of duration, maturity distribution, sector distribution, liquidity and credit quality. The typical average maturity is seven to eight years.
Intermediate Fixed Income	Fixed income accounts investing in government and investment-grade bonds with a maturity of 10 years or less to provide the highest possible return while minimizing the risk to principal through management of duration, maturity distribution, sector distribution, liquidity and credit quality. The typical average maturity is four to five years.
Municipal Bonds	Fixed income accounts investing in investment-grade securities issued by state and local governments to provide stability and tax-free income along with the highest possible return while minimizing the risk to principal through management of duration, maturity distribution, sector distribution, liquidity and credit quality.
Balanced	Non-taxable accounts with moderate asset allocation investment guidelines permitting both equity and fixed assets. Fixed assets must have a minimum allocation of 40 percent or less in the portfolio.

Calculation methodology: Returns reflect the deduction of all trading expenses and the reinvestment of dividends and other earnings. Gross returns do not reflect the deduction of investment advisory fees or any other expenses that may be incurred in the management of the account. Net returns are net of model investment advisory fees in effect for the respective time period and are derived using the maximum fixed fee rate. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Ferguson Wellman's investment advisory fees are described in Form ADV Part II. Valuations and returns are calculated and presented in U.S. dollars. Past performance is not a guarantee of future results.

Disclosures
For Periods Ending June 30, 2018

Benchmarks
Benchmark returns are provided to represent the investment environment existing during the time period shown. For comparison purposes, the benchmark includes the reinvestment of dividends and other earnings but does not include any trading expenses, management fees or other costs.

Composites	Benchmarks
Core Equity	The S&P 500 Index is a capitalization-weighted index calculated on a total return basis with dividends reinvested.
Dividend Value	The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index®, which represents approximately 92 percent of the total market capitalization of the Russell 3000 Index.
Core Fixed Income	The Bloomberg Barclays U.S. Aggregate Index is composed of securities from Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization. The Bloomberg Barclays Government/Credit Bond Index is offered here for informational purposes only.
Intermediate Fixed Income	The Bloomberg Barclays U.S. Intermediate Government/Credit Index tracks the performance of U.S. dollar-denominated fixed-rate Treasury, agency and investment-grade rated sovereign and corporate debt securities having at least one, but no greater than 10 years remaining to maturity.
Municipal Bonds	The Bloomberg Barclays Municipal Short/Intermediate Index tracks the performance of investment-grade rated U.S. municipal bonds having at least one, but no greater than 10 years remaining to maturity.
Balanced	In December 2015, the benchmark was changed retroactively for all periods to a blend of 45% S&P 500 Index, 35% Bloomberg Barclays U.S. Government/Credit Index, 10% MSCI All Country World Ex-U.S. Index, 5% Russell 2000 Index and 5% U.S. Treasury Bill, rebalanced monthly. Prior to July 2010, the international index used was the MSCI EAFE Index. Historically, the benchmark presented was 50% S&P 500 and 50% Bloomberg Barclays U.S. Government/Credit Index, rebalanced monthly. The benchmark was changed to more accurately represent how accounts in the composite are managed.
International Equity	Morgan Stanley Capital International All Country World Index excluding U.S. (MSCI ACWI ex-U.S.) is a market-capitalization-weighted index maintained by MSCI. The ACWI ex-U.S. includes both developed and emerging markets and provides a way to monitor international exposure apart from U.S. investments. Prior to July 2010, the MSCI EAFE index was used for comparison purposes. On July 1, 2010, the international index was changed to MSCI ACWI ex–U.S. to more accurately reflect the composite strategy by including emerging markets.

Balanced Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	Benchmark %	3 Yr. Annualized Standard Deviation Composite	Benchmark	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets
2008	-18.00	-18.72	-22.52	8.98	9.90	5.14	242	590.29	26.97
2009	16.24	15.30	18.21	10.60	12.85	3.52	260	688.02	28.01
2010	13.35	12.41	11.83	12.21	14.06	2.28	350	798.01	28.80
2011	0.75	-0.10	2.68	10.88	11.76	1.23	393	862.48	29.62
2012	10.65	9.72	11.54	9.87	9.10	1.56	439	968.00	30.07
2013	18.02	16.95	16.28	8.11	7.42	3.59	482	1,213.28	31.75
2014	5.99	4.95	8.15	6.51	5.74	1.09	518	1,310.27	31.22
2015	-1.07	-2.05	0.18	7.19	6.41	0.72	561	1,295.53	30.05
2016	6.81	5.76	8.13	7.37	6.48	1.31	650	1,299.65	28.63
2017	14.01	12.89	14.46	6.56	5.95	1.83	792	1,532.48	29.80
International *									
2010	13.08	12.13	8.94	25.73	26.15	1.28	262	120.54	4.35
2011	-15.89	-16.60	-13.33	22.94	22.45	1.14	304	104.22	3.58
2012	17.56	16.57	17.41	19.48	19.34	1.27	336	131.24	4.08
2013	18.97	17.98	15.76	16.51	16.20	1.87	361	217.04	5.68
2014	-3.38	-4.20	-3.44	12.22	12.78	1.40	381	200.08	4.77
2015	-0.53	-1.39	-5.25	11.16	12.13	0.96	434	300.85	6.98
2016	0.12	-0.73	5.01	10.96	12.53	1.07	458	248.41	5.53
2017	23.76	22.73	27.77	10.06	11.88	1.10	456	299.10	5.82

*Supplemental Information. See note below.

The Balanced Composite has been examined for the periods January 1, 1996 through December 31, 2016. The verification and performance examination reports are available upon request.

The Balanced Composite was created in 1999 and includes all discretionary, non-taxable, fee-paying accounts with moderate asset allocation investment guidelines permitting both equity and fixed assets. Fixed assets must have a minimum allocation of 40 percent or less in the portfolio. Prior to 2007, only accounts with a minimum market value of $1 million and holding an actual minimum of 20% in fixed income securities and 40% in equity securities were included. In December 2015, the benchmark was changed retroactively to a blend of 45% S&P 500 Index, 35% Bloomberg Barclays U.S. Government/Credit Index, 10% MSCI All Country World Ex-U.S. Index, 5% Russell 2000 Index and 5% U.S. Treasury Bill, rebalanced monthly. Prior to July 2010, the international index used was the MSCI EAFE Index. Prior to 12/31/14, the benchmark presented was 50% S&P 500 Index and 50% Bloomberg Barclays U.S. Government/Credit Index, rebalanced monthly. The benchmark was changed to more accurately represent how accounts in the composite are managed.

* Supplemental Information: Includes the international segment of balanced accounts with allocated cash. Cash is allocated to the asset segments based on relative net assets. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. The information is presented as supplemental to the Balanced Composite. Beginning July 1, 2010, the benchmark for the International Composite is the MSCI ACWI ex-U.S. Index. Benchmark returns prior July 1, 2010 are of the MSCI EAFE Index. Please refer to page nine for the GIPS compliant performance history of the International Composite.

Core Equity Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	S&P 500 %	3 Yr. Annualized Standard Deviation		Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
				Composite	Index					
2008	-33.06	-33.68	-37.00	14.44	15.07	2.38	433	423.69	19.35	91
2009	22.70	21.72	26.46	17.32	19.63	2.43	440	543.13	22.11	90
2010	18.59	17.60	15.06	20.24	21.85	0.30	6	51.89	1.87	0
2011	-1.57	-2.40	2.11	18.05	18.71	0.35	8	51.76	1.78	0
2012	16.36	15.39	16.00	16.50	15.09	0.74	7	51.60	1.60	0
2013	32.59	31.40	32.39	13.11	11.94	0.44	7	59.05	1.55	0
2014	9.16	8.08	13.69	9.82	8.97	0.51	6	55.44	1.32	0
2015	-2.04	-3.02	1.38	10.72	10.47	0.26	5	41.43	0.96	0
2016	10.95	9.86	11.96	11.29	10.59	0.16	5	43.26	0.96	0
2017	20.98	19.80	21.83	10.50	9.52	0.11	4	47.04	0.95	0
Returns including carve-outs *										
2010	19.03	18.04	15.06	<3 years	21.85	1.99	390	587.02	21.18	98
2011	-0.55	-1.39	2.11	<3 years	18.71	0.95	400	530.37	18.22	98
2012	15.50	14.54	16.00	16.34	15.09	1.58	455	646.38	20.08	98
2013	31.50	30.32	32.39	13.04	11.94	1.82	729	1,160.39	30.36	99
2014	9.61	8.53	13.69	9.65	8.97	1.05	748	1,248.58	29.75	99
2015	-1.57	-2.55	1.38	10.60	10.47	1.24	795	1,204.24	27.93	99
2016	10.77	9.68	11.96	11.10	10.59	1.70	796	1,208.41	26.73	99
2017	21.01	19.83	21.83	10.32	9.92	1.15	837	1413.78	27.49	99

*Supplemental Information. See note below.

The Core Equity Composite has been examined for the periods January 1, 1996 through December 31, 2009. The verification and performance examination reports are available upon request.

The Core Equity Composite consists of all discretionary, fee paying, domestic equity accounts managed to the Equity model. The objective is to generate account returns in excess of the S&P 500 Index with less risk through the selection of high-quality, large-capitalization, domestic equities. Accounts are highly diversified through ownership of 50 to 75 individual issues, distributed across all 10 sectors of the S&P 500, with a target allocation contained to +/-4 percent of the actual weight of each sector. Prior to 2007, accounts had to have a minimum market value of $1 million and be included in a domestic equity trade group (a group of portfolios that participate in trades defined in the domestic equity model). The composite was created in 1999. Prior to 2010, the Core Equity Composite included the equity segments of balanced accounts. On a monthly basis cash was allocated to the equity segment based on relative net assets. The S&P 500 Index covers 500 industrial, utility, transportation and financial companies of the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market capitalization and 30% of NYSE issues.

* Supplemental Information: Includes the equity segment of balanced accounts with allocated cash. Cash is allocated to the asset segment based on relative net assets. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. The information is supplemental to the Equity Composite.

Dividend Value Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	RV1000V %	3 Yr. Annualized Standard Deviation Composite	Index	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2008	-30.30	-30.93	-36.85	14.40	15.50	2.39	148	94.89	4.33	61
2009	13.98	13.04	19.69	18.32	21.20	2.76	188	118.97	4.84	67
2010	19.61	18.62	15.51	20.63	23.18	1.27	29	37.02	1.34	0
2011	4.49	3.61	0.39	17.78	20.69	0.69	34	39.27	1.35	0
2012	11.03	10.10	17.51	14.24	15.51	0.63	34	38.39	1.19	0
2013	29.52	28.36	32.53	10.96	12.70	0.80	28	45.84	1.20	0
2014	8.80	7.73	13.45	9.20	9.20	0.61	22	42.55	1.01	0
2015	-0.57	-1.56	-3.83	10.50	10.68	0.49	19	20.81	0.48	0
2016	14.80	13.67	17.34	10.62	10.77	0.67	14	19.82	0.44	0
2017	19.96	18.79	13.66	9.92	10.20	0.69	17	45.30	0.88	0
Returns including carve-outs *										
2010	19.65	18.66	15.51	<3 years	23.18	1.30	185	148.50	5.36	84
2011	4.39	3.52	0.39	<3 years	20.69	0.93	206	163.92	5.63	84
2012	11.02	10.09	17.51	14.34	15.51	0.92	290	234.73	7.29	88
2013	28.88	27.84	32.53	11.10	12.70	3.06	314	342.14	8.95	91
2014	8.79	7.74	13.45	9.07	9.20	1.46	314	362.21	8.63	93
2015	-0.69	-1.67	-3.83	10.36	10.68	1.25	318	302.83	7.02	94
2016	14.49	13.36	17.34	10.55	10.77	1.37	378	384.73	8.51	99
2017	19.81	18.64	13.66	9.87	10.20	0.88	428	466.88	9.08	96

*Supplemental Information. See note below.

The Dividend Value Composite has been examined for the periods January 1, 2007 through December 31, 2016. The verification and performance examination reports are available upon request.

The Dividend Value Composite includes all discretionary, fee-paying equity accounts managed to a value/income discipline. This is an income-oriented equity strategy that requires all stocks held in the account to be dividend payers with a minimum $1.0 billion market capitalization. The strategy consists of dividend-yielding common equities and may purchase real estate investment trusts, preferred stocks and convertible preferred stocks. There may also be ADRs included for international exposure. Prior to 2007, only accounts held in a model trade group with a minimum market value of $150,000 were included in the composite. The composite was created in 2004. Prior to 2010, the Dividend Value Composite included the dividend value segments of balanced accounts. On a monthly basis cash was allocated to the dividend value segment based on relative net assets. The Russell 1000® Value Index measures the performance of Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. This index measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000® Index.

* Supplemental Information: Includes the dividend value segment of balanced accounts with allocated cash. Cash is allocated to the asset segment based on relative net assets. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. The information is supplemental to the Dividend Value Composite.

Core Fixed Income Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	Bloomberg Barclays Aggregate Index %	3 Yr. Annualized Standard Deviation Composite	3 Yr. Annualized Standard Deviation Index	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2008	7.42	6.97	5.24	4.12	3.97	2.36	210	259.57	11.86	67
2009	5.11	4.66	5.93	4.22	4.11	2.00	210	225.15	9.17	67
2010	6.20	5.72	6.54	4.21	4.17	0.21	13	78.62	2.84	0
2011	7.15	6.68	7.84	2.60	2.78	0.32	12	79.08	2.72	0
2012	4.29	3.82	4.22	2.28	2.38	0.51	14	99.77	3.10	0
2013	-1.49	-1.93	-2.02	2.52	2.71	0.56	13	47.31	1.24	0
2014	5.54	5.07	5.97	2.46	2.63	0.41	12	31.62	0.75	0
2015	1.03	0.58	0.55	2.68	2.88	0.32	10	26.98	0.63	0
2016	2.11	1.66	2.65	2.94	2.98	0.34	5	22.50	0.50	0
2017	3.99	3.53	3.54	2.80	2.78	0.16	3	5.70	0.11	0
Returns including carve-outs *										
2010	6.32	5.85	6.54	<3 years	4.17	0.69	134	191.36	6.91	90
2011	7.43	6.95	7.84	<3 years	2.78	0.89	132	206.16	7.08	91
2012	4.34	3.88	4.22	2.52	2.38	0.66	137	222.06	6.09	90
2013	-1.59	-2.04	-2.02	2.68	2.71	0.49	190	268.55	7.03	93
2014	4.97	4.51	5.97	2.51	2.63	0.85	199	328.04	7.82	94
2015	0.98	0.53	0.55	2.66	2.88	0.45	210	362.12	8.40	95
2016	2.11	1.65	2.65	2.95	2.98	0.49	197	355.58	7.87	99
2017	3.91	3.44	3.54	2.85	2.78	0.40	217	333.82	6.49	99

*Supplemental Information. See note below.

The Core Fixed Income Composite has been examined for the periods January 1, 1996 through December 31, 2009. The verification and performance examination reports are available upon request.

The Core Fixed Income Composite consists of all discretionary, fee-paying, fixed income accounts investing in government and investment-grade bonds to provide the highest possible return while minimizing the risk to principal through the management of duration, maturity distribution, sector distribution, liquidity and credit quality. The typical average maturity is seven to eight years. Prior to 2007, only non-taxable accounts with a minimum market value of $1 million were included in the composite. The composite was created in 1999. Prior to 2010, the Core Fixed Income Composite included the fixed income segments of balanced accounts. On a monthly basis cash was allocated to the fixed income segment based on relative net assets. The Bloomberg Barclays U.S. Aggregate Index is composed of securities from the Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

* Supplemental Information: Includes the fixed segment of balanced accounts with allocated cash. Cash is allocated to the asset segment based on relative net assets. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. The information is supplemental to the Core Fixed Income Composite.

Intermediate Fixed Income Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	Bloomberg Barclays Inter. Govt/Credit Index %	3 Yr. Annualized Standard Deviation Composite	3 Yr. Annualized Standard Deviation Index	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2008	6.58	6.13	5.08	3.60	3.64	1.49	108	226.61	10.35	90
2009	5.49	5.03	5.24	3.78	3.82	1.48	100	190.57	7.76	87
2010	6.45	5.97	5.89	3.89	3.91	1.48	4	8.36	0.30	0
2011	3.91	3.45	5.80	2.68	2.55	0.55	5	9.78	0.34	0
2012	5.04	4.58	3.89	2.33	2.16	0.05	3	1.41	0.04	0
2013	-0.87	-1.32	-0.86	2.17	2.11	0.30	3	1.39	0.04	0
2014	2.49	2.04	3.13	1.80	1.94	0.03	2	1.07	0.03	0
2015	1.07	0.61	1.07	1.83	2.10	0.04	3	5.29	0.12	0
2016	1.39	0.94	2.08	2.02	2.23	0.20	3	5.35	0.12	0
2017	1.99	1.54	2.14	1.93	2.11	0.05	4	11.79	0.23	0
Returns including carve-outs *										
2010	5.34	4.87	5.89	<3 years	3.91	0.27	93	193.62	7.00	96
2011	5.89	5.41	5.80	<3 years	2.55	1.96	88	214.22	7.36	94
2012	3.97	3.51	3.89	1.95	2.16	0.59	85	195.35	6.07	96
2013	-0.52	-0.96	-0.86	1.92	2.11	0.21	132	230.42	6.03	97
2014	2.67	2.22	3.13	1.77	1.94	0.54	161	207.50	4.94	99
2015	1.31	0.85	1.07	1.80	2.10	0.35	183	225.31	5.23	98
2016	1.56	1.10	2.08	1.97	2.23	0.31	175	226.76	5.02	99
2017	2.44	1.98	2.14	1.91	2.11	0.31	210	249.01	4.84	98

*Supplemental Information. See note below.

The Intermediate Fixed Income Composite has been examined for the periods January 1, 1996 through December 31, 2009. The verification and performance examination reports are available upon request.

The Fixed Intermediate Composite consists of all discretionary, fee-paying, fixed income accounts investing in government and investment-grade bonds with a maturity of 10 years or less to provide the highest possible return while minimizing the risk to principal through management of duration, maturity distribution, sector distribution, liquidity and credit quality. The typical average maturity is four to five years. Prior to 2007, only non-taxable accounts with a minimum of $1 million were included in the composite. The composite was created in 1999. Prior to 2010, the Fixed Intermediate Composite included the intermediate fixed income segments of balanced accounts. On a monthly basis cash was allocated to the intermediate fixed income segment based on relative net assets. The Bloomberg Barclays U.S. Intermediate Government/Credit Index tracks the performance of U.S. dollar denominated, fixed-rate Treasury, Agency, and investment grade sovereign and corporate debt securities having at least one, but no greater than 10 years remaining to maturity.

* Supplemental Information: Includes the fixed intermediate segment of balanced accounts with allocated cash. Cash is allocated to the asset segment based on relative net assets. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. The information is supplemental to the Fixed Intermediate Composite.

Short Term Fixed Income Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	MT 1-3 Index %	3 Yr. Annualized Standard Deviation Composite	Index	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2008	4.42	3.97	6.61	1.00	1.69	1.07	8	80.09	3.66	36
2009	3.51	3.06	0.78	1.10	1.93	3.04	13	102.38	4.17	42
2010	1.00	0.55	2.35	1.11	1.74	0.61	7	48.38	1.75	0
2011	0.81	0.36	1.55	0.65	1.02	0.49	9	46.08	1.58	0
2012	1.21	0.76	0.43	0.33	0.73	0.83	9	44.34	1.38	0
2013	0.38	-0.07	0.36	0.36	0.50	0.17	11	42.16	1.10	0
2014	0.54	0.09	0.33	0.33	0.42	0.31	8	31.30	0.75	0
2015	0.51	0.06	0.54	0.32	0.55	0.25	7	27.60	0.64	0
2016	0.87	0.42	0.88	0.34	0.75	0.24	7	41.85	0.93	0
2017	0.99	0.54	0.42	0.32	0.74	0.12	7	44.83	0.87	0

The Short Term Fixed Income Composite consists of all discretionary, fee-paying accounts investing in government and investment-grade bonds to provide the highest possible return while minimizing the risk to principal through the management of duration, maturity distribution, sector distribution, liquidity and credit quality. The typical average maturity is one to three years. Prior to 2007, only accounts that held a minimum market value of $1 million were included in the composite. The composite was created in 1999. Prior to 2010, the Short Term Fixed Income Composite included the short term fixed segments of balanced accounts. On a monthly basis cash was allocated to the fixed segment based on relative net assets. The Merrill Lynch 1-3 year Treasury Index tracks the performance of U.S Treasury Notes and Bonds having at least one but no greater than three years remaining to maturity.

Municipal Bond Composite

January 1, 2008 through December 31, 2017

Year	Gross Return %	Net Return %	Muni Index %	3 Yr. Annualized Standard Deviation Composite	3 Yr. Annualized Standard Deviation Index	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2008	3.85	3.40	4.76	2.85	3.07	1.38	281	365.60	16.70	80
2009	5.51	5.07	6.62	3.45	3.64	1.58	303	352.72	14.36	77
2010	2.10	1.65	3.03	3.86	3.84	0.64	16	73.77	2.66	0
2011	7.36	6.88	6.76	3.08	2.88	1.62	17	75.77	2.60	0
2012	3.42	2.96	3.07	2.62	2.16	0.93	18	74.23	2.31	0
2013	-0.40	-0.85	0.02	2.38	2.16	0.55	15	47.57	1.24	0
2014	3.88	3.42	3.85	2.08	1.90	1.64	14	51.50	1.23	0
2015	2.29	1.83	2.20	1.80	1.86	0.27	10	29.27	0.68	0
2016	0.29	-0.16	-0.15	1.92	2.16	0.33	10	30.86	0.68	0
2017	2.68	2.22	3.03	1.96	2.27	0.37	10	27.41	0.53	0

The Municipal Bond Composite consists of all discretionary, taxable, fee-paying, accounts investing in investment-grade securities issued by state and local governments to provide stability and tax-free income along with the highest possible return while minimizing the risk to principal through management of duration, maturity distribution, sector distribution, liquidity and credit quality. Prior to 2007, only accounts with a minimum market value of $1 million were included in the composite. The composite was created in 1999. Prior to 2010, the Municipal Bond Composite included the municipal bond segments of balanced accounts. On a monthly basis cash was allocated to the municipal bond segment based on relative net assets. The Bloomberg Barclays Municipal Short/Intermediate Index tracks the performance of investment-grade rated U.S. municipal bonds having at least one, but no greater than 10 years remaining to maturity.

Disclosures

Ferguson Wellman Capital Management and West Bearing Investments, a Division of Ferguson Wellman, (together "Ferguson Wellman") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Ferguson Wellman has been independently verified for the periods January 1, 1996 through December 31, 2016. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

1. Ferguson Wellman is an independent investment adviser registered under the Investment Advisers Act of 1940. This registration as an investment adviser does not imply a certain level of skill or training. Ferguson Wellman provides traditional portfolio management services to a diversified group of clientele including corporate and Taft-Hartley retirement plans, foundations and endowments, as well as individual investment portfolios. A complete list and description of firm composites and additional information regarding policies for calculating and reporting returns are available upon request.

2. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the indexes are fully invested and include the reinvestment of capital gains and income. The index returns do not include any transaction costs, management fees or other costs. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

3. Gross returns are presented before management fees, custodial fees and withholding taxes, but net of all trading expenses. Net returns are calculated using model investment advisory fees and are derived by deducting 1/12th of the maximum fixed fee rate in effect for the respective time period from each account's monthly gross return. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and also may be found in Part II of its Form ADV. Effective June 30, 2013 Investment Advisory Fees for equity and balanced accounts are 1% of the first $2 million; .85% above $2 million. Fixed income fees are .45% of the first $10 million, .35% of the next $10 million, .25% of the next $30 million and negotiable over $50 million. Valuations are computed and performance is reported in U.S. Dollars.

4. Past performance is not an indicator of future results.

5. The dispersion of annual returns is measured by the asset-weighted standard deviation of account returns represented in the composite for the full year.

6. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation may not be presented if 36 monthly returns for the composite, including the supplemental information, are not available.

International Composite*

January 1, 2001 through December 31, 2009

Year	Gross Return %	Net Return %	EAFE Index %	Internal Dispersion %	Number of Accounts	Composite Assets ($ millions)	% of Firm Assets	% of Carve-outs
2000	-16.53	-16.63	-13.95	2.02	20	39.74	1.84	100
2001	-22.82	-22.90	-21.21	0.50	17	29.07	1.47	100
2002	-20.10	-20.19	-15.66	1.49	14	21.77	1.27	100
2003	34.03	32.98	39.17	3.78	11	10.57	0.56	100
2004	14.57	13.64	20.70	0.86	11	13.18	0.66	100
2005	16.44	15.51	14.02	0.58	9	13.57	0.61	100
2006	25.35	24.36	26.86	1.08	35	42.19	1.69	100
2007	10.79	9.88	11.63	2.24	272	142.61	5.30	100
2008	-39.75	-40.33	-43.06	2.81	295	69.74	3.19	100
2009	37.65	36.57	32.46	4.67	279	133.58	5.44	100

The International Composite consists of all discretionary, fee paying, international equity accounts that are managed to the International model and is supplemental to the Balanced Composite. To minimize accounting risk and reduce custodial fees, investment is primarily in high-quality, large-cap ADRs from both developed and emerging economies; the companies must be of high-quality that trade at least 100,000 shares per day. There is also exposure to all economic sectors associated with the MSCI ACWI ex-U.S. index. Prior to 2007, the only accounts with a minimum of $500,000 were included in the composite. The composite was created in 1999. The International Composite includes the international equity segments of balanced accounts. On a monthly basis cash is allocated to the international equity segment based on relative net assets. The Morgan Stanley Capital International All Country World Index (MSCI EAFE) is a market capitalization weighted index composed of companies representative of the market structure of 20 developed market countries in Europe, Australia and the Far East. The index is calculated with gross dividends reinvested in U.S. Dollars.

*Please see disclosures on next page.

Supplemental Disclosures

Ferguson Wellman Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

1. Ferguson Wellman Capital Management is an independent investment adviser registered under the Investment Advisers Act of 1940. Ferguson Wellman Capital Management, Inc. provides traditional portfolio management services to a diversified group of clientele including corporate and Taft-Hartley retirement plans, foundations and endowments, as well as individual investment portfolios. A complete list and description of firm composites and additional information regarding policies for calculating and reporting returns are available upon request.

2. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the indexes are fully invested and include the reinvestment of capital gains and income. The index returns do not include any transaction costs, management fees or other costs. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

3. Gross returns are presented before management fees, custodial fees and withholding taxes, but net of all trading expenses. Net returns are derived by deducting the highest applicable fee rate in effect for the respective time period from the gross return. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and also may be found in Part II of its Form ADV. Investment Advisory Fees for equity and balanced accounts are .85% of the first $5 million, .70% of the next $5 million, .50% of the next $40 million and negotiable over $50 million. Fixed income fees are .45% of the first $10 million, .35% of the next $10 million, .25% of the next $30 million and negotiable over $50 million. Net return calculations differed for periods prior to 2003: asset class carve-out accounts were assessed a fee equivalent to the percentage its asset class represented in the total balanced account. The net of fees figure was calculated on a monthly basis by subtracting the fee from each account and recalculating the monthly net return. Valuations are computed and performance is reported in U.S. Dollars.

4. Past performance is not an indicator of future results.

5. The dispersion of annual returns is measured by the asset-weighted standard deviation of account returns represented in the composite for the full year.

6. Ferguson Wellman invests in a variety of asset classes, tailoring each portfolio to the client's specific needs. As a result, a client's portfolio may include several strategies managed by Ferguson Wellman. Carve-out returns are presented to highlight specific strategies within a multi-asset class portfolio. Effective January 1, 2010 the GIPS standards do not allow carve-outs with allocated cash to be included in composites. As of December 31, 2009, carve-outs represent 100% of the International Composite. As a result, the International Composite terminated as of December 31, 2009. Performance beginning January 1, 2010 for the composite is presented as supplemental information to the Balanced Composite. Please see page one for performance periods beginning January 1, 2010.

Draft Board Statement on the Investment of Quasi-Endowment Funds

1.0 Purpose of the Investment Portfolio

The primary purpose of the investment portfolio is to maintain the purchasing power of the Western Oregon University Quasi-Endowment assets over the mid-but unspecified term, to support **scholarships** and other University programs.

2.0 Organization Fiduciary

WOU Board of Trustees will be referred to as "The Board" throughout this Board Statement. The Board will engage an investment management consultant to manage the day-to-day investment decisions on the investment portfolio.

3.0 Investment Objective

The Board desires that its quasi-endowment portfolio will grow, over time, at a rate exceeding the consumer price index and will achieve that growth at a steady rate over time at increments less volatile than the stock market indices. The Board believes that a diversified equity and fixed income portfolio has the best chance to achieve this objective. Because of the mid-term nature of the expected uses of this fund, the assets should be invested into a balanced portfolio of equities and fixed income. However, the portfolio will not sacrifice growth of the quasi-endowment with potential hazard to the environment. Investments prohibited are defined at the conclusion of the policy.

4.0 Investment Time Horizon

The expected investment horizon for this Plan is mid-but unspecified term with the Board having an authority to spend down the funds.

5.0 Targeted Rate of Return

Over a five year market cycle, it is the goal of the Aggregate Plan Assets to achieve an average annual return, net of fees, of **5.0%**

The investment goals above are the objectives of the Aggregate Plan, and are not meant to be imposed on each individual investment account.

6.0 Strategic Asset Allocation

Asset Class	Minimum	**TARGET**	Maximum
Cash & Equivalents	0%	**5%**	25%
Fixed Income	15%	**40%**	60%
US Equities	25%	**35%**	65%
International Equities – Developed	5%	**15%**	30%
Emerging Markets	0%	**5%**	10%

*Alternative Investments	0%	**0%**	0%

Equities: 55%	**Fixed Income: 40%**	**Alternatives: 0%**	**Cash: 5%**

*Alternative investments would include REIT's (Real Estate Investment Trusts), Commodities, Private Equity, Foreign Currency, Structured Products, and any other non-traditional asset class that the Board deems appropriate.

7.0 Fiscally and Socially Responsible Investing

The Board will not allow more than **10%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below **"A"** (or equivalent). The Board will not allow more than **5%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below **"BBB"** (or equivalent).

In accordance with socially responsible investing, the portfolio will refrain from investing directly in fossil fuels.

The University campus is tobacco-free. As such, the Socially Responsible Portfolio will abstain from investing directly in tobacco companies.

8.0 Portfolio Rebalancing

The Portfolio will be reviewed at least semi-annually by the Investment Management Consultant to rebalance the portfolio back to the Board's preferred asset allocation. The Board will review this Board Statement annually or more often as needed to ensure its continued appropriateness.

9.0 Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Management Consultant shall be reviewed by the Board, the Board's Finance and Administration Committee, or the University's Vice President for Finance and Administration or designee at least quarterly. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over a 3-5 year period, but reserves the right to terminate an investment manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding Performance, Personnel, Strategy, Research Capabilities, Organizational and Business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

10.0 Roles and Responsibilities

10..1 ROLE OF THE BOARD

- Review the performance of the Investment Consultant to ensure the assets are invested within the guidelines of this Board Statement.
- Review this Board Statement for accuracy and completeness.
- Provide accurate, complete financial information to the Investment Management Consultant and alert the Investment Management Consultant to any significant changes to this information, including changes to the Board’s financial objectives.
- Participate in periodic portfolio reviews with the Investment Management Consultant.

10.2 ROLE OF THE INVESTMENT MANAGEMENT CONSULTANT

- Prudently invest the portfolio assets within the guidelines of this Board Statement.
- Develop portfolio guidelines based on University’s financial status, investment objectives, liquidity needs, tolerance for risk and investment time horizon.
- Provide the Board with portfolio reporting upon request.
- Recommend changes in asset allocation guidelines for this portfolio.
- Respond promptly to the Board’s concerns and inquiries.

10.3 ROLE OF THE UNIVERSITY PRESIDENT, VPFA, AND THEIR DESIGNEES

- Contact the Investment Management Consultant with any questions or concerns regarding the investments.
- Monitor Investment performance on on-going basis
- Provide the Board with the attribution analysis based on Investment Management Consultant’s performance versus the benchmarks.
- Participate in monthly portfolio reviews with the Investment Management Consultant.

University Budget

Presented by Camarie Campfield
Budget Manager
Western Oregon University

With thanks to Linda A. Kosten, Ph.D. and Lisa A. Frace from WACUBO for slide content

Purpose

- WOU has adopted a decentralized budget management style
- Departments have control over all of their funds, within university guidelines
- We are providing this self-paced training on basic concepts and terms to help you with the transition
- You can complete this at your own pace; however, it is required prior to the in-person budget training.

Concepts

Accounting, budgeting, & finance

Purpose

Way you think about budgets

Concepts

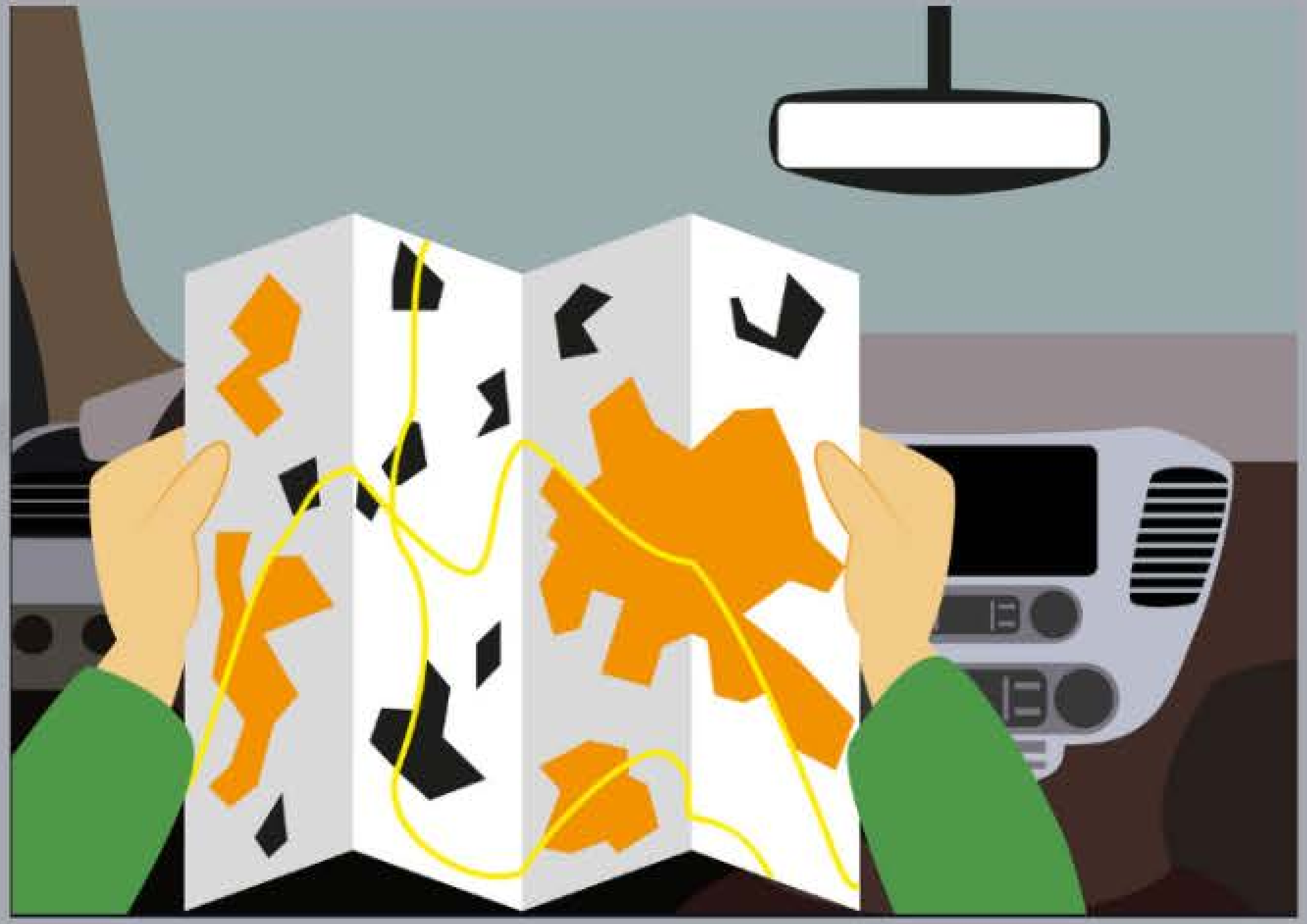
- What is a budget?
- Why do we budget?
- How to distinguish budgeting from accounting
- How budgets fit into the world of finance
- Understanding budgetary fund sources
- Understanding fund uses
- Resource duration and designations

Finance is the umbrella under which accounting and budgeting fall

A budget serves multiple purposes

- A forecast of revenues, spending, and saving
- A tool for the allocation of current and anticipated financial resources
- A reflection of organizational values and priorities
- A means to promote good management
- An instrument to monitor progress and funds usage
- A method of communication

Shifting the understanding of budgets



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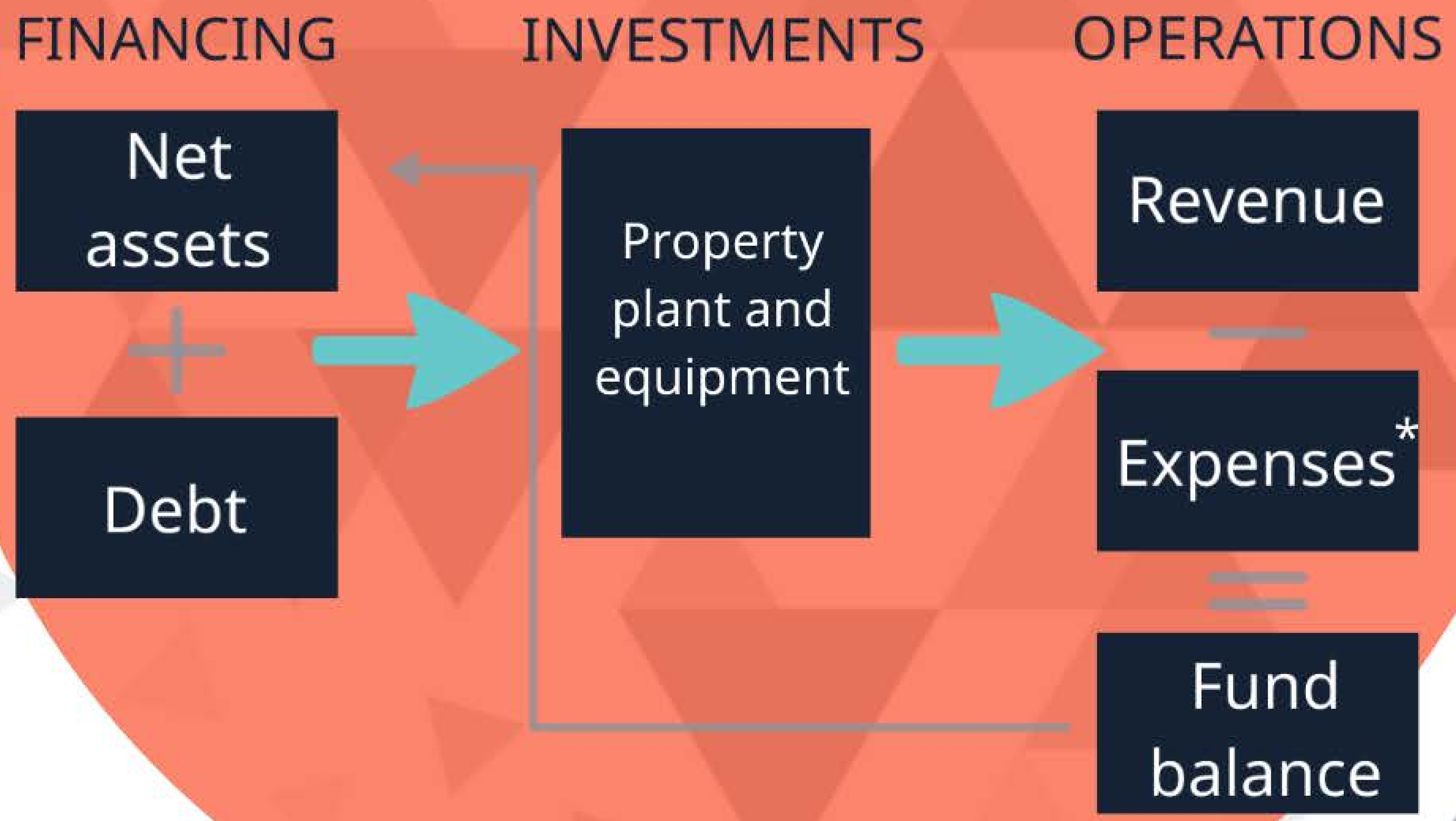
Higher education finance terminology



*Includes personnel expenses

Budget creation

Most of us create budgets focused on our operating activities

... but budgets may also include balance sheet obligations like debt service payments and funding for capital investments for property, plant, and equipment

OPERATIONS

Revenues

−

Expenses

=

Fund balance

Western Oregon University

University Budget

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In higher education, we need to know certain things about our money

REVENUES
- Source
- Restrictions

EXPENSES
- Natural classification
- Functional classification

BOTH REVENUES & EXPENSES
- Fungibility
- Duration

Sources

Restrictions

Natural classifications

Functional classifications

Fungibility

Duration

Our revenue comes from different sources

Revenues

Tuition	Students, families, third-party, employers
Appropriations	HECC SSCM funding model
Research support	Federal government, state & local grants
Private support	Donors, sponsorships
Auxiliary income	Housing, dining, parking, bookstore
Sales and services	Conferences, ticket sales, medical centers
Interest income	Endowments, cash balance annual earnings

HECC Students Success and Completion Model

Consists of three components:

- Mission Differentiation Funding Allocation - supports a public university's activities consistent with Regional Support, Mission Support, and Research Support
- Outcomes-Based Allocation - determined by the most recent three-year average total cost weighted degrees produced, student type, and priority area
- Activity-Based Allocation - determined by the most recent three-year average total, cost weighted, completed, resident student credit hours (SCH)

Mission Differentiation Allocation is completed first, with the remaining funds then being allocated 60% to Outcomes-Based and 40% to Activity-Based

Some funds have more restrictions than others and we must comply with those restrictions

Revenues

Unrestricted (largely)	Restricted
Tuition	Federal research
State appropriations	Gifts*
Sales & services	Course fees

*Gifts may be unrestricted; it is dependent on donor instructions

We use "natural" classifications to group and manage our expenses

Expenses

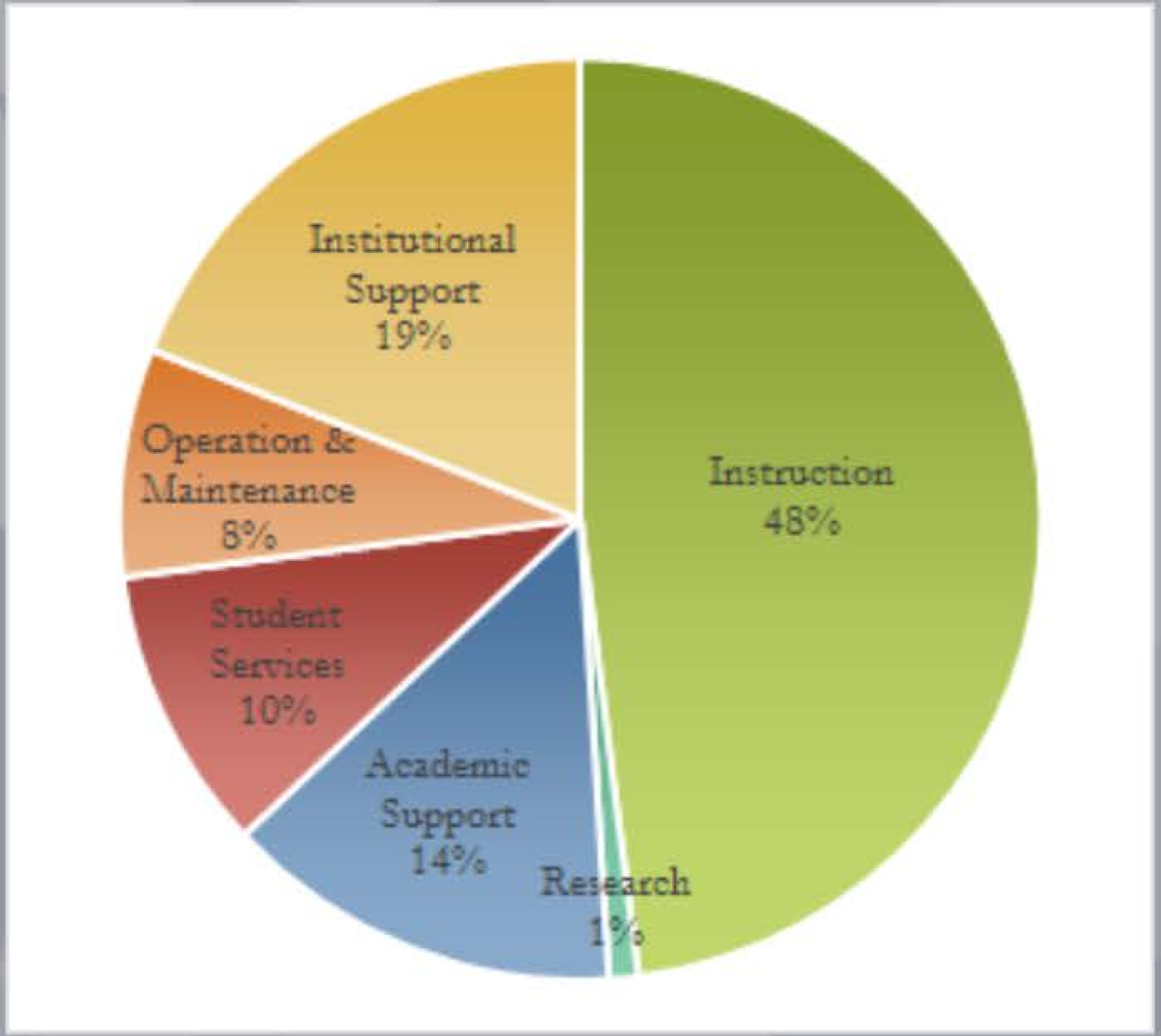
- Salaries and wages
- Employee benefits
- Scholarships
- Supplies and services
- Utilities
- Travel
- Professional development
- Marketing
- Depreciation

We also use "functional" classifications to show how our expenses support our mission

Expenses

- Instruction
- Research
- Public service
- Academic support
- Student services
- Institutional support
- Auxiliary enterprises
- Service centers
- Student financial assistance
- Operation and maintenance of plant

WOU's E&G FY19 Budget



Funds can be more or less fungible (flexible) depending on their source or our designations

Some activities are supported by "designated" funds, which are less fungible

- Faculty development
- Student aid
- Research
- Building renovation
- IFC

Other activities are supported by undesignated funds

- Instruction
- Office support
- Technology
- Auxiliary services (housing, dining, bookstore, parking)

It is also important to be aware of the timing and duration of your funding

	Revenues	Expenses	Fund balance or reserve
Recurring, on-going, or permanent			X
One-time or temporary			

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Scenario Examples

- Vacant Position
  - Obligations: Vacation payout, recruitment expense, temporary replacement expense
  - Information: How much money are you working with?
- Course fees
  - Actual earnings
- Unexpected major expense
  - Elevating to higher budget authority

Budget Rollover

Budget JVs

Budget Rollover

- Requests filter up to Deans, Vice Presidents, etc.
- Memo to the President
  - How much is the request?
  - How much is available from PY budget?
  - What's the purpose?
- Once FY is over, assess our position as a University as a whole, and the President will make the decisions
- Loaded into Banner budgets as an adjustment

Budget JVs

- Different than actual JVs
  - Purpose
  - Rule code
- Not necessary within indexes
- Training available to learn how to do these yourself
- Email request
  - Index, account, amount, reason

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Contact me if you have any questions!

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Resources are also available at www.wou.edu/budget