

**Education and Training Endowment Fund Winter Trustee Report
To the Board of Trustees of the Pacific Northwest Section – AWWA**

January 29, 2018

The E&T Fund has continued to increase in value during the last quarter of 2017 due both to an increase in invested fund balances and from contributions to the fund in December and January from subsections and private donors. 2017 has produced the best increase in market value of securities (i.e. stock market) over the last 20 years. The fund has greatly benefited from that increase as can be seen in the reporting below of fund values and changes to 1/28/2018.

Category	Value at start of 2017	Change during 2017	Value at end of 2017	Change during 2018	Value on 1/29/2018
E&T Fund Total	\$810,475	\$158,238	\$968,713	\$79,588	\$1,048,301
Total Principal	\$541,963	\$74,208	\$616,171	\$16,183	\$632,354
Principal Dedicated to Scholarships	\$223,101	\$63,508	\$286,609	\$16,183	\$302,792
Principal Not Dedicated	\$318,862	\$10,700	\$329,562	\$0	\$329,562
Retained Earnings	\$268,512	\$84,030	\$352,542	\$63,405	\$415,947
Capital Appreciation		\$120,030		\$63,405	
Donations to Fund		\$34,208		\$16,183	
Transfer to Scholarship Committee		\$21,000		\$30,000	

The E&T Fund Board conducted two conference calls with its fund advisor and met formally one time during the last quarter. The primary results of those meetings are:

- The Board developed a formula as a guide to when market conditions may justify an increase in the transfer to the Scholarship Committee.
- The Board developed a stress test for the fund to determine its ability to withstand downturns in the economy and still be able to meet its requirements for minimum transfers to the Scholarship Committee for the dedicated scholarships. The test showed that the fund can withstand normal variations in the economy and still continue to keep up with inflation and the required transfers. A downturn of or greater than 30% would challenge the fund's ability to meet its commitments.
- The Board decided that the current growth of the fund and predictions of reasonable economic growth in 2018 justify an increase in the transfer amount even beyond with the new formula

recommends. Therefore, the Board is proposing to increase the budgeted transfer from \$24,000 to \$30,000 for 2018.

- The Board has started a dedicated scholarship to serve as the matching funds for AWWA Operator scholarship and will be starting to recruit donations for that fund at the Winter Board meeting.

Significant donations were received during the last quarter. The fund received another \$10,000 donation from Mrs. Alsing – making the Albert Alsing Scholarship at \$4,667, the largest we have. We also received thousand dollar or more donations from the NW Washington, Inland Empire, and Southern Oregon subsections. Clair Olivers continued his monetary support for the fund by making challenge donations to the Past Chairs and Chis Uber scholarships. MSA matched Clair’s challenge and the Past Chairs Committee is working to do the same.

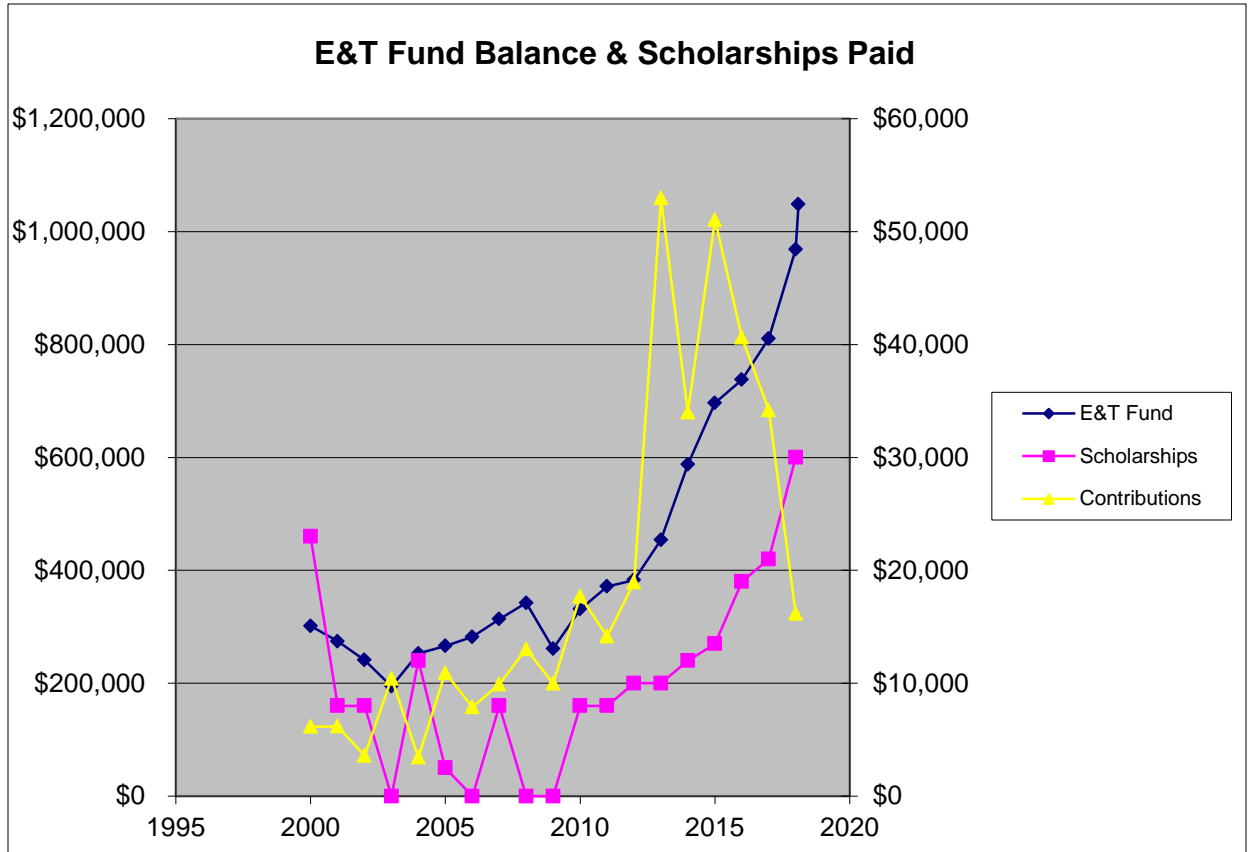
For those that want to see the detail for the dedicated scholarships, we have attached a spread sheet that shows all the donations for the last couple of decades

Also for your information, we have attached a listing from Morgan Stanley of all the mutual funds that the E&T Fund is currently invested in.

To provide a sense of history for the E&T Fund, the following table and graph are provided to show the progress of the fund since 2000.

Date	E&T Fund Total	Year	Transfer for Scholarships	Total Donations to E&T Fund
1-Jan-00	\$301,578	2000	\$23,000	\$6,164
1-Jan-01	\$274,385	2001	\$8,000	\$6,182
1-Jan-02	\$241,222	2002	\$8,000	\$3,574
1-Jan-03	\$194,549	2003	\$0	\$10,428
1-Jan-04	\$252,732	2004	\$12,000	\$3,443
1-Jan-05	\$265,903	2005	\$2,500	\$10,938
1-Jan-06	\$282,256	2006	\$0	\$7,884
1-Jan-07	\$313,614	2007	\$8,000	\$9,918
1-Jan-08	\$342,333	2008	\$0	\$13,033
1-Jan-09	\$261,187	2009	\$0	\$9,988
1-Jan-10	\$331,305	2010	\$8,000	\$17,709
1-Jan-11	\$371,542	2011	\$8,000	\$14,150
1-Jan-12	\$382,769	2012	\$10,000	\$18,937
1-Jan-13	\$453,847	2013	\$10,000	\$53,000
1-Jan-14	\$587,584	2014	\$12,000	\$34,000
1-Jan-15	\$696,717	2015	\$13,500	\$51,073

1-Jan-16	\$737,777	2016	\$19,000	\$40,633
1-Jan-17	\$810,475	2017	\$21,000	\$34,208
1-Jan-18	\$968,713	2018	\$30,000	\$16,183
29-Jan-18	\$1,048,301	2018.1	\$30,000	\$16,183



The E&T Board will prepare a short presentation for the Board at the Winter Trustee meeting and be available to answer questions the Trustees may have.

Respectfully Submitted,

Bob Willis

Chair, E&T Fund Board