

**MINUTES OF THE AUGUST 14, 2018
INVESTMENT COMMITTEE MEETING
OF THE
PATRICK AND AIMEE BUTLER FAMILY FOUNDATION**

The Investment Committee meeting of the Patrick and Aimee Butler Family Foundation was held on Tuesday, August 14, 2018, at 3:00 p.m. Central Time via conference call.

The meeting was called to order by Patrick O'Brien, Chair of the Investment Committee. John K. Butler acted as recording Secretary of the meeting.

Upon call of the Secretary, the following Committee members were present: Brigid Butler and Patrick O'Brien. Also present was John Butler.

The Chair called for consideration of the minutes of the February 9, 2018 meeting of the Investment Committee. Upon motion duly made, seconded and unanimously carried, the minutes of the February 9, 2018 Investment Committee meeting were approved, ratified and confirmed.

The Chair called on Mr. John Butler, Chief Investment Officer, to review the current holdings of the portfolio and summarize any major changes since December 31, 2017. Mr. Butler began by reviewing the Wells Fargo Summary Statement. Mr. Butler then reviewed Individual Manager performance and any asset allocations. Mr. Butler highlighted the status of two new investments made by the Foundation during the first half of the year, the Templeton Global Total Return Fund and the Vanguard Small-Cap Index Fund. Both of these funds have been previously discussed by the Committee. Finally, Mr. Butler reviewed the overall performance for 2017 of the Foundation versus the Council on Foundations peer group. The Butler Family Foundation returned 12% versus 15% for the peer group.


The Committee next reviewed the Investment Policy Statement. The current statement was adopted by the Board of Trustees on October 21, 2017, and the Investment Committee Charter notes that it will be reviewed by the Committee each year at the August meeting. Mr. Butler recommended a number of minor changes to clarify the various asset classes used by the Foundation. After review and discussion, it was decided to recommend that these changes be approved by the Board of Trustees at the Fall meeting.

Mr. Butler then provided the Committee with an update on several of the limited partnerships held by the Foundation. During the first half of the year, the Foundation received notice that Northstar Mezzanine Partners III had successfully exited its remaining portfolio investment and they will begin the process of a final distribution. It is expected that the final net IRR of the Fund will be 11%. Mr. Butler also mentioned that Northstar Capital will be launching a Fund VII later in the year. Given the Foundations long history with Northstar, it will certainly look closely at investing in the Fund. Mr. Butler next provided the Committee with an update of the Equilibrium Wastewater Opportunity Fund. The Fund has called about 30% of the Foundation's total capital commitment (\$3 million) to date, and expects the remaining capital will be called will be called in 2018 and 2019. Although it is still very early in the process, it appears the Fund's returns are tracking ahead of original expectations.

Mr. Butler then discussed the topic of "Does Value Investing still work"? He began by noting that the Foundation's equity portfolio has a bias toward value stocks, which tend to be more defensive and have generally outperformed over the long-term. However, during any time period over the past ten years growth stocks have outperformed value stocks by a wide margin, with the outperformance driven primarily by several well-known technology stocks. Mr. Butler explained that this is not that unusual in a long bull market, and that we must wait for a correction to be able to evaluate whether value investing has indeed become less effective. So the recommendation is to stay the course.

The next Committee meeting will be in February, 2019. The meeting will be scheduled in January and materials for the meeting will be sent one week prior to the meeting.

The meeting adjourned at 3:45 p.m. Central Time.


John K. Butler, Secretary

ATTEST: 
Patrick O'Brien, Committee Chair