

**MINUTES OF THE FEBRUARY 19, 2020  
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 Wednesday, February 19, 2020, at 4:00 p.m. Central Time via conference call.

The meeting was called to order by Patrick O'Brien, current 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: Patrick O'Brien. Also present was Foundation Chief Investment Officer John Butler.

The Chair called for consideration of the minutes of the August 14, 2019 meeting of the Investment Committee. After discussion, and having received no comments from Committee members who were not present but had received the minutes, it was agreed the minutes would stand as currently written.

The Chair then called on Mr. John Butler, Chief Investment Officer, to provide an overview of the markets in 2019. Mr. Butler noted that although the year-end results are distorted by the equity market declines in the final three months of 2018, there is no question that 2019 was an exceptionally strong year for all asset classes, including both equities and fixed income. While he believes markets in general are still expensive and that it would not be surprising to see some weakness in the months ahead, he reminded the Committee that he has made similar cautionary statements in the past.

The committee then reviewed the 2019 year-end summary statement, which is produced by the Foundation's custodian, Wells Fargo. Mr. Butler noted that following the strong returns in 2019, the total assets of the Foundation are now at a record high of \$110 million.

Mr. Butler next reviewed the performance of the overall Foundation portfolio for the year. The Foundation's total return for 2019 was 17%, which marks the second highest return for the Foundation in the past twenty years (2013 was the highest at 19%). Mr. Butler estimated that the expected returns of other private foundations will be in the around 15%, although final results will not be known until August. And while Mr. Butler emphasized the importance of a diversified portfolio, he noted that 2019 marks the 10<sup>th</sup> straight year that the average foundation underperformed a non-diversified portfolio.

Mr. Butler then reviewed the asset allocation of the Foundation and the performance of the Foundation's individual asset managers. As of December 31, 2019, the asset allocation remains within the targets set by the Foundation's Investment Policy Statement, with the exception of U.S. equities, which are 2% below the lower end of the target range. This underweight is offset by international equities, which are 1% above the upper end of the target range. Mr. Butler also noted that the allocation to the dedicated small-cap manager now stands at 7% of the total portfolio, compared to 3% at year-end 2018 and 0% at year-end 2017. Mr. Butler also reviewed the performance of the individual asset managers.

Next, Mr. Butler reviewed with the Committee the schedule showing the managers of the various asset classes of the Foundation, where the assets are held (i.e., who is the custodian) and the estimated fees paid by the Foundation. Mr. Butler then discussed the total cost of managing the Foundation's assets versus the costs incurred by other foundations and noted that the Butler Foundation's costs remain well below average.

Mr. Butler then updated the Committee on any potential new investments or recent changes. He noted that the only recent new investment was a \$3 million commitment to the North Haven Infrastructure III Fund (Morgan Stanley). The Fund has made two initial investments, but has not yet called any capital.

Finally, Mr. Butler reminded the Committee that at the 2019 spring meeting the Board approved changes to the Investment Committee Charter that allowed non-family members to serve on the Committee (subject to Board approval). Mr. Butler outlined the background and work experience of Ronald L. Kaliebe, who Mr. Butler is recommending be added to the Committee in this role. After discussion, the Committee agreed to recommend to the Board at the spring 2020 Board meeting that Mr. Kaliebe be added as a non-family member of the Investment Committee.

The next Committee meeting will be in August of 2020. The meeting will be scheduled in July and materials for the meeting will be sent one week prior to the meeting.

The meeting adjourned at 4:45 p.m. Central Time.

  
John K. Butler, Secretary

ATTEST:   
Patrick O'Brien, Committee Chair