

Butler Family Foundation Investment Committee

Conference Call

February 17, 2017 at 10:00 a.m. CT

- I. Welcome
- II. Approval of Minutes
- III. Election of Committee Chair
- IV. Portfolio and Performance Update
 - A. Portfolio Summary Statement
 - B. Overall Foundation Performance
 - C. Individual Manager Performance
 - D. Summary of Fees and Managers
- V. Update on Wells Fargo Relationship
- VI. Update on legacy limited partnerships
- VII. Other Business

Attachments:

- a. Minutes of August 17th Investment Committee
- b. Investment Committee Members
- c. Wells Fargo Portfolio Summary Statement
- d. Historical Portfolio Performance
- e. Individual Manager Performance
- f. Summary of Fees and Managers
- g. Summary of limited partnerships

**MINUTES OF THE AUGUST 17, 2016
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, August 17, 2016, at 10:00 a.m. Central Time via conference call.

The meeting was called to order by Patrick Butler, who acted as Chair of the meeting. John K. Butler acted as recording Secretary of the meeting.

Upon call of the Secretary, the following Committee members were present: Patrick Butler, Jr., Bridget McElroy, Brigid Butler and Peter K. Butler. Also present were John Butler and Robert Hybben.

The Chair called for consideration of the minutes of the February 24, 2016 meeting of the Investment Committee, which had been previously circulated to the Committee members. The committee requested that under the attestation the title for Patrick Butler be changed from Vice-President to Committee Chair. Upon motion duly made, seconded and unanimously carried, the minutes of the August 5, 2015 Investment Committee were approved, ratified and confirmed as corrected.

Patrick Butler commented that it would be beneficial to have more expertise on the Committee. Mr. John Butler mentioned that he was talking to Patrick O'Brien about joining the Committee, and that Patrick has an extensive finance and investment background. The Committee expressed the opinion that Mr. O'Brien would be an excellent addition.

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, 2015. Mr. Butler began by orientating Committee members with the new summary statements produced by the Foundation's custodian, Wells Fargo. Mr. Butler noted that reports from the custodian are considered the book of records for the account. This report replaces the Portfolio Appraisal report previously shown to the Committee. The Committee commented that they would like the opportunity to see more detailed investment reports. Mr. Butler recommended that the full Wells Fargo report (125 pages) be made available for Trustees at the Spring and Fall meetings. The Committee agreed with this suggestion. Mr. Butler then reviewed the performance of the portfolio and asset allocation, noting that the performance for the first six months of the year was strong, and that the actual asset allocation was within target ranges for all asset classes.

The Committee next reviewed the Investment Policy Statement. The current statement was adopted by the Board of Trustees on October 3, 2014, and the Investment Committee Charter notes that it will be reviewed by the Committee each year at the August meeting. After review and discussion, it was decided that no changes needed to be made to the Statement.

Mr. Butler then provided the Committee with an update on any new investments or any significant changes to current investments. He noted that the Foundation's most recent investment, the Wastewater Opportunity Fund, had has two capital calls totaling \$233,000 since the investment

closed in March of this year. The Fund anticipates calling between 20-35% of committed capital this year. Mr. Butler stated that the annual meeting for the Fund will be held in Columbus Ohio in October and that he is planning to attend. Both the Northstar Mezzanine Fund and the Morgan Stanley Real Estate Fund continue to call capital.

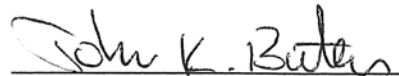
Mr. Butler then gave the Committee a brief overview of what is called the "J Curve", and referenced an article on the subject by Goldman Sachs. The J Curve refers to phenomenon of poor returns in the early years of many private investments. This is an important concept for the Committee to understand, as the Foundation has invested in a number of private investments in the past two years. The Committee agreed that while the J Curve is a negative for private investments, it was offset by the many positive attributes of this investment class.

The next Committee meeting will be in February, 2017. 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 11:00 p.m. Central Time.

ATTEST:

Patrick Butler, Jr., Committee Chair


John K. Butler, Secretary

Butler Family Foundation Investment Committee Members

Below are the current members of the Butler Family Foundation Investment Committee:

- Bridget E. McElroy (elected May 2014)
- Brigid M. Butler (elected May 2014)
- Patrick Butler (elected May 2014, selected as Chair May 2014)
- Peter K. Butler (elected October 2016)
- Patrick W. O'Brien (elected October 2016)

Recent Changes:

- None

Notes:

- Members are elected to a three-year term at the Fall Board meeting
- The Committee will select a Chair (two-year term)
- The Treasurer of the Foundation is a designated member of the committee
 - This provision was temporarily suspended since John Butler was elected Treasurer (discussed at October 2016 meeting)

FD433
SUMMARY STATEMENT
OF INVESTMENT HOLDINGS
BY SECURITY CATEGORIZATION

PATRICK AND AIMEE BUTLER FAMILY FOUNDATION
CONSOLIDATED ACCOUNT
BASE CURRENCY: USD

PAGE 6
25007299
AS OF DECEMBER 31, 2016

	<u>COST</u>	<u>MARKET VALUE</u>	<u>ACCRUED INCOME</u>	<u>%GAIN (LOSS)</u>	<u>% MKT</u>	<u>ESTIMATED ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
SETTLED CASH	1,586.39	1,586.39	0.00	.0	.0	0.00	.00
RECEIVABLES	406,592.94	406,592.94		.0	.4		
PAYABLES	(181,157.81)	(181,157.81)		.0	(.2)		
NET CASH	<u>227,021.52</u>	<u>227,021.52</u>		<u>.0</u>	<u>.2</u>		
CASH EQUIVALENTS SHORT TERM FUNDS	12,714,404.02	12,714,404.02	1,752.40	.0	12.3	28,488.56	.22
CASH EQUIVALENTS	<u>12,714,404.02</u>	<u>12,714,404.02</u>	<u>1,752.40</u>	<u>.0</u>	<u>12.3</u>	<u>28,488.56</u>	<u>.22</u>
FIXED INCOME							
GOVERNMENT AND AGENCIES	5,084,843.92	4,920,437.86	21,407.37	(3.2)	4.7	249,657.24	5.07
BOND FUNDS	896,607.80	895,991.77	2,645.77	(.1)	.9	79,141.96	8.83
MUNICIPAL BONDS	1,302,627.19	1,254,612.73	17,917.61	(3.7)	1.2	57,891.64	4.61
CORPORATE BONDS AND NOTES	5,243,483.59	5,079,772.67	55,261.16	(3.1)	4.9	221,845.66	4.37
ASSET-BACKED SECURITIES	753,526.35	764,327.46	3,097.59	1.4	.7	26,022.79	3.40
COLLATERALIZED MTG-BACKED	445,720.94	425,061.27	1,287.80	(4.6)	.4	16,690.39	3.93
FIXED INCOME	<u>13,726,809.79</u>	<u>13,340,203.76</u>	<u>101,617.30</u>	<u>(2.8)</u>	<u>12.9</u>	<u>651,249.68</u>	<u>4.88</u>
PREFERRED STOCK PREFERRED STOCK MISC	105,280.00	104,360.00	0.00	(.9)	.1	5,900.00	5.65
PREFERRED STOCK	<u>105,280.00</u>	<u>104,360.00</u>	<u>0.00</u>	<u>(.9)</u>	<u>.1</u>	<u>5,900.00</u>	<u>5.65</u>
COMMON STOCK							
HEALTH CARE	2,970,119.04	6,225,180.00	10,270.00	109.6	6.0	150,560.00	2.42
FINANCIALS	4,022,550.33	7,486,974.63	9,800.00	86.1	7.2	170,542.16	2.28
CONSUMER STAPLES	1,310,896.84	2,611,360.00	0.00	99.2	2.5	75,174.00	2.88
CONSUMER DISCRETIONARY	636,237.90	2,207,560.00	0.00	247.0	2.1	56,400.00	2.55
MATERIALS	1,202,114.54	2,673,540.00	2,220.00	122.4	2.6	48,120.00	1.80
ENERGY	1,685,459.82	2,512,320.00	0.00	49.1	2.4	32,080.00	1.28
INFORMATION TECHNOLOGY	2,857,788.11	5,506,750.00	0.00	92.7	5.3	134,440.00	2.44
INDUSTRIALS	4,569,886.93	9,408,030.00	14,400.00	105.9	9.1	239,560.00	2.55
TELECOMMUNICATION SERVICE	597,175.30	960,840.00	0.00	60.9	.9	41,580.00	4.33
ADR'S	3,726,296.86	4,428,092.00	14,600.00	18.8	4.3	152,642.00	3.45
COMMON STOCK	<u>23,578,525.67</u>	<u>44,020,646.63</u>	<u>51,290.00</u>	<u>86.7</u>	<u>42.4</u>	<u>1,101,098.16</u>	<u>2.50</u>



FD433
SUMMARY STATEMENT
OF INVESTMENT HOLDINGS
BY SECURITY CATEGORIZATION

PATRICK AND AIMEE BUTLER FAMILY FOUNDATION
CONSOLIDATED ACCOUNT
BASE CURRENCY: USD

PAGE 7
25007299
AS OF DECEMBER 31, 2016

	<u>COST</u>	<u>MARKET VALUE</u>	<u>ACCRUED INCOME</u>	<u>%GAIN (LOSS)</u>	<u>% MKT</u>	<u>ESTIMATED ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
EQUITY FUNDS							
MUTUAL EQUITY FUNDS	5,282,122.54	3,827,461.47	455.43	(27.5)	3.7	120,526.58	3.15
EQUITY FUNDS	<u>5,282,122.54</u>	<u>3,827,461.47</u>	<u>455.43</u>	<u>(27.5)</u>	<u>3.7</u>	<u>120,526.58</u>	<u>3.15</u>
MISCELLANEOUS							
OTHER MISCELLANEOUS	360.00	360.00	0.00	.0	.0	0.00	.00
MISCELLANEOUS	<u>360.00</u>	<u>360.00</u>	<u>0.00</u>	<u>.0</u>	<u>.0</u>	<u>0.00</u>	<u>.00</u>
VENTURE/LMTD PART/CLS HLD							
VENTURE CAPITAL	28,291,009.12	29,541,901.00	0.00	4.4	28.5	0.00	.00
VENTURE/LMTD PART/CLS HLD	<u>28,291,009.12</u>	<u>29,541,901.00</u>	<u>0.00</u>	<u>4.4</u>	<u>28.5</u>	<u>0.00</u>	<u>.00</u>
NET ASSETS	<u>83,925,532.66</u>	<u>103,776,358.40</u>	<u>155,115.13</u>	<u>23.7</u>	<u>100.0</u>	<u>1,907,262.98</u>	<u>1.84</u>

Patrick and Aimee Butler Family Foundation - Historical Portfolio Performance

	Butler Family Foundation					Foundation Average					Market Benchmark (65/35)				
	<u>YR</u>	<u>TOTAL</u>	<u>5-YR</u>	<u>10-YR</u>	<u>ITD</u>	<u>YR</u>	<u>TOTAL</u>	<u>5-YR</u>	<u>10-YR</u>	<u>ITD</u>	<u>YR</u>	<u>TOTAL</u>	<u>5-YR</u>	<u>10-YR</u>	<u>ITD</u>
2000	12.8%	12.8%			12.8%	3.1%	3.1%			3.1%	-1.5%	-1.5%			-1.5%
2001	4.9%	18.3%			8.7%	-2.1%	0.9%			0.5%	-5.1%	-6.5%			-3.3%
2002	-1.0%	17.1%			5.3%	-5.7%	-4.8%			-1.6%	-9.9%	-15.8%			-5.5%
2003	16.6%	36.5%			8.1%	12.5%	7.1%			1.7%	19.5%	0.6%			0.2%
2004	11.6%	52.3%	8.8%		8.8%	11.4%	19.3%	3.6%		3.6%	7.9%	8.6%	1.7%		1.7%
2005	4.7%	59.4%	7.2%		8.1%	8.2%	29.1%	4.6%		4.4%	4.0%	12.9%	2.8%		2.1%
2006	12.7%	79.7%	8.7%		8.7%	13.7%	46.8%	7.8%		5.6%	11.7%	26.2%	6.2%		3.4%
2007	6.3%	91.0%	10.3%		8.4%	10.3%	61.9%	11.2%		6.2%	6.2%	34.0%	9.7%		3.7%
2008	-21.2%	50.5%	2.0%		4.6%	-25.9%	19.9%	2.3%		2.0%	-22.1%	4.4%	0.7%		0.5%
2009	16.1%	74.7%	2.8%	5.7%	5.7%	20.5%	44.5%	3.9%	3.8%	3.8%	18.8%	24.0%	2.7%	2.2%	2.2%
2010	11.6%	94.9%	4.1%	5.6%	6.3%	12.5%	62.6%	4.7%	4.7%	4.5%	12.1%	39.0%	4.2%	3.5%	3.0%
2011	1.7%	98.1%	2.0%	5.3%	5.9%	-0.7%	61.5%	1.9%	4.8%	4.1%	4.4%	45.1%	2.8%	4.5%	3.2%
2012	12.6%	123.2%	3.2%	6.7%	6.4%	12.0%	80.8%	2.2%	6.6%	4.7%	12.3%	63.0%	4.0%	6.8%	3.8%
2013	18.6%	164.6%	12.0%	6.8%	7.2%	15.6%	109.1%	11.8%	6.9%	5.4%	20.4%	96.2%	13.5%	6.9%	4.9%
2014	5.0%	177.9%	9.7%	6.2%	7.1%	6.1%	121.8%	8.9%	6.4%	5.5%	11.0%	117.8%	11.9%	7.2%	5.3%
2015	0.7%	179.7%	7.5%	5.8%	6.6%	0.0%	121.8%	6.4%	5.6%	5.1%	0.9%	119.8%	9.6%	6.9%	5.0%
2016	9.5%	206.3%	9.1%	5.5%	6.8%	7.0%	137.3%	8.0%	4.9%	5.2%	8.8%	139.1%	10.5%	6.6%	5.3%

All returns are net of fees

Any returns in italic are estimates

Patrick and Aimee Butler Family Foundation - Individual Manager Performance

<u>Asset Class</u>	<u>Allocation - December 31, 2016</u>				<u>Performance Data - December 31, 2016</u>			
	<u>Assets</u>	<u>Wgt</u>	<u>Target</u>	<u>Range</u>	<u>1 YR</u>	<u>5 YR</u>	<u>ITD</u>	<u>Incep. Date</u>
Cash	\$12.6	12%	5%	0-10%	0.1%	0.0%	NA	NA
Fixed Income								
Sit Investment Assoc.	\$13.9	13%	15%	10-20%	3.3%	3.4%	3.4%	12/31/2011
Barclays Aggregate					2.6%	2.2%	2.2%	
Domestic Equities								
Internally Managed	\$44.0	42%	45%	40-50%	15.7%	14.7%	8.2%	12/31/1999
S&P 500					12.0%	14.7%	4.4%	
International Equities								
Mondrian Investment Group	\$20.5	20%	20%	15-25%	5.3%	5.0%	5.3%	6/30/2004
MSCI All-Country World					4.5%	5.0%	4.1%	
Alternative Investments								
Miscellaneous	\$12.7	12%	15%	10-20%	10.0%	NA	NA	NA
HFRI FOF Composite					5.6%	4.5%	NA	
Total Foundation	\$104	100%	100%					

Notes:

Domestic Equities managed by same individual while at Mairs and Power prior to September 2013
Mondarian fund was changed from International Equity Fund to All Countries World in January 2012
Performance for Alternative Investments is an estimation due to manager changes and time lags

Patrick & Aimee Butler Family Foundation

Summary of Fees, Managers and Custodians - December 31, 2016

<u>Asset Class</u>	<u>SMA or Fund</u>	<u>Custodian</u>	<u>Manager</u>	<u>Assets</u>	<u>Fee</u>	<u>Est. Costs</u>
<u>Cash</u>						
Stock Account	SMA	Wells Fargo	Internal	\$3.3	0	\$0
Misc. Account	SMA	Wells Fargo	Internal	\$9.3	0	\$0
<u>Fixed Income</u>						
Sit Investment	SMA	Wells Fargo	Sit Investment	\$13.9	33	\$46
<u>Equities</u>						
Domestic	SMA	Wells Fargo	Internal	\$44.0	0	\$0
International	Fund	JP Morgan	Mondrian	\$20.5	75	\$154
<u>Alternatives</u>						
Debt Partnerships	Fund	Wells/US Bank	Northstar	\$3.1	200	\$62
Infrastructure Part.	Fund	NA	Morgan Stanley	\$1.3	200	\$26
Global Real Estate	Fund	NA	Morgan Stanley	\$3.5	200	\$70
Commodities Fund	Fund	State Street Bank	Invesco	\$3.7	100	\$37
Wasterwater Opp.	Fund	NA	Equilibrium Cap.	\$0.3	200	\$6
Limited Partnerships	Fund	NA	NA	\$0.7	100	\$7
				\$104		
Estimated Investment Fees (Direct & Imbedded)						\$408
Custodial Costs						\$42
Internal Investment Costs						\$85
Estimated Total Investment Costs						\$535
Percent of Assets						51 bp
Average for Foundations						70-100 bp

Notes:

SMA is seperately managed account

All SMA custodied at Wells Fargo

Fees are stated in basis points (1/100 of 1%)

Trust Portfolio Reporting

Account: 25007202 / PATRICK AND AIMEE BUTLER FAMILY FDN

Real Time Position Detail as of 01/26/2017, 03:31 PM EST. Prices are delayed at least 20 minutes.

	Minor Asset Class	CUSIP	Asset Description	Ticker	Units	Price	Price Date	Market Value (USD)	Fed Tax Cost (USD)	Gain/Loss (USD)
1	CASH		U.S. Dollars		0.0000	0.000		0.00	0.00	0.00
2	CASH SWEEP	VP7001259	WF GOVT MM FUND-ADMIN #947	VPWF947	9,053,358.2400	1.000	01/25/2017	9,053,358.24	9,053,358.24	0.00
3	MUTUAL FUNDS - EQUITY	00888Y508	INV BALANCE RISK COMM STR-Y #8611	BRCYX	542,912.5300	6.960	01/25/2017, 06:45 PM EST	3,778,671.21	5,129,719.21	-1,351,048.00
4	OTHER ASSETS	HF0002377	NORTHSTAR MEZZ PRTNR VI		2,881,843.0000	1.037	11/30/2016	2,988,328.83	2,881,843.00	106,485.83
5	OTHER ASSETS	HF0002385	NORTHHAVEN RE VII GLB LP		759,721.5300	0.902	11/30/2016	685,121.52	759,721.53	-74,600.01
6	OTHER ASSETS	HF0002393	NORTHHAVEN INFRA PRTNR OFF		509,895.0000	2.583	11/30/2016	1,317,131.00	509,895.00	807,236.00
7	OTHER ASSETS	HF0002401	GATEWAY PARTNERSHIP		28,217.5000	3.331	11/30/2016	94,000.00	28,217.50	65,782.50
8	OTHER ASSETS	HF0002419	ALBUQUERQUE PLAZA ASSOCIATES LP		620,153.0000	1.000	11/30/2016	620,153.00	620,153.00	0.00
9	OTHER ASSETS	HF0002476	MONDRIAN ALL COUNTRIES WORLD EX-U.S.		1,224,393.6757	16.761	12/31/2016	20,521,919.00	20,054,781.00	467,138.00
10	OTHER ASSETS	HF0002864	NORTHHAVEN RE VIII GLB LP		2,972,741.0000	1.004	10/31/2016	2,985,823.08	2,972,741.00	13,082.08
11	OTHER ASSETS	HN0001240	NORTHSTAR SEIDLER MEZZ II		118,464.0000	0.432	11/30/2016	51,122.00	118,464.00	-67,342.00
12	OTHER ASSETS	HN0001257	NORTHSTAR MEZZ PATNR III		143,677.0000	0.991	10/31/2016	142,383.00	143,677.00	-1,294.00
13	OTHER ASSETS	HN0002735	WASTEWATER OPPORTUNITY FUND, LLC		449,982.0900	0.764	11/30/2016	343,626.12	449,982.09	-106,355.97