

**Minutes of
Investment Committee Meeting
March 1, 2017
Craig Hughes, Chairman**

Call to Order: Craig Hughes, Chairman, opened the meeting at 12:00 PM.

Attendance: In attendance were Committee members Doug Cotner, Jason Herd, Craig Hughes, Dan Leonard, Mike O'Malley, Charles Teeple, and Dale West. Also attending were advisors Malcolm Cooper and Edward Moody from Stephens, Tara Menchaca from Frost Bank, and Jon Yates and Diana Sullivan from the Boy Scouts. Not present at the meeting from the committee were Rox Covert and Jim Morriss from the committee.

Manager Report: Toby Loftin from BP Capital presented. About half of the endowment's MLP investments are with BP Capital, which invests in companies that transport petroleum products. MLPs performances matches more closely to volume transported than to oil prices, and they give stable income. They have a balance between "wellhead facing" and "consumer facing" assets, but all are in pipes and storage, not production or retailing.

Portfolio Update: Edward Moody gave an update on investment performance through March 8, when the total portfolio was valued at \$19,717,396. The year-to-date returns are at about 3.75% for the entire, diversified portfolio since the beginning of the year. The best recent returns were in the MLPs, which continue a strong recovery. Shafer Cullen and Luther King, investments in large cap securities, returned about 11%; REITs returned about 9%; Russell 1000 index fund returned 17%. The fixed income investments were about flat, and international stock investments were down.

International: Edward Moody and Malcolm Cooper recommended a move from the Henderson European Focus fund and into the Henderson International Fund, which would reduce exposure to European stocks and add investments in other regions and emerging economies. After discussion, the committee agreed to make this shift.

Rebalancing: Edward Moody and Malcolm Cooper also recommended to the committee that the investments be rebalanced. Uneven performance has resulted in a need to reallocate the investments to match the diversification targets.

There was also a brief discussion about the certificates of deposit at Compass bank, which will mature during the summer. The Committee will take up that matter at that time.

Charlie Teeple moved and Jason Herd seconded a motion to rebalance the portfolio now, not waiting for the regular distribution in April, and the committee passed the motion.

Market Outlook: Malcolm distributed a list of factors that will affect the markets during the rest of 2017, including the administration's efforts to implement their policies and the expectation that interest rates will rise three or four times during the rest of the year.

Adjournment: There being no further business, the meeting was adjourned at 1:10 PM.

Respectfully Submitted


Jon C. Yates, Scout Executive