Delaware Tribe of Indians
Delaware Trust Board Minutes
March 31, 2014 Special Meeting
Delaware Community Center
Minutes--- Approved
Respectfully submitted by Verna Crawford, Trust Board Secretary

Chairman Chet Brooks called the September Trust Board meeting to order on March 31, 2014 at 1:15 p.m..

Joe Brooks gave the prayer.

Secretary Verna Crawford called roll, Board members present were Chairman Chet Brooks, Vice Chair Nicky Michael, Secretary Verna Crawford, Joe Brooks, John Sumpter, Mary Watters and Homer Scott.

Chairman Brooks greeted the guests and asked if anyone would like to address the Trust **Guests** present was Nancy Sumpter.

Approve the Agenda

Joe Brooks moved to approve the agenda. Verna Crawford seconded the motion. Motion carried with seven yes.

Chairman Brooks stated this special meeting has been called to review and consider making changes in the Trust investment policy. Scott Thompson and Josh Randolph, Arvest Asset representative's proceeded to present several options for the Board to consider.

(Out line of one possibility is included below.)

Some general statements regarding Endowments presented by Scott Thompson is below.

Some of these statements come direct from Major Endowments within the U.S. :

A financial endowment is typically overseen by a board of trustees and managed by a team of professional investment managers. The financial operation of the endowment is typically designed to achieve the stated objectives of the endowment and it's not for profit organization.

None profit organizations typically distribute 4-6% of the endowment's assets every year to fund operations or capital spending. Any excess earnings are typically reinvested to augment the endowment and to compensate for inflation and recessions in future years. This spending figure represents the proportion that *historically* could be spent without an extended period of diminishing the principal amount of the endowment fund. However, a major market decline can have a significant impact on the annual distributable amount and the endowments principal balance.

An endowment is a fund that holds its principal in perpetuity and only pays out a small portion, approx 4 to 6 percent per year. Endowment investments have dual goals: to grow the principal and to generate income. Institutions invest in funds and companies that they feel will be successful and turn a profit. The investments are intended to contribute to both the growth of the principal and the income generated for the endowment.

Example:

Delaware Investment account as of 3/31/2014 = $ 3,974,520

Current estimate of income available to tribe from all investments (does not include capital appreciation) = $ 133,544 per year.

Current amount available if apply 4% endowment distribution = $ 158,981

Reminder – if an " Endowment " philosophy is adopted it is suggested that the investment mix change from 30% Equity / 70% Fixed income to a more " Endowment " appropriate mix of 50 to 60% Equity / 50 to 40 % Fixed income.

Performance for the 30 % Equity / 70% Fixed Income portfolio over the last 10 years was a gain of 6.35 % per year

Performance for a 60% Equity / 40% Fixed Income portfolio over the last 10 years was a gain of 7.24 % per year.

In summary – Long term / historically the Endowment philosophy should have better returns than the current portfolio of 30 % Equity and 70 %Fixed income. However, more risk is being taken with and Endowment investment allocation. So, there can be some years where principal could fall below $ 3.8 million.

The Trust Board agreed to take the information under consideration and make a determination soon.

Chairman Brooks declared the meeting adjourned at 2:15 p.m.