

**Alabama Trust Fund
Board of Trustees Meeting
May 26, 2022
RSA Union Building, Suite 683**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on May 26, 2022. The meeting was called to order at 8:00 AM by Mr. Boozer, Secretary. The roll was called by Secretary Boozer and recorded as follows with a quorum present.

Present:

Ms. Liz Filmore, Chair, Designee
Mr. Bill Poole, Vice Chair
Mr. Young Boozer, Secretary
Mr. Alvin Hope, II
Ms. Linda Green
Mr. John Norris
Mr. John Hornsby
Mr. Daniel Hughes

Absent:

Mr. Guice Slawson, Jr

1. Open-End Core Plus Real Estate Interviews

The Board heard proposals from the three open-end core plus real estate managers, Brookfield, Clarion, and Principal, that were selected by the Investment Committee at its meeting held May 9, 2022.

2. Closed-End Core Real Estate Interviews

The Board heard proposals from two closed-end core real estate managers, Cabot and Sundance, that were selected by the Investment Committee at its meeting held May 9, 2022.

3. Approval of Minutes

The first item on the agenda was the review and approval of the minutes of March 3, 2022. Upon a motion made by Ms. Green, and second by Mr. Norris, the reading of the minutes was dispensed and were unanimously approved as presented.

4. Oil & Gas Presentation

Dr. Nick Tew, State Oil & Gas Board, presented the Board with an update on the oil and gas royalties and production.

5. Quarterly Financial Reports

Mr. Boozer then reviewed the quarterly financial reports. He noted the Balance Sheet as of March 31, 2022, indicates total assets of \$3.4 billion, an increase of approximately \$63 million from the previous quarter end. Total capital is \$3.3 billion. The Statement of Revenues and Expenditures indicates total revenues of \$48.7 million. Oil and gas receipts for the quarter were \$13.9 million. The remainder of the financial reports were reviewed and received as information.

6(a). Quarterly Performance - ATF

Ms. West, Callan LLC, presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio had an underweight to real estate. Ms. West noted with the exception of hedge funds all managers trailed their respective benchmarks. International equity was the biggest detractor from performance. The return for the quarter was negative 6.81 percent trailing the benchmark by 2.74 percent. The one-year return was a positive 2.83 percent. Ms. West then reviewed the returns by manager.

6(b). April Flash Report – ATF

Ms. West reviewed the flash report for April. The fund had unrealized loss of \$204 million. The fund overall is \$3.4 billion. The fund was down 5.61 percent for the month of April.

7(a). Watch List Review

On the watch list, Ms. West noted the watch list had no changes to the watch list. Ms. West made the recommendation for Intech, Algert, Mellon, and Lazard to remain on the watch list. Upon a motion made by Mr. Hughes, and a second by Mr. Poole, the watch list was approved as presented.

7(b). Consideration of Real Estate Manager Selection

Under decision items, Ms. West gave an overview of the open-end core plus and the closed-end core real estate managers that were interviewed earlier in the meeting. If the Board was interested in selecting both mandates, Callan recommended funding two open-end core plus managers with \$50 million each and funding one closed-end core manager with \$20 million. After discussion, the Board decided not to pursue closed-end core real estate at this time, but to hire three open-end core plus managers by funding two with \$50 million and one with \$20 million. Upon a motion made by Mr. Hughes and second by Ms. Green the Board selected to fund Brookfield with \$50 million, Principal with \$50 million and Clarion with \$20 million. The resolution was unanimously approved.

Ms. West noted that Angelo Gordon was opening a new fund for the Board to consider investing in. The deadline for early commitment to obtain a fee discount is July 15th. Mr. Hughes requested information on this new fund. The Board will review the information at a called meeting to be held prior to July 15 to consider the fund.

7(c). Consideration of Maynard Cooper & Gale Contract Amendment

Maynard Cooper & Gale’s contract for legal services to the Alabama Trust Fund is set to expire on June 10, 2022. Mr. Boozer presented the Board with a proposed resolution to amend the Maynard Cooper & Gale contract to expire June 10, 2024 with all other terms and conditions of the original contract remaining unchanged. Upon a motion made by Mr. Hughes and second by Mr. Norris, the decision to approve the resolution as presented was approved. Mr. Alvin Hope abstained from this vote.

8(a). Quarterly Performance - CMT

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was down 5.67 percent and trailing the benchmark by 1.49 percent. The one-year number is positive 4.29 percent trailing the benchmark by 46 bps.

9. Other Business

Under other business. Mr. Boozer noted there has been no changes to his personal investments that were disclosed to the Board at the November 2021 meeting.

There being no other business, the meeting was adjourned.

Approved on _____, 2022.

Bill Poole, Vice Chair

Young Boozer, Secretary

**Resolution of the Alabama Trust Fund Board of Trustees
Considered at its meeting held May 26, 2022**

Topic: Approval of Open-End Real Estate Managers

WHEREAS, the Board of Trustees (herein the “Board”) are the trustees of the Alabama Trust Fund created in Section 3 of Amendment 450 of the Constitution of Alabama of 1901, as amended (the “Act”); and

WHEREAS, the Board has authority, pursuant to the Act, to execute contracts, agreements and other instruments as may be necessary or convenient to accomplish any purpose for which the trust fund was created; and

WHEREAS, the Board previously voted to terminate UBS Real Estate on August 22, 2019 and issue a full redemption request. The Board’s investment consultant, Callan LLC (“Callan”) then, at a later date, presented the Board with a Real Estate portfolio review and recommended the Board launch a search for two core-plus open-end funds to replace UBS and as more capital returned add an additional core fund. The Board voted to authorized Callan to issue requests for proposals for open-end core plus funds and closed-end core plus funds; and

WHEREAS, a Request for Proposal was issued in accordance with statutory requirements and 24 proposals to provide open end core plus real estate services were received by Callan for analysis; and,

WHEREAS, the Investment Committee (“Committee”) was previously authorized by the Board to review those candidates’ responses determined by Callan to best satisfy the requirements of the request for proposal and the needs of the Alabama Trust Fund; and the Committee selected Brookfield, Clarion, and Principal to be interviewed at the Board’s next quarterly meeting; and

THEREFORE, BE IT RESOLVED, for and in consideration, the Board has selected Brookfield, Clarion and Principal as open-end core plus real estate managers and to fund Brookfield with the amount of \$50 million, Principal with the amount of \$50 million, and to fund Clarion with the amount of \$ 20 million; and,

FURTHERMORE, the Board directs the Secretary of the Board to negotiate and execute the investment management contracts; and, with Callan’s guidance, to initiate the funding of these managers.

**Resolution of the Alabama Trust Fund Board of Trustees
at its meeting held May 26, 2022**

Topic: Approval of Maynard Cooper & Gale Contract Amendment

WHEREAS, the Board of Trustees (herein the “Board”) are the trustees of the Alabama Trust Fund created in Section 3 of Amendment 450 of the Constitution of Alabama of 1901, as amended (the “Act”); and

WHEREAS, the Board has authority to appoint, employ and contract with such employees, agents, advisors, and consultants, including, but not limited to, attorneys, accountants, financial experts and such other advisors, consultants, and agents as may in its judgment be necessary or desirable, and to fix their compensation; and

WHEREAS, the Board has engaged and relied upon Maynard, Cooper and Gale, PC to provide a variety of legal services to the Board and the Alabama Trust Fund since 2014, and it has done so in a fully competent and knowledgeable manner; and,

NOW, THEREFORE, BE IT RESOLVED, for and in consideration of the foregoing premises and other good and valuable consideration, the Board desires to amend the Contract to expire June 10, 2024 with all other terms and conditions of the original Contract remaining unchanged; and,

FURTHERMORE, the Board directs the Secretary of the Board to facilitate the process and to execute the Contract amendment.