

**Alabama Trust Fund  
Board of Trustees Meeting  
November 29, 2018  
State Capitol, E-317**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on November 29, 2018. The meeting was called to order at 10:45 AM by Secretary, Young Boozer. The roll was called by Secretary Boozer and recorded as follows with a quorum present.

**Present:**

Mr. Young Boozer, Secretary  
Mr. Kelly Butler, Vice Chair  
Dr. Sandra Sims-deGraffenried  
Mr. John Hornsby  
Mr. Guice Slawson, Jr  
Mr. Stacy Faison

**Absent:**

Governor Kay Ivey, Chair  
Mr. Edgar Pruitt  
Mr. Daniel Hughes

The first decision item was the review and approval of the minutes of August 16, 2018. Upon a motion made by Dr. Sims-deGraffenried, and a second by Mr. Slawson, the reading of the minutes was dispensed and the minutes were approved as presented.

Mr. Boozer then reviewed the quarterly financial reports. He noted the Balance Sheet as of September 30, 2018, indicates total assets of \$3.13 billion, an increase of approximately \$15 million from the previous quarter end. Total capital is \$3.0 billion. The Statement of Revenues and Expenditures indicates total revenues of \$69.7 million and total distributions of \$30.6 million. Oil and gas receipts for the quarter were \$11 million. The remainder of the financial reports were reviewed and received as information.

Ms. West presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio had an overweight to International Equity and underweight to Fixed Income. The return for the quarter was a positive 3.05 percent beating the benchmark by 62bps. Ms. West noted overall the managers added value for the quarter, which was driven mostly by Small Cap Equity and International Equity managers. The one-year return was 6.67 percent. Ms. West then reviewed the returns by manager.

Ms. West reviewed the flash report for October. The fund had unrealized losses of \$163 million with outflows of about \$28 million. The fund overall is \$3 billion. The fund was down 5.10 percent for the month of October and for the calendar year the fund was down 1.99 percent.

Ms. Lauren Sertich, Callan, reviewed the Real Estate Structure Study. Ms. Sertich noted the portfolio has an underweight to industrial real estate and an overweight to retail real estate. Ms. Sertich recommended to consider launching a search in 2019 for core/core-plus open-end managers to replace the non-core portfolio.

On the watch list, Ms. West made the recommendation for Invesco to remain on the watch list. Upon a motion made by Dr. Sims-deGraffenried and second by Mr. Faison and Mr. Butler, the decision was approved.

Under decision items, Mr. Boozer reviewed the Small Cap Growth Selection. The Investment Committee recommended Wasatch Advisors, Inc. as the new Small Cap Growth Equity manager upon the contingency Wasatch Advisors, Inc. reduce its fees. With a motion made by Mr. Boozer on behalf of the Investment Committee and a second by Dr. Sims-deGraffenried, the

decision to accept the recommendation was approved. Upon motion made Dr. Sims-deGraffenried and a second by Mr. Butler, the motion to remove Smith Group as the Small Cap Growth Equity manager was approved.

Mr. Boozer presented a resolution for the Board's consideration to formalize the appreciation of Mr. UpChurch's outstanding service to the board. Upon motion by Dr. Sims-deGraffenried and a second by Mr. Butler the proposed resolution was approved as attached.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 3.07 percent and beating the benchmark by 64 bps. The one-year number is 6.73 percent beating the benchmark by 60 bps. Ms. West noted the portfolio has an underweight to Fixed Income and an overweight to Domestic Equity.

The October flash report for the CMT indicates unrealized losses of \$24 million and the fund stood at \$484.7 million. Under manager performance, Ms. West noted that the fund was down 4.79 percent and trailing the benchmark by about 9 bps for the month. The total fund is down 1.68 percent for the calendar year.

Under other business, Dr. Sims-deGraffenried presented a resolution for the Board's consideration to formalize the appreciation of Mr. Boozer's outstanding service to the board. Upon motion by Dr. Sims-deGraffenried and a second by Mr. Butler the proposed resolution was approved as attached.

There being no other business the meeting was adjourned.

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Kelly Butler, Vice Chairman

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John McMillan, Secretary

**Resolution by the  
Alabama Trust Fund Board of Trustees  
November 29, 2018**

*WHEREAS, Mr. Samuel E. Upchurch, Jr. has served as an Alabama Trust Fund Board of Trustees member since January of 2011; and*

*WHEREAS, he earned a Bachelor of Arts degree from Davidson College, Master of Arts in Teaching degree from Rollins College, a Juris Doctorate degree from the University of Alabama and has over 24 years of experience in the financial services industry; and*

*WHEREAS, Mr. Upchurch serves as Chairman of the Board of Oakworth Capital Bank and is a member of the Alabama State Bar, the President's Cabinet of the University of Alabama and the Birmingham Regional Chamber of Commerce. In addition to the Alabama Trust Fund, he holds directorships with the Alabama Wildlife Federation and Security Engineers; and*

*WHEREAS, he was appointed by multiple Governors of Alabama and has faithfully and enthusiastically served as a member of the Alabama Trust Fund Board of Trustees; and*

*WHEREAS, over his years of service, Mr. Upchurch has fought to preserve and protect the Alabama Trust Fund, the state's most valuable financial asset;*

*BE IT RESOLVED, that the Board of Trustees commends Mr. Samuel E. Upchurch, Jr. and expresses its deepest appreciation for his dedication to Alabama Trust Fund.*

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*Young Boozer  
State Treasurer and Secretary  
Alabama Trust Fund*

RECOGNIZING YOUNG BOOZER FOR OUTSTANDING SERVICE  
TO THE ALABAMA TRUST FUND

WHEREAS, the Alabama Trust Fund (“ATF”) is arguably the State’s most valuable financial asset designed to capitalize on the State’s natural resources to enhance revenues of the State to fund essential State services for generations; and

WHEREAS, Alabama’s 39<sup>th</sup> State Treasurer Young Boozer’s background – Stanford, Economics, Wharton, etc. uniquely prepared him to instill prudent standards for the preservation and investment of the ATF; and

WHEREAS, for two terms as Treasurer, Young Boozer has worked tirelessly to inform the Legislature and public of the benefits of the long-term viability of the ATF for the benefit of all Alabamians, not as a piggy bank to be used for the projects of a few; and

WHEREAS, as a member of the Investment Committee, he has championed the study and diversification of asset classes with the intent to provide a stable return as evidenced by a 7-year average rate of return of 8.44%; and

WHEREAS, \$778.8 million has been distributed to the Alabama General Fund and \$216.9 million was been distributed to Alabama cities and counties during his time as Treasurer; and

WHEREAS, over these two terms he has worked with the Legislature:

To enact Amendment 856 in 2012 which made vast improvements to the ATF to simplify the structure for disbursements, provide a stable source of revenue to its recipients and provide long-term prudent management of ATF assets for higher total returns; and

To ensure the repayment of Amendment 856 of which \$400 million has been repaid to date; and

To defend and protect the ATF from harmful legislation proposed during the 2017 and 2018 legislative sessions; and

BE IT RESOLVED BY THE BOARD OF THE ALABAMA TRUST FUND that Young Boozer is highly honored and commended and this resolution is offered to him in highest tribute, as well as in deepest admiration and appreciation for his immeasurable service to our State and best wishes for continued success in all future endeavors.