

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
August 17, 2021**

Present:

Treasurer John McMillan, Chair
Dr. Ken Tucker
Mr. Tommy Dismukes
Gen. Paul Hankins
Mr. Marc Green for Dr. David Bronner
Dr. James Purcell
Sen. Donnie Chesteen
Ms. Sara Calhoun for Mr. Jimmy Baker
Mr. Mark Knight

Absent:

Mr. Bill Poole
Sen. Garlan Gudger
Ms. Michelle Granberry
Mr. Robert Bradley
Mr. Jason Alderman

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Anita Kelley, Program Director
Ms. Brittany Carter, External Affairs
Mr. Chad Wright, Unclaimed Property Director
Mr. Dan Sherman, Sherman Actuarial Services
Mr. George McCurdy, Regions Bank
Mr. Robert Richardson, Regions Bank

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held on August 17, 2021. In accordance and compliance with Governor Ivey's Statement of Emergency dated August 13, 2021, the meeting was held by video conference with access posted on the Secretary of State's meeting notice in order to allow the public to listen to, observe or participate in the meeting.

The meeting was called to order by Chair John McMillan at 1:00 p.m.

Chair McMillan introduced new Board member Mark Knight.

Roll was taken with a quorum present.

Chair McMillan presented the minutes of the May 25, 2021 board meeting. A motion for approval of the minutes as presented was made by Gen. Hankins, seconded by Dr. Tucker, with unanimous approval.

Chair McMillan asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the budget for the past quarter. She discussed tuition payments and stated the program paid out benefits in the amount of \$5.8 million to 1,909 students from 4/01/21 through 6/30/2021 and noted that the number of active accounts was 10,869. A transfer from the Education Trust Fund in the amount of \$7.97 million was received on 7/07/21. She stated that Usage Statements were mailed out in July and that accounts with a projected enrollment year of 2011 would expire on 8/31/21. The report was received as informational.

Chair McMillan called on George McCurdy with Regions Bank to present the quarterly investment report. Mr. McCurdy gave an economic and financial market update. He discussed the asset value of the portfolio. He discussed the performance of the portfolio including the money market fund and fixed income. He stated total returns for the consolidated portfolio were 0.03% for the quarter with a one-year rate of return of .11%. The report was received as informational.

Chair McMillan called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 6/30/21 was \$92,423,506 and noted the funded ratio was 117.5% compared to the 09/30/20 ratio of 119.3%. He also reviewed a spreadsheet of the projected cash flows, assets, and liabilities through year 2032. The report was received as informational.

Mr. Sherman presented the proposed actuarial assumptions for FY22. He stated the only proposed change to the current assumptions are the investment return rates. Due to the transition of the funds in the portfolio to cash and cash equivalents, the assumed rates of return required adjusting. Treasurer McMillan presented a resolution to approve the proposed assumptions. A motion to approve the resolution was made by Gen. Hankins, seconded by Mr. Green, with unanimous approval.

Ms. Kelley stated the contract with Sherman Actuarial Services will expire on 1/31/2022 and that an RFP was issued on 7/12/21 and distributed to 101 vendors registered with the State of Alabama to competitively bid for these services. The Treasurer's Office received two responses to the RFP including Sherman Actuarial Services and GRS Consulting. She presented a summary of the responses that included actuarial experience, list of prepaid clients and fee structures and discussed the scope of services. After thoughtful discussion by the board, Chair McMillan presented a resolution to select the Actuarial Consultant. A motion to select Sherman Actuarial was made by Dr. Tucker, seconded by Gen. Hankins, with unanimous approval.

Chair McMillan called on Ms. Kelley to present information regarding a petition from a beneficiary requesting an extension be allowed on the account that will expire in August of this year. A summary was provided of the petition. Discussion ensued regarding the request. Due to the extraordinary nature of the situation, a motion to extend the term of the contract through the spring term of 2022 was made by Dr. Tucker, seconded by Dr. Purcell, with unanimous approval.

Chair McMillan presented a resolution honoring the outstanding career and recent retirement of Mr. Kelly Butler. The Board discussed Mr. Butler's career, integrity, and

commitment to the State of Alabama. A motion to approve the resolution was made by Gen. Hankins, seconded by Dr. Tucker, with unanimous approval.

There being no further business to be discussed, a motion to adjourn was made by Chair McMillan, seconded by Gen. Hankins, with unanimous approval. The meeting adjourned at 1:47 p.m.

Anita Kelley, Director

Young Boozer, Chair