

**Alabama Trust Fund
Board of Trustees Meeting
August 19, 2021
RSA Union Building, Suite 683
Zoom Meeting**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on August 19, 2021. The meeting was called to order at 10:00 AM by Mr. Poole, Vice-Chair. In accordance and compliance with Governor Ivey's first supplemental Statement of Emergency dated March 18, 2020, as amended, 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 roll was called by Secretary McMillan and recorded as follows with a quorum present.

Present:

Mr. Bill Poole Vice Chair
Mr. John McMillan, Secretary
Mr. Daniel Hughes
Mr. Stacy Faison
Mr. John Hornsby
Dr. Sandra Sims-deGraffenried
Mr. Guice Slawson, Jr

Absent:

Governor Kay Ivey, Chair
Mr. Edgar Pruitt

The first item on the agenda was the review and approval of the minutes of June 18, 2021. Upon a motion made by Dr. Sims-deGraffenried, and second by Mr. Hughes, the reading of the minutes was dispensed and were approved as presented.

The next agenda item was the review and approval of the amended minutes of February 18, 2021. Upon a motion made by Dr. Sims-deGraffenried, and second by Mr. Hughes, the reading of the amended minutes was dispensed and were approved as presented.

Mr. McMillan then reviewed the quarterly financial reports. He noted the Balance Sheet as of June 30, 2021, indicates total assets of \$3.26 billion, a decrease of approximately \$13.5 million from the previous quarter end. Total capital is \$3.23 billion. The Statement of Revenues and Expenditures indicates total revenues of \$84.5 million and total distributions of \$73 million. Oil and gas receipts for the quarter were \$8.6 million. The remainder of the financial reports were reviewed and received as information.

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 fixed income. The return for the quarter was 5.23 percent beating the benchmark by 39 bps. Ms. West noted the return was mostly from the underweight to fixed income. The one-year return was a positive 24.93 percent. Ms. West then reviewed the returns by manager. Mr. Hughes asked about the UBS queue to obtain the capital back. Mr. Hughes also asked if there is a standalone instrument option available that can be used to lock in gains and minimize exposure to downturns. Ms. West mentioned that such instruments can be expensive, but the Callan team can research hedging as an option for the Board's consideration and she will pull an updated queue from UBS.

Ms. West reviewed the flash report for July. The fund had unrealized gains of \$49.7 million. The fund overall stood at \$3.89 billion at the end of July. The fund return was up 1.30 percent for the month of July and for the year to date the fund was up 9.16 percent.

Ms. West then presented the fixed income investment guideline changes review for the Boards consideration. The presentation reviewed questions the Board asked in previous meetings. After further discussion, the Board requested more information to be reviewed at a later meeting. On the watch list, Ms. West made the recommendation for Heitman, Algert, and Mellon to remain on the watch list. Ms. West also made the recommendation for Intech to remain on the watch list until they present a performance update for the Board. Upon a motion made by Dr. Sandra Sims-deGraffenried and second by Mr. Faison, the recommendations were approved.

Ms. West presented the Board with a letter from Pinehurst Partners, L.P. for the Board to consent to the change in control of Corbin Capital Partners. Ms. West noted, Callan views the change as a positive and made the recommendation to the Board to accept the change in control. Mr. Poole presented the resolution to accept the change in control of Pinehurst Partners, L.P. Upon a motion made by Daniel Hughes and second by Dr. Sandra Sims-deGraffenried, the resolution was unanimously approved.

Mr. McMillan presented a resolution to honor the service of Mr. Kelly Butler to the Board. The resolution was approved through email by the Board and presented to Mr. Butler at his retirement ceremony prior to the meeting. Upon a motion made by Dr. Sims-deGraffenried and second by John Hornsby, the resolution was unanimously ratified.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 5.05 percent and beating the benchmark by 25 bps. The one-year number is positive 24.58 percent beating the benchmark by 1.86 percent. Ms. West noted the asset allocation mix previously voted on, will reflect in the performance reports as of July 30th

The July flash report for the CMT indicated unrealized gains of \$5.86 million and the fund overall stood at \$602 million at the end of July. The fund was up 98 bps for the month of July and the total fund was up 9.25 percent for the calendar year.

Under Other Business, Mr. Andrew Samalis and Mr. Kevin Armstrong with Intech presented a performance update to the Board.

There being no other business, the meeting was adjourned.

Approved on November 18, 2021.

Bill Poole, Vice Chair

Young Boozer, Secretary

**Resolution of the Alabama Trust Fund Board of Trustees
at its meeting held August 19, 2021**

Topic: Approval of Watch List

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 engaged and relies on Callan Associates, Inc. (herein “Callan”) as its investment consultant; and,

WHEREAS, Callan LLC recommends to the Board for Heitman and Algert to remain on the Watch List due to performance with the extended removal date of February 2022, and;

WHEREAS, Callan LLC recommends to the Board for Mellon to remain on the Watch List due to organizational changes with the expected removal date of February 2022, and;

WHEREAS, Callan LLC also recommends Intech to remain on the Watch List until they can present a performance update to the Board at the next meeting before making a decision;

NOW, THEREFORE, BE IT RESOLVED, the Board has approved the watch list as presented by Callan.

**Consideration of Resolution of the Alabama Trust Fund Board of Trustees
at its meeting held August 19, 2021**

Topic: Consent to Change of Control of Corbin Capital Partners, L.P.

WHEREAS, the Board of Trustees of the Alabama Trust Fund (“Board”) is 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, since 2019, the Alabama Trust has had an agreement with Corbin Capital Partners (“Corbin”) for Hedge Fund of Funds , and since 2021, the County and Municipal Government Capital Improvement Trust Fund has had an agreement with Corbin for Hedge Fund of Funds (“Agreements”); and

WHEREAS, the Agreements state that “Other than in connection with any merger, sale, or other change of control of the Investment Manager, this Subscription Agreement is not transferable or assignable by any party hereto”; and

WHEREAS, on Wednesday, July 14th, 2021, Corbin notified the Board of its change of control that allows Corbin’s management team to become a general partner of Corbin and to own a majority of its equity; and,

WHEREAS, after discussions with Corbin, the Board’s Investment Consultant, Callan, believes this transaction to be unequivocally positive for Corbin and its clients and recommends that the Board consent to the change in control and continue its relationship with Corbin under its new ownership; and,

WHEREAS, Callan will monitor employee retention of Corbin and other similar organizational matters;

NOW, THEREFORE, BE IT RESOLVED, following discussions, the Board consents to the change in control of Corbin, and directs the staff to take any necessary actions to effectuate such consent.

*Alabama Trust Fund Resolution Honoring
Kelly Butler*

July 19, 2021

WHEREAS, Alabama Finance Director Kelly Butler retired on August 1, 2021, after diligently serving the State of Alabama for some 36 years in various capacities in the Department of Revenue, Legislative Fiscal Office, State Budget, and Department of Finance; and,

WHEREAS, throughout his distinguished career, Mr. Butler earned the utmost respect of leading policymakers, state legislators, state employees and anyone who had the opportunity to know him and to work with him; and,

WHEREAS, in 2018, given his extraordinary service, he was selected by Governor Ivey as the State's Finance Director, assuming even greater leadership responsibilities including the Vice Chair of the Alabama Trust Fund Board of Trustees ("Board"); and,

WHEREAS, under Mr. Butler's guidance, the Board has taken actions to preserve and to grow the Alabama Trust Fund's invested assets for the benefit of future generations of Alabamians; and,

WHEREAS, Mr. Butler's contributions as an intelligent, thoughtful, hard-working, objective and dedicated professional are unparalleled and will be greatly missed by the Board;

NOW THEREFORE, BE IT RESOLVED, that the Board expresses its deepest appreciation for the significant contributions made by Mr. Kelly Butler to the Alabama Trust Fund and the State of Alabama; and commends the inspiration he is and will be to so many.

*Kay Ivey, Governor
Chair of the Alabama Trust Fund*