

**Alabama Trust Fund
Board of Trustees Meeting
November 21, 2019
State Capitol, E-317**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on November 21, 2019. The meeting was called to order at 10:00 AM by Vice Chair, Kelly Butler. The roll was called by Sara Jenkins, Treasurer's Office, and recorded as follows with a quorum present.

Present:

Mr. John McMillan, Secretary
Mr. Kelly Butler, Vice Chair
Mr. Guice Slawson, Jr
Mr. John Hornsby
Dr. Sandra Sims-deGraffenried
Mr. Edgar Pruitt

Absent:

Governor Kay Ivey, Chair
Mr. Stacy Faison
Mr. Daniel Hughes

The first decision item was the review and approval of the minutes of August 22, 2019. Upon a motion made by John McMillan, and a second by Dr. Sims-deGraffenried, the reading of the minutes was dispensed and were approved as presented.

Mr. McMillan then reviewed the quarterly financial reports. He noted the Balance Sheet as of September 30, 2019, indicates total assets of \$3.19 billion, an increase of approximately \$4.7 million from the previous quarter end. Total capital is \$3.13 billion. The Statement of Revenues and Expenditures indicates total revenues of \$53.7 million and total distributions of \$32.9 million. Oil and gas receipts for the quarter were \$8.27 million. The remainder of the financial reports were reviewed and received as information.

Ms. West, Callan, presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio had an overweight to Small Cap Equity and Fixed Income and underweight to Large Cap Equity. The return for the quarter was up 67 bps beating the benchmark by 6 bps. Ms. West noted the managers as a group added value for the quarter, specifically Small Cap and International Equity managers. The one-year return was a positive 5.73 percent. Ms. West then reviewed the returns by manager.

Ms. West reviewed the flash report for October. The fund had unrealized gains of \$47 million. The fund overall is \$3.29 billion. The fund was up 1.45 percent for the month of October and for the year to date the fund was up 16.22 percent.

Ms. West revisited the Distribution Analysis as requested during the previous meeting by the Board. Callan made the recommendation to continue reinvesting dividends and income as they are not sufficient to cover the annual distributions made by the ATF. Mr. Hornsby stated he would like to continue with the current policy.

On the watch list, Ms. West made the recommendation for Invesco to remain on the watch list. Ms. West noted Invesco's performance has improved. Upon a motion made by Dr. Sims-deGraffenried and second by Mr. Pruitt, the decision was approved.

Under decision items, Ms. West presented the updated Investment Policy to the Board. Changes were made to include Multi Asset Class and Hedge Fund of Fund asset classes. Upon

a motion made by Dr. Sims-deGraffenried and a second by Mr. McMillan, the decision to accept the changes as presented were approved.

Ms. Daria Story, Treasurer's Office, then presented the Board with a Resolution allowing the Investment Committee to make investment related decisions as recommended by Callan, Investment Consultant, in instances where immediate action is necessary. Such action will be presented to the Board at its next meeting for ratification. Upon a motion made by Mr. Butler and a second by Mr. Pruitt the decision to approve the Resolution was approved as presented with the modification that the Investment Committee will give the Board notice prior to the Investment Committee meeting.

Cory Rambo, Treasurer's Office, presented the Board with a summary of the Investment Consultant RFP respondents. Callan's current contract will expire January 2020. There were 3 respondents to the RFP: Callan, LLC; &CO Counseling; NEPC, LLC. After discussion the Board selected Callan, LLC to remain as the Investment Consultant. Upon a motion made by Mr. Hornsby and a second by Mr. Pruitt the decision to enter into a new contract with Callan, LLC was unanimously approved.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 1.11 percent and beating the benchmark by 34 bps. The one-year number is positive 4.89 percent beating the benchmark by 50 bps. Ms. West noted the managers added value.

The October flash report for the CMT indicates unrealized gains of \$8.76 million and the fund overall is \$516.9 million. The fund was up 1.72 percent for the month of October and the total fund is up 15.61 percent for the calendar year.

There being no other business the meeting was adjourned.

Approved on February 20, 2020.

John McMillan, Secretary

**Approved Resolution for Consideration by the
Alabama Trust Fund Board of Trustees at its meeting on November 21,
2019**

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, the Board, by resolution of a majority of the members of the Board, may designate and appoint one or more committees, such as the Investment Committee, to represent the Board, and perform other responsibilities as the Board deems suitable. Committee members may be appointed by the Chairman or may volunteer to serve and shall serve at the pleasure of the Board. The chair(s) of committee(s) may be designated by the Board or may be selected by the members of the committee(s); and

WHEREAS, meetings of Committees shall be called by the Committee Chair of the particular committee or any two members of the committee. The Board shall be notified of Investment Committee meetings. The Board Secretary shall conduct each committee meeting and will provide each committee member with an agenda prior to meetings; and minutes of each committee meeting will be prepared and submitted to the Board; and

WHEREAS, the Investment Committee shall review recommended investment changes. The Board Vice-Chair will serve as Chair of the Committee and the Board Secretary will serve as Secretary of the Committee. In instances where immediate action is necessary as recommended by Callan, the committee is hereby authorized by the Board to make investment related decisions. Such action will be presented to the Board at its next meeting for ratification; and

NOW, THEREFORE, BE IT RESOLVED, that the Investment Committee is hereby authorized and empowered to take any and all such actions as are necessary or proper when immediate action is necessary.