

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
May 14, 2024**

Present:

Treasurer Young Boozer, Chair – in person
Mr. Marc Green for Dr. David Bronner – virtual
Mr. Taylor Nichols for Mr. Bill Poole - in person
Ms. Sara Calhoun for Jimmy Baker - virtual
Mr. Wes Lambert - virtual
Dr. James Purcell - in person
Mr. Tommy Dismukes - in person
Mr. Will Martin - in person
Judge JC Love - virtual
Ms. Annie Furrer - virtual

Absent:

Rep. Danny Garrett
Sen. Donnie Chesteen
Dr. Ken Tucker
Gen. Paul Hankins
Mr. Jay Hare

Others present include:

Mr. Chad Wright, Assistant Treasurer - in person
Ms. Anita Kelley, Program Director - in person
Ms. Glenda Allred, Deputy Treasurer - in person
Ms. Kayla Bankston, PACT - in person
Mr. Dan Sherman, Sherman Actuarial Services - virtual
Mr. George McCurdy, Regions Bank - in person
Mr. Robert Richardson, Regions Bank - in person

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the RSA Union Conference Room in Montgomery, AL on May 14, 2024, with participation also allowed by electronic means in accordance with §36-25A.5.1, Code of Alabama, as amended.

The meeting was called to order by Chair Boozer at 11:00 a.m.

Roll was taken with a quorum present.

1. Approval of Board Meeting Minutes – Chair Boozer presented the minutes of the February 20, 2024 board meeting. A motion for approval of the minutes as presented was made by Dr. Purcell, seconded by Mr. Dismukes, with unanimous approval.

2. Quarterly Reports

- A. Program Report – Chair Boozer asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the budget for the current fiscal year. She discussed tuition payments and stated the program paid out benefits in the amount of \$11 million to 2,054 students from 01/01/24 through 03/31/24 and noted that the number of active accounts is 5,968. She also stated the dollar amount of cumulative benefits paid since inception was \$1,321,792,519 in tuition and \$40,214,521 in qualified fees. First Time in College letters were mailed on March 4, Soon to Expire letters were mailed on March 6 to 92 account owners with a monetary balance remaining, and Annual Statements were mailed on March 15. The report was received as informational.
- B. Investment Report – Chair Boozer called on George McCurdy to present the quarterly investment report. Mr. McCurdy gave a thorough economic and financial market update and discussed an overview and outlook for fixed income and equities. He provided information on the asset value of the portfolio and discussed the performance of the portfolio including the money market fund and fixed income. He stated returns for the quarter for the money market fund were 1.30% and .92% for the fixed income portfolio with a 1.10% rate of return for the consolidated portfolio. The report was received as informational.
- C. Actuary Report – Chair Boozer called on Dan Sherman to present the quarterly actuary report. Mr. Sherman stated the asset value as of 03/31/24 was \$208,385,323. He noted the funded ratio was 291.3% compared to the 09/30/23 funded ratio of 250.2%. He reviewed a spreadsheet of the projected cash flows, assets, and liabilities through year 2032. The report was received as informational.

3. Decision Items

- A. Tuition Payments Increase Discussion – Chair Boozer called on Mr. Sherman to present and discuss an actuarial projection for increasing PACT benefit payments. The scenario presented would increase benefits payment by 4%. To date, four schools had advised they would be increasing tuition with the largest increase being 4%. Mr. Sherman reviewed how the proposed increase would affect the funded ratio and the cash flow in future years. With an increase of 4%, the funded ratio would be 281.6% compared to the 3/31/24 funded ratio of 291.3%. He stated the program would be actuarially sound if the proposed increase was approved.
- B. Consideration of Proposed Resolution – After a thorough discussion of the proposed increase, Chair Boozer presented a resolution for consideration to approve a 4% adjustment rate in PACT benefit payments payable for the 2024 fall term. A motion to approve the resolution was made by Dr. Purcell, seconded by Mr. Dismukes, with unanimous approval.

4. Informational Item – Portfolio Changes - Mr. McCurdy discussed recent changes that were made to the investment portfolio. He said \$65 million was moved from the money market fund and invested in U.S. Treasuries with a 2–3-year maturity. This allowed the portfolio to take advantage of the current yield environment given expectations that the Federal Reserve may lower interest rates later this year or the beginning of 2025. He stated that given the excess cash and anticipated cash disbursements, the PACT portfolio can still maintain a large allocation to cash through the money market fund to ensure adequate liquidity. As the existing bonds in the portfolio mature, the proceeds will roll to the money market fund.

5. There being no further business, a motion to adjourn was made by Dr. Purcell, seconded by Mr. Martin, with unanimous approval. The meeting adjourned at 11:25 a.m.

Anita Kelley, Director

Young Boozer, Chair