

The background of the slide features several stacks of US dollar bills, including \$100 and \$20 bills, arranged in a way that creates a sense of depth and value. The bills are slightly out of focus, emphasizing the text in the foreground.

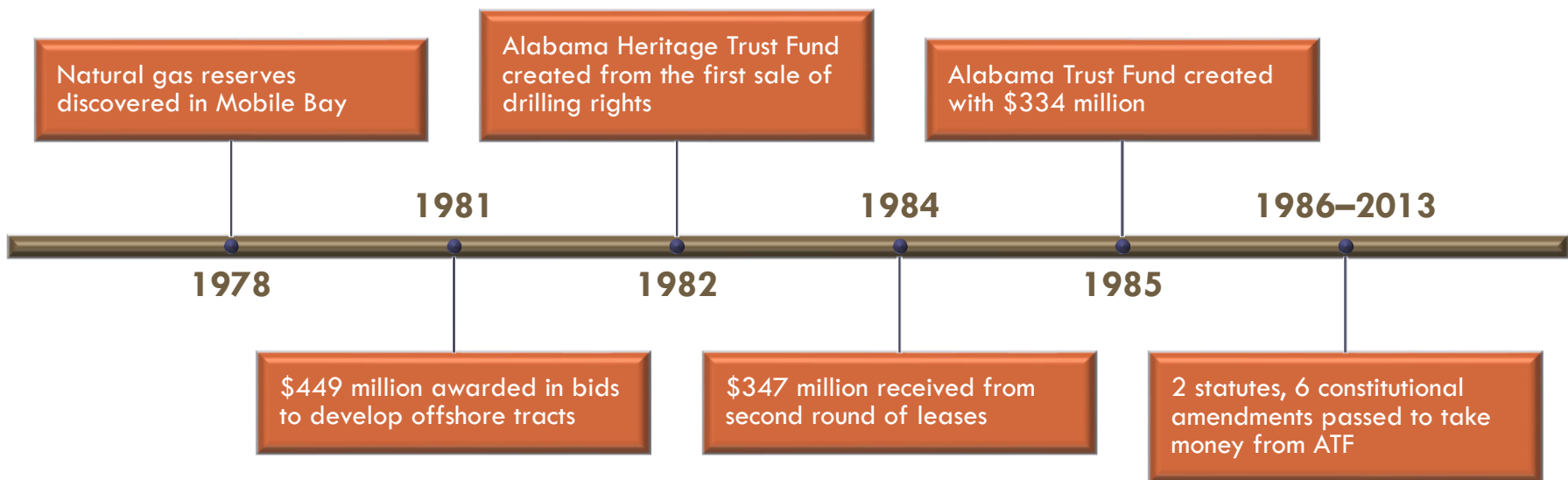
UNDERSTANDING THE ALABAMA TRUST FUND

-
THE STATE'S MOST VALUABLE FINANCIAL ASSET

John McMillan, State Treasurer



HISTORY OF THE ALABAMA TRUST FUND



BOARD MEMBERS

9 TRUSTEES

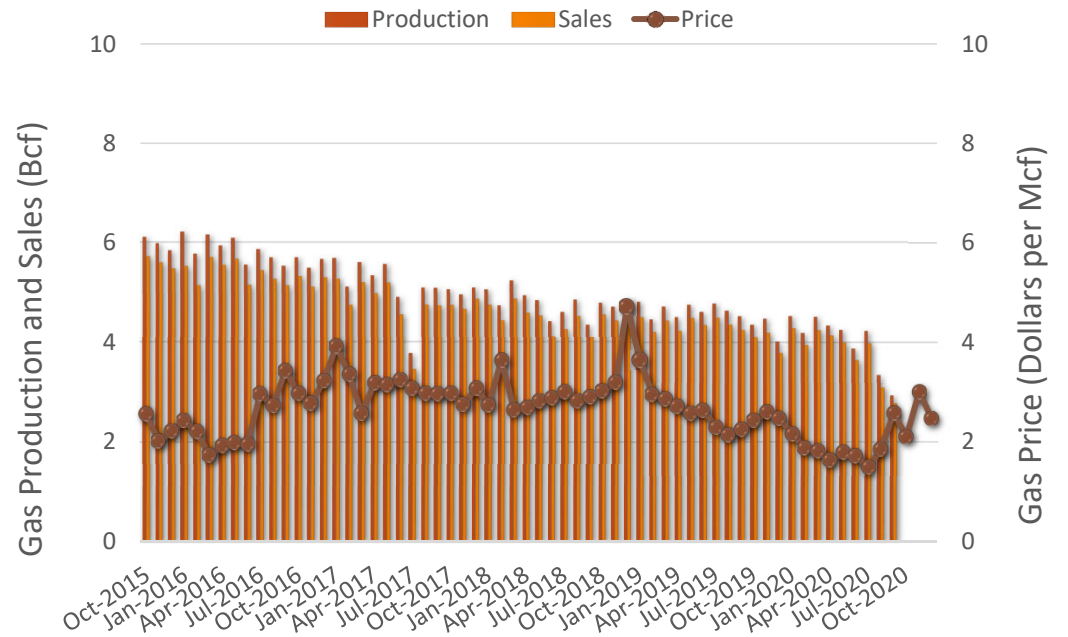


- ❑ Chairman, Governor Kay Ivey
- ❑ Vice Chairman, Finance Director Bill Poole
- ❑ Secretary, Treasurer John McMillan
- ❑ Edgar Pruitt, Appointed by Governor
- ❑ John Hornsby, Appointed by Governor
- ❑ Stacy Faison, Appointed by Governor
- ❑ Guice Slawson, Appointed by Lt. Governor
- ❑ Daniel Hughes, Appointed by Lt. Governor
- ❑ Sandra Sims deGraffenried, Appointed by Speaker



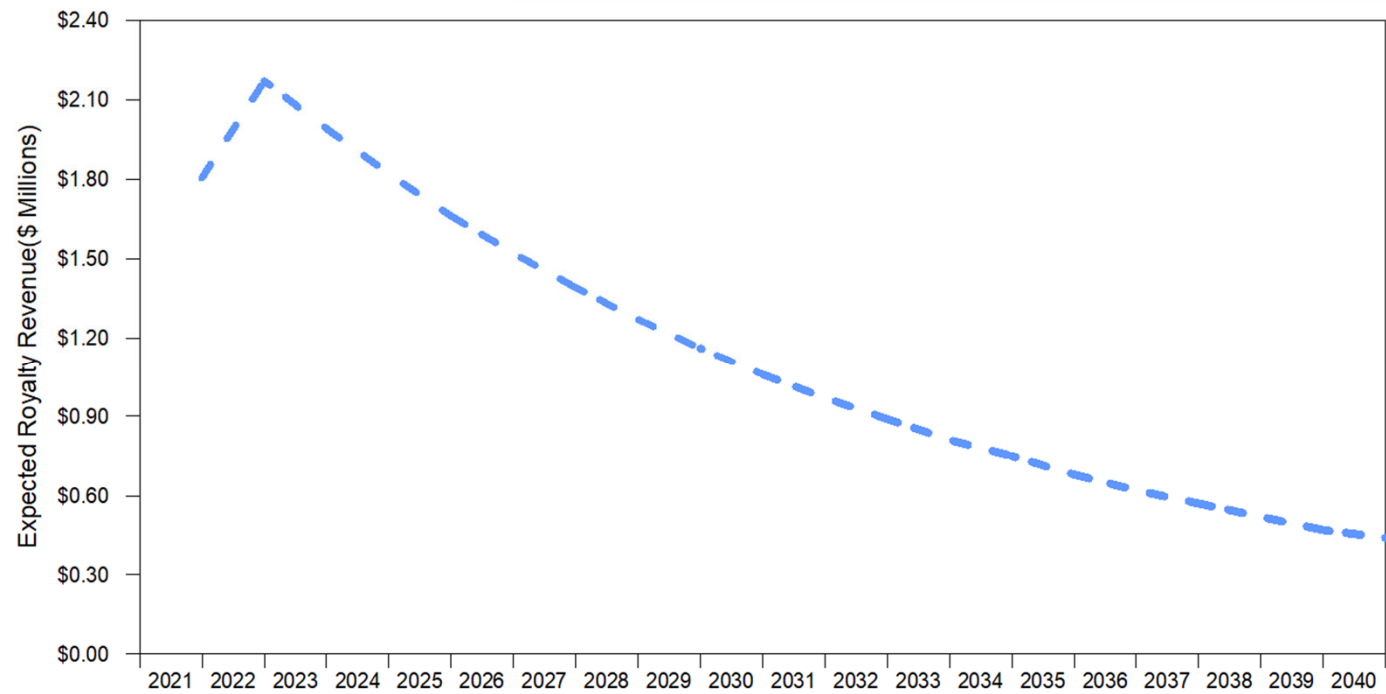
OIL AND GAS PAYMENTS

FY20 - \$25.8 MILLION
FY19 - \$42.4 MILLION
FY18 - \$47.2 MILLION
FY14 - \$87.2 MILLION
FY11 - \$118.7 MILLION



PROJECTED OIL AND GAS ROYALTIES

For the Alabama leases there is an assumed decline projected by the Alabama Oil and Gas Board. Recent results reflect and confirm this declining revenue trend. For example, in FY13, the ATF received \$83 million in royalties. In FY19, the ATF received \$42.8 million in royalties.

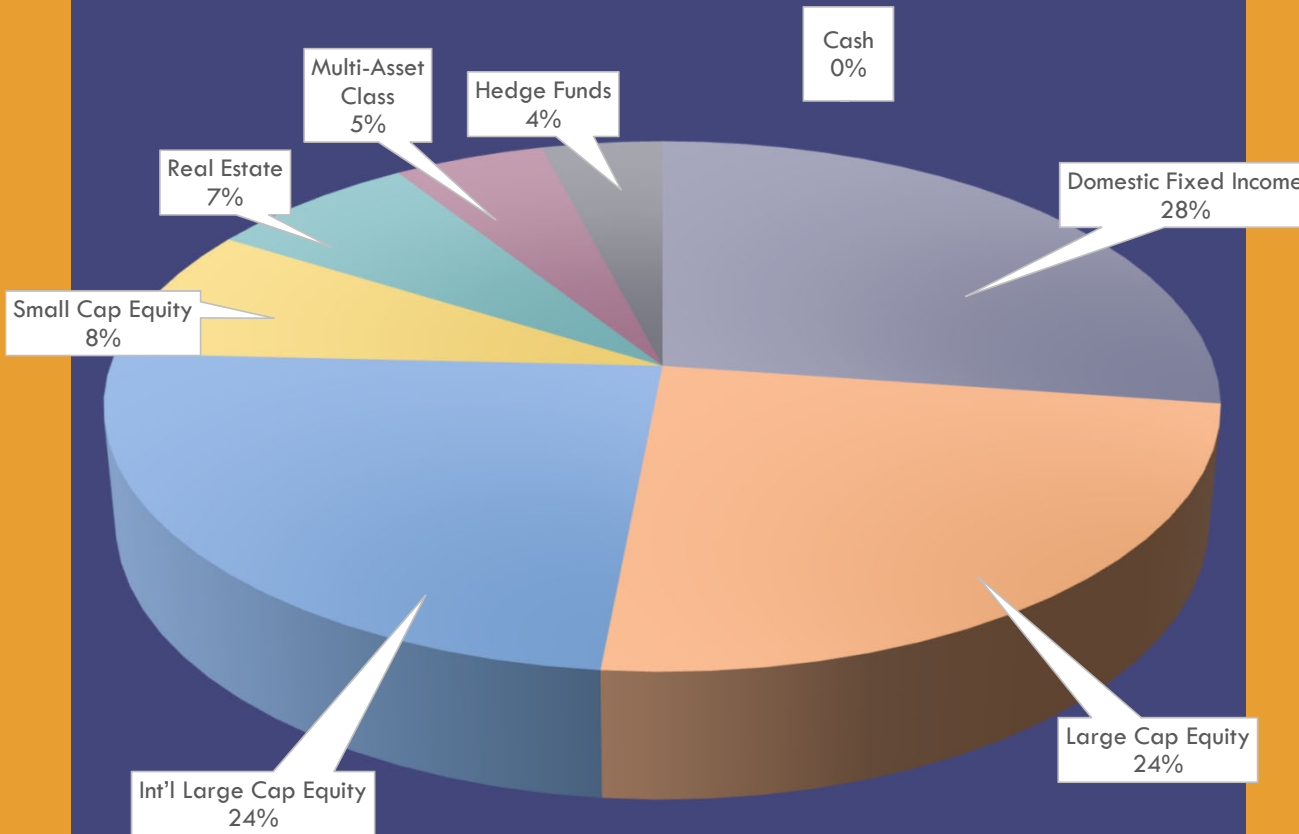




ATF RATE OF RETURN

Invested Assets Annual Rate of Return					
Fiscal Year	2016	2017	2018	2019	2020
Rate of Return	10.61%	11.55%	6.99%	5.73%	8.39%

ATF ASSET ALLOCATION



- 27% Domestic Fixed Income
- 24% Large Cap Equity
- 24% Int'l Large Cap Equity
- 8% Small Cap Equity
- 7% Real Estate
- 5% Multi-Asset Class
- 4% Hedge Funds
- 0% Cash

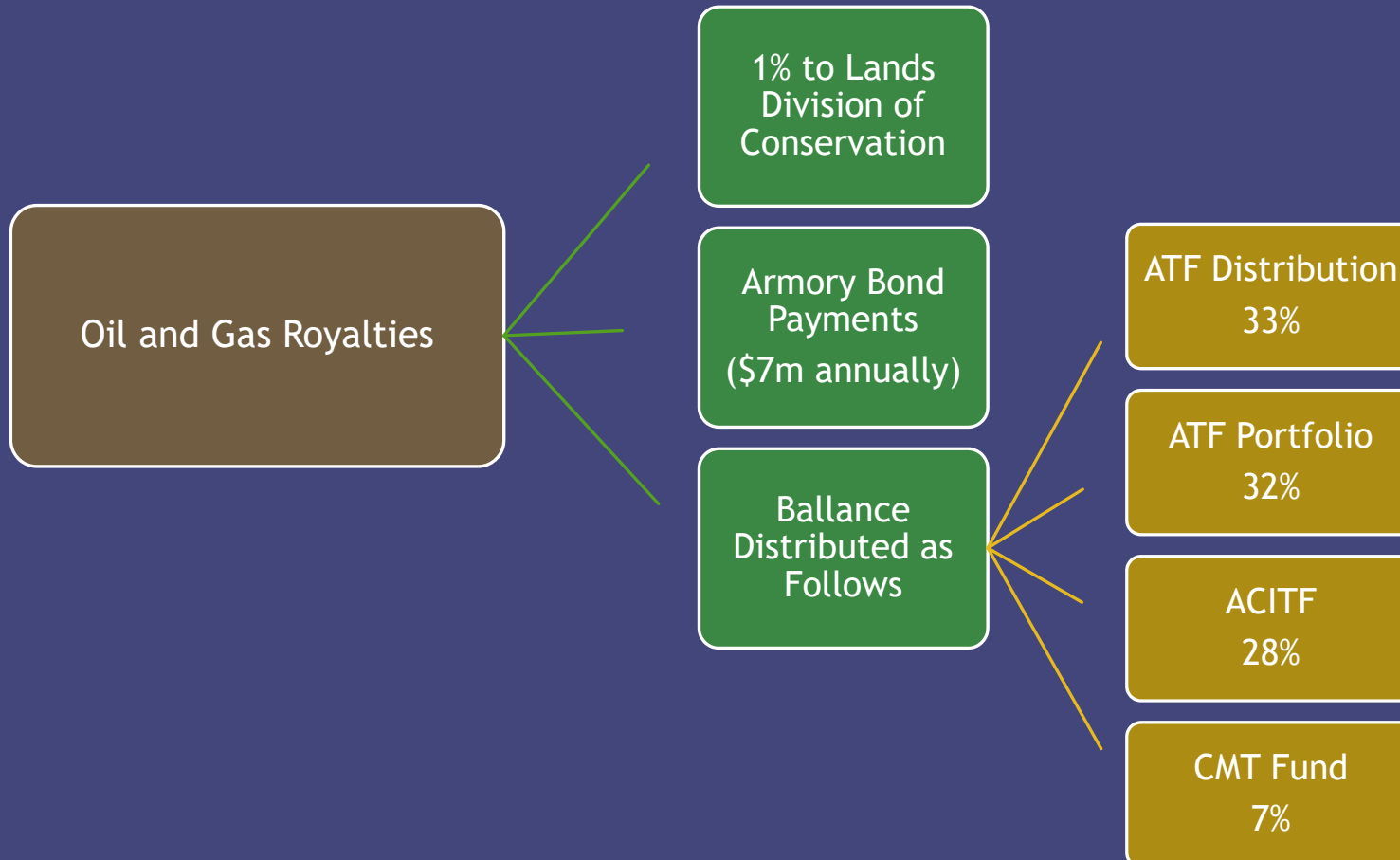
\$3.7 Billion



WHY DO YOU CARE ABOUT THE ALABAMA TRUST FUND?

- a) ATF is the State's most valuable financial asset
- b) Natural gas drilling offshore is fascinating
- c) Alabama's 67 counties receive monies from the ATF
- d) The Board of Trustees are my friends

ATF DISTRIBUTION OF ROYALTIES



ATF DISTRIBUTIONS

Royalties
+
5% of 3 Year Average
Market Value of Portfolio

Cities 10%

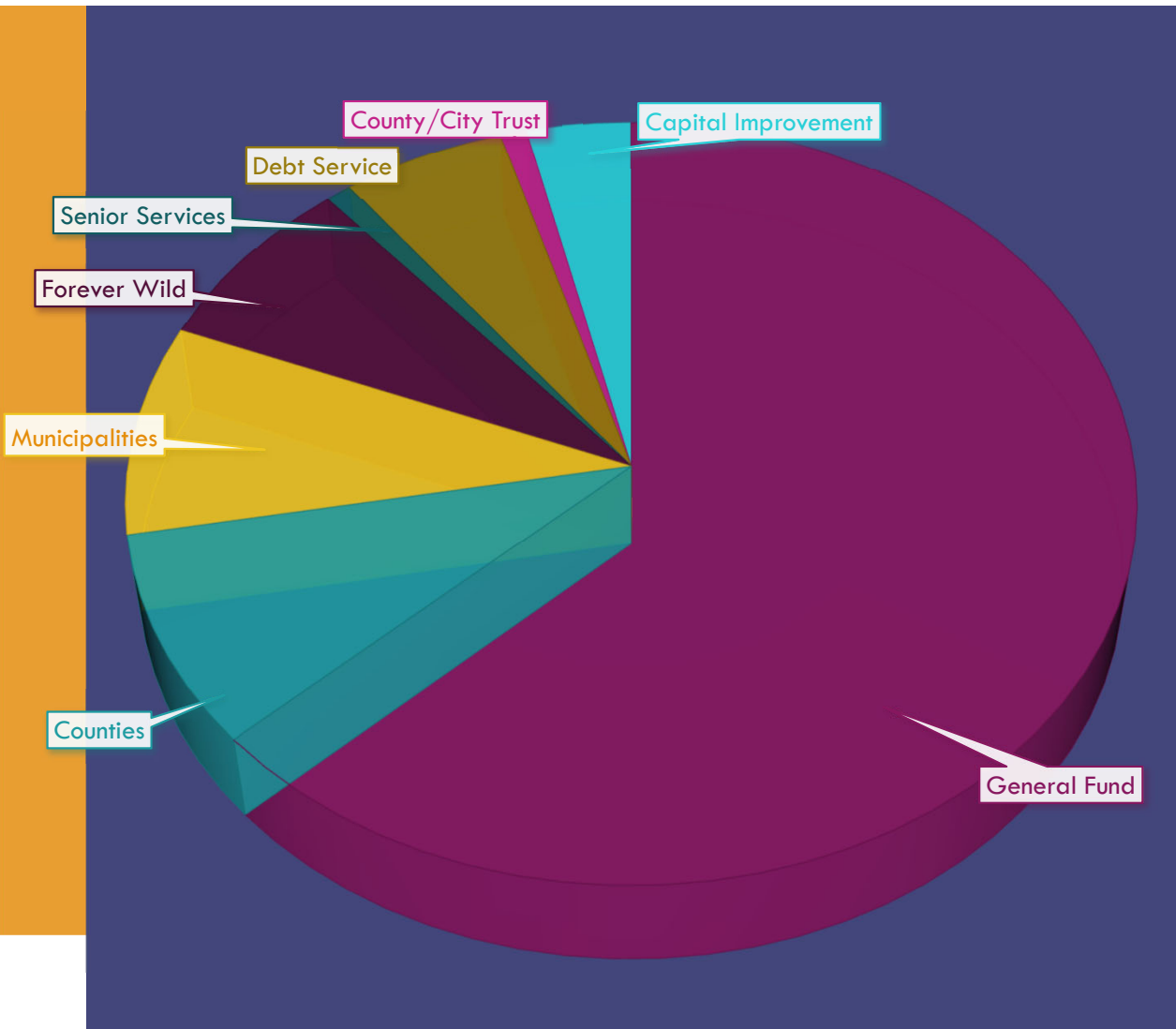
Counties 10%

Forever Wild 10%

Senior Services 1%

General Fund
(remaining balance)

2021 DISTRIBUTIONS



General Fund	\$123.6 Million
Counties	\$17.5 Million
Municipalities	\$17.5 Million
Forever Wild	\$15.0 Million
Senior Services	\$1.8 Million
Debt Service	\$11.2 Million
County/City Trust	\$1.8 Million
Capital Improvement	\$7.2 Million

\$195.6 Million



**HOW MUCH HAS THE
ATF PROVIDED TO THE
67 COUNTIES SINCE
2001?**

- a) \$280 million
- b) \$350 million
- c) \$409 million
- d) \$480 million

TWO DISTRIBUTIONS TO COUNTIES

1. County Government Capital Improvement Fund

- Funding: Constitutional Amendment 856 passed in 2012
 - 10% of ATF annual distribution
- Distribution: annually in April
 - 45.45% Equally among 67 counties
 - 54.55% County population/state population
- Distribution Amount:
 - FY 19 \$ 15.0 Million
 - FY 20 \$ 16.4 Million
 - FY 21 \$ 14.5 Million
- Use: public buildings, solid waste, public utilities, roads and bridges, bonds, public health department, pensions and security department(Section 11-29-6, Code)

2. County and Municipal Government Capital Improvement Trust Fund

- Created by Amendment 666 in 2000
- Funding:
 - 7% of oil and gas payments
- Distribution Method: Annually
 - 2.25% of average market value of 3 previous fiscal years
 - Paid to County Govt Cap Improvement Fund
 - 45.55% Equally
 - 54.55% County population/total state population
- Distribution Amount:
 - FY 19 \$ 11.6 Million
 - FY 20 \$ 12.2 Million
 - FY 21 \$ 12.6 Million
- Use: Capital Improvements
- Trust Fund invested by ATF Board
- Advisory Committee

COUNTY AND MUNICIPAL GOVERNMENT IMPROVEMENT TRUST FUND

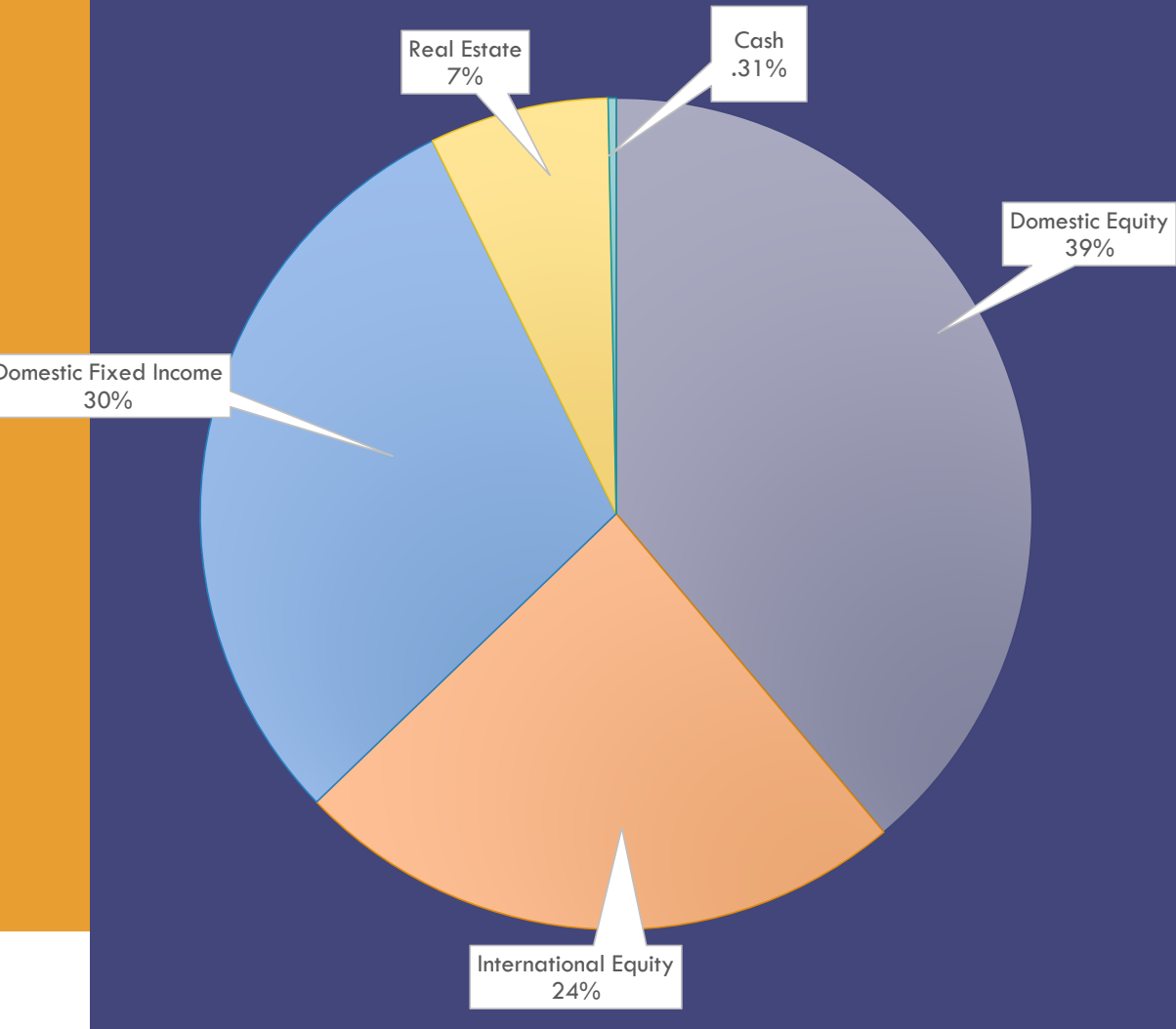
ADVISORY BOARD MEMBERS



- Ray Long, Morgan County Commission
- Greg White, Covington County Commission
- Dan Harris, Montgomery County Commission

- Dink Myers, Chair, Guntersville City Council
- Adam Bourne, Chickasaw City Council
- Dee Woodham, Montevallo City Council

CMT ASSET ALLOCATION



- 39% Domestic Equity
- 24% International Equity
- 30% Domestic Fixed Income
- 7% Real Estate
- .31% Cash

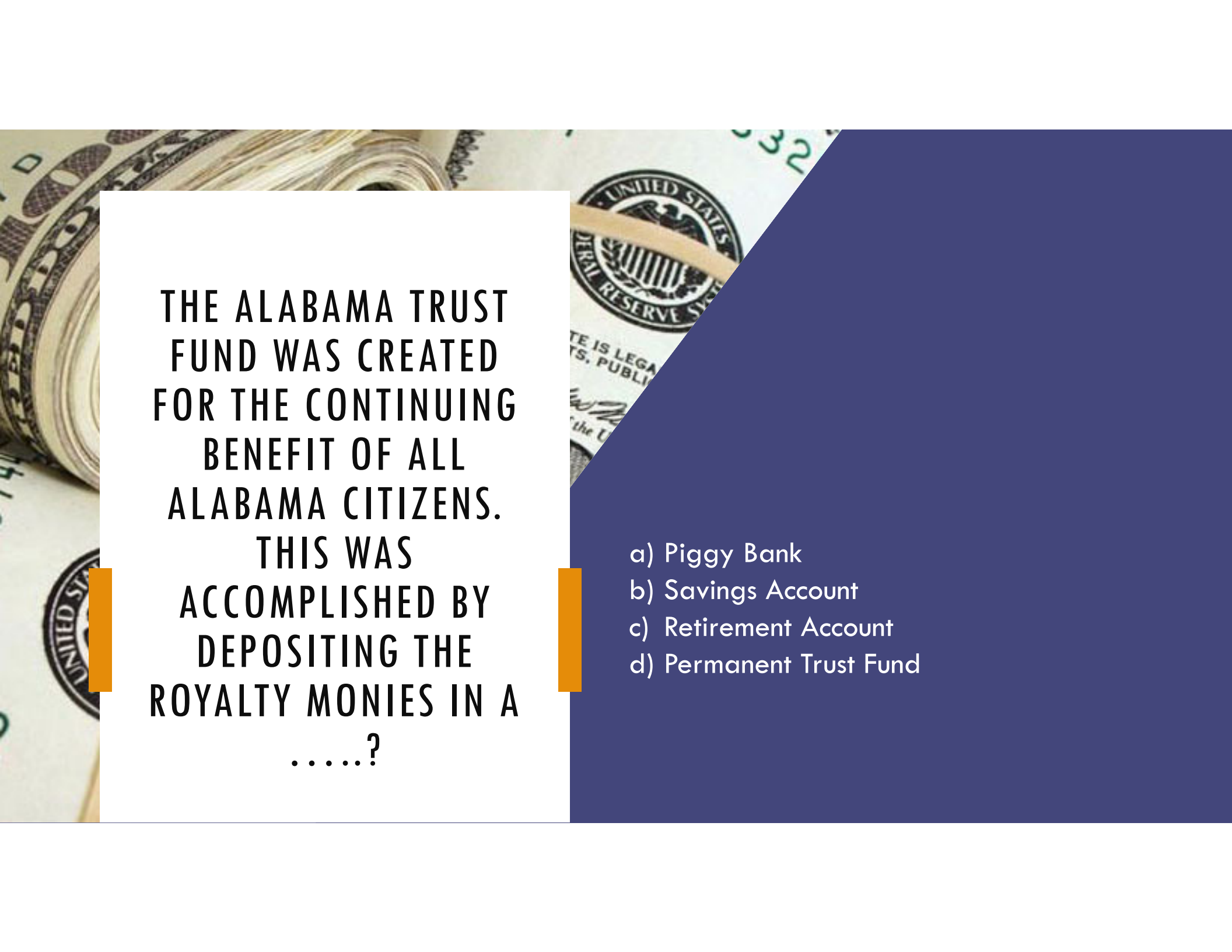
\$575.7 Million



CMT RATES OF RETURN AS OF DECEMBER 31, 2020

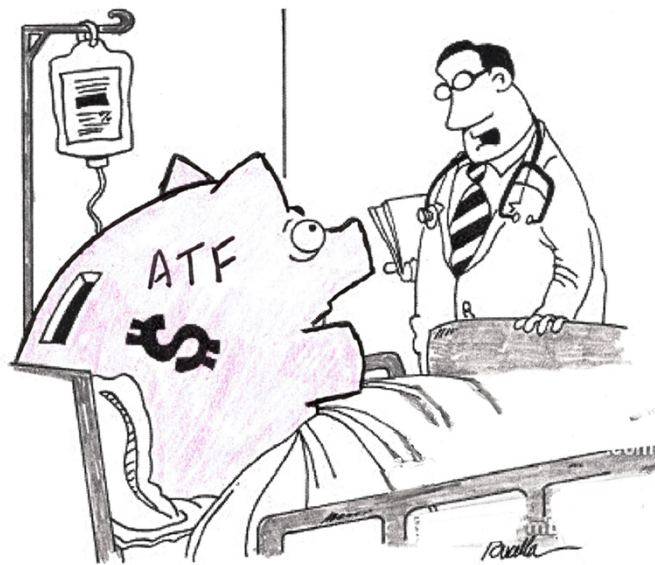


Investment Rate of Return		
	Rate	Target
Last Year	13.07%	12.25%
Last 3 Years	8.92%	8.18%
Last 5 Years	9.67%	9.28%



**THE ALABAMA TRUST
FUND WAS CREATED
FOR THE CONTINUING
BENEFIT OF ALL
ALABAMA CITIZENS.
THIS WAS
ACCOMPLISHED BY
DEPOSITING THE
ROYALTY MONIES IN A
.....?**

- a) Piggy Bank
- b) Savings Account
- c) Retirement Account
- d) Permanent Trust Fund



"The procedure was a complete success. We removed all of your money."