

Minutes  
RTA Pension Plan Trustee Meeting Quarterly Meeting  
May 20, 2022  
via Zoom | 12:00 pm

**Trustees in Attendance**

Bill Lachman, Chairman  
Zaid Abdul-Aleem  
Madhi Hemingway  
Lorri Newson  
Frank Paul  
Samuel Sesto  
Robert Vorisek

**Also Attending**

Keith Beaudoin, Meketa  
Debbie Gidley, Gidley Management Group  
Ali Guttillo, Northern Trust  
Ghiane Jones, Meketa  
Nadine Lacombe, RTA  
Katie Rak, McGuire-Woods  
Rob Reed, Alliance Pension Consultants  
Renee Scott, Meketa  
Alli Wallace Stone, Meketa

**I. Call To Order/Roll Call**

Chairman Bill Lachman called the meeting to order at 12:12 pm. Debbie Gidley called roll and it was established that a quorum was present.

Chairman Lachman confirmed that, pursuant to the Governor's emergency declaration and due to the ongoing COVID-19 pandemic, it is not prudent for the Trustees to meet in person at this time.

**II. Discussion of Agenda Items**

Chairman Lachman asked if there were any changes to the agenda. It was requested that setting future dates for RTA Trustees meetings be moved up on the agenda. Chairman Lachman noted that the Trustees need to set meeting schedule for the entire year going forward.

**III. Determination of Next Quarterly Meeting Dates - August and Nov 2022**

The Trustees agreed to the following dates for the upcoming Trustees' Meetings:

Wednesday, August 24 at noon  
Friday, November 18 at noon

As of this writing, the meetings will be held over ZOOM. Chairman Lachman will let the Trustees and public know if this changes and we are able to meet in person.

#### **IV. Public Comment**

It was noted that there were no public comments to address. There are no guests who requested time on the agenda to speak.

#### **V. Approval of Minutes – February 11, 2022**

Chairman Lachman asked if there were any additions or changes to the minutes from the February 11, 2022 RTA Trustees Meeting. Hearing none, he asked for a motion to approve the minutes as presented.

**MOTION: ROBERT VORISEK MADE A MOTION TO APPROVE THE MINUTES OF THE FEBRUARY 11, 2022, RTA TRUSTEES QUARTERLY MEETING AS PRESENTED. THE MOTION WAS SECONDED BY MADHI HEMINGWAY BY AND APPROVED BY UNANIMOUS ROLL CALL VOTE.**

#### **VI. Northern Trust Report**

Ms. Guttillo noted that Northern Trust is currently operating in a hybrid model.

In October, Northern Trust will hold their Annual Public Summit – a 3-part series in October/November/December of 2022. They are currently requesting topics of interest.

The RTA Auditors requested a report on Northern Trusts' best practices for data safety/cyber security. Ms. Guttillo will provide the requested documents.

#### **VII. 1<sup>st</sup> Quarter 2022 Investment Performance Report, Capital Markets Update & Performance**

Keith Beaudoin began the report by noting the markets are very volatile. Highlights of the 1<sup>st</sup> quarter Investment report include:

- Commodities (metal, agriculture, energy) have been in the positive.
- Rising interest rates have negatively impacted every other asset class and this continues into the 2<sup>nd</sup> quarter.
- S&P down 17.7%; fixed income down 9.5%; international markets down 5-6%; Emerging Markets down 7% - mainly driven by China's common prosperity/COVID lockdown policy.
- Fixed income returns are down in response to the Fed raising interest rates to combat inflation. Many economists believe inflation will come down slowly starting now and will get to a more "manageable" level by year-end 2022 but still high relative to the last 5 years

- On a positive note, price to earnings ratios have become more reasonable and at or below historical averages in both the Developed and Emerging Markets

2022 has been the 3<sup>rd</sup> worst start to a calendar year for the markets, and the worst start for bond index.

Yield Curves were shown for year end 2020 and 2021 relative to April 30, 2022. The Fed has come out strongly to tamp down inflation, raising rates. Mr. Beaudoin noted that the 2s vs 10s briefly inverted but it doesn't necessarily mean a recession is coming. It is indicative, but the curve is coming back to normal.

In answer to a question about volatility, Mr. Beaudoin noted that all sectors are correcting at this time.

Ghiane Jones reported that the Fund is at \$362.5M and that most assets are within policy ranges. She noted a slight overweight in equity and fixed income.

The fund declined by 4% this quarter. Domestic equity declined by 6.6%; Emerging Markets down 7.1%, but outperformed benchmark.

Private Equity Portfolio continues to grow – performance strong.

#### ***Manager Reviews:***

TimesSquare outperformed for the quarter. Posted strong net returns.

Wellington was down 8.1% for quarter due to Emerging Markets exposure. Meketa will review Wellington and report back to Trustees.

In answer to the question should the Trustees consider reducing the allocation to "other" underweighted area, Mr. Beaudoin noted that there are some rebalancing recommendations later in the agenda.

Alli Wallace Stone gave an overview of the recent history of inflation; noting that the portfolio is well positioned to hedge inflationary issues. About 15% of the total portfolio has direct sensitivity to inflation including TIPS, Infrastructure, and Real Estate. These exposures should help the portfolio in the current higher than normal inflationary times.

#### **VIII. Discussion of Active Large Cap Value Overview and if Potential Search is Merited**

At the prior Board of Trustees meeting, it was suggested to consider a more value-oriented manager in the Large Cap space. Meketa suggested large cap active managers can add value.

Chairman Lachman suggested this next discussion occur in closed session.

**MOTION: PURSUANT TO SUBSECTION 2(C)(7) OF THE OPEN MEETINGS ACT, FRANK PAUL MADE A MOTION GO TO CLOSED SESSION. THE MOTION WAS SECONDED BY ROBERT VORISEK AND APPROVED BY UNANIMOUS ROLL CALL VOTE.**

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**CLOSED SESSION:**

**END OF CLOSED SESSION**

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Back in open session, a MOTION was made by Zaid Abdul-Aleem to add Large Cap Value Equity to the portfolio.

**MOTION: ZAID ABDUL-ALEEM MOVED TO ADD LARGE CAP VALUE EQUITY TO THE PORTFOLIO. THE MOTION WAS SECONDED BY ROBERT VORISEK AND APPROVED BY A UNANIMOUS ROLL CALL VOTE.**

Meketa recommended the Trustees interview the following managers for Large Cap:

- Aristotle
- Independent Franchise Partners
- Newton

It was asked whether the Trustees wanted to add anyone to this list? Meketa will see who adds ESG to their management strategy. This criterion can change the recommendations. At the suggestion of one of the Trustees, Meketa will research additional candidates and present them to the Trustees; then the Trustees will determine which candidates to interview.

There will be two upcoming meetings prior to the next quarterly meeting: the first on Friday, June 24 at 11:00 am to determine which managers the Trustees wish to interview and the second in July 2022 (15<sup>th</sup> or 22<sup>nd</sup> subject to candidate availability) at 10:00 am to interview the selected candidates.

**IX. Discussion Regarding Inflation Hedges in the Existing Portfolio**

Meketa commented that commodities provided the only positive returns recently. With regard to inflation issues it is felt the portfolio is well positioned to hedge inflation.

**X. Discussion-Update on Pension Plan Amendment and Open Meetings Act**

At its meeting on May 19, 2022, the RTA Board approved an amendment to the RTA pension plan proposed by the RTA Pension Committee.

The Trustees of the RTA Pension Plan will begin operating in conformance with the Open Meetings Act. Ms. Lacombe will send a document on best practices for the Open Meetings Act. She noted that it is important not to inadvertently conduct any closed meetings (including by e-mail, text, or phone.)

She further noted that for ease, the Trustees might consider waiting until the end of the meetings to go into closed session in the future.

Regarding the Pension Plan Amendment, the plan amendment eliminated a non-reciprocal service credit with the CTA pension plan. In Addition, the amendment will allow new employees to opt out of the Pension and instead receive a 401(k) employer contribution (proposed to be 6-8% of compensation but subject to the approval of the agencies).

The amended Plan increases the per meeting stipend for Trustees from \$275 to \$300.

All Trustee terms end on December 31<sup>st</sup> of the fourth calendar year in which they served as a Trustee (i.e. if a Trustee is appointed in February 2021, the term will end on December 31. 2025).

Finally, the June 24, 2022, meeting should include an agenda item for training for the Open Meetings Act.

#### **XI. Administrator's Report and Rebalancing or Additional Deposits to Cover Quarterly Cash Flow Needs**

Rob Reed may need to cover \$4M in lump sum payments and expenses between now and July 2022, which will leave the cash balance at around \$829,000. He noted that he would like \$2M cash to carry through until August 2022.

The Trustees asked Meketa to recommend from where to source these funds. Meketa recommended that the funds be withdrawn from the Russell 1000 Index Fund.

**MOTION: SAMUEL SESTO MADE A MOTION TO LIQUIDATE \$2M FROM THE RUSSELL 1000 INDEX FUND TO COVER EXPENSES THROUGH AUGUST 2022. THE MOTION WAS SECONDED BY MADHI HEMINGWAY AND APPROVED BY UNANIMOUS ROLL CALL VOTE.**

**MOTION: A MOTION WAS MADE BY MAHDI HEMINGWAY TO TAKE \$1M OUT OF THE REAL ESTATE FUND FROM HEITMAN AND \$1M FROM JP MORGAN (SUBJECT TO LIQUIDITY CONSTRAINTS) AND REINVEST IN THE ARROW STREET EAFE FUND. THE MOTION WAS SECONDED BY SAMUEL SESTO AND APPROVED BY UNANIMOUS ROLL CALL VOTE**

It was noted that it may take a couple of months or longer before the funds in the Heitman and JP Morgan funds can be withdrawn from the redemption queue.

#### **XIII Old Business**

Old business was discussed earlier in the meeting.

**XIV New Business**

If anyone has any training activity hours, please let Katie Rak know.

**XV Adjournment**

There being no further business the meeting was adjourned at 2:10 p.m.

**MOTION: MAHDI HEMNGWAY MADE A MOTION TO ADJOURN. MOTION SECONDED BY ZAID ABDUL-ALEEM AND APPROVED UNANIMOUSLY.**

Respectfully submitted,

Debbie Gidley  
Recording Secretary