

RTA Pension Plan Trustee Special Meeting
June 24, 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
Josh Brough, Meketa
Debbie Gidley, Gidley Management Group
Ghiane Jones, Meketa
Nadine Lacombe, RTA
Katie Rak, McGuire Woods
Rob Reed, Alliance Pension Consultants
Alli Wallace Stone, Meketa

I. Call To Order/Roll Call

Chairman Bill Lachman welcomed all participants and guests and called the meeting to order at 11:16 a.m. 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.

Chairman Lachman asked if there were any changes to or discussion of the agenda. There were none.

Chairman Lachman noted that there were no members of the public present for the meeting.

II. Next Meeting Dates

Chairman Lachman confirmed the dates of upcoming RTA Pension Plan Trustee Meeting as follows:

Friday, July 15 at noon
Wednesday, August 24 at noon
Friday, November 18 at noon

III. 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.

IV. Semi-Finalist Review

Keith Beaudoin introduced Josh Brough of Meketa's Research Team to introduce the candidates for the Large Cap Value Manager position. During his introduction, he noted that for this search, one of the factors that Meketa emphasized for the active Large Cap Managers was greater downside protection, often times achieved through investments in more stable companies.

He further noted that they did look at local, MWDBE, and/or highly rated ESG rated firms as a priority, but there were issues with these firms and they can't recommend any of the firms as noted on the presentation.

The three candidates Meketa recommended for the Large Cap Manager are:

- Aristotle – CA
- Independent Franchise Partners – UK
- Newton – MA

Mr. Brough noted that all three are considered "best in class," with IFP and Aristotle more concentrated; and Newton a bit more diversified.

In regard to a question on ESG Scoring, Mr. Brough noted that Meketa's ranking scale is as follows:

A = highest, true believer. Actively engaged with companies on ESG matters.

C = Good with governance, agree with in theory with ESG practices, but ESG is not incorporated into their process in a meaningful way.

When asked if Aristotle is 100% dedicated to value, Mr. Brough replied, all the candidates he is presenting are.

Mr. Brough went through the ownership structure, characteristics and performance of each firm noting that Aristotle and IFP tend to protect more on the downside, while Newton is more cyclical. IFP tends to take the least market risk.

Mr. Brough noted that one of the things they look at is Information Ratio: a measure of the consistency of a portfolio's performance relative to a benchmark. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

So, the higher the Information Ratio, the manager is getting more return per tracking error.

When asked for an example of this, Mr. Brough noted that for most of these managers, stock selection drives it. He will follow-up with further info.

Regarding the rolling 3-year excess returns; all three firms have outperformed.

In terms of fees:

- Newton is a negotiated fee at 25 basis points.
- Aristotle is 49 basis points
- IFP is at 68 basis points, but Mr. Brought feels they are still competitive.

However, IFP has a redemption fee of 25 basis points.

When asked what the lock-up is on that, Mr. Brough noted that it doesn't matter whether it is 1 hour or 26 years, after you invest, it's the same.

Would the data point change much if we look at April/May? Mr. Brough said not much, it has gone down a bit during the April/May period, but YTD overall outperformed benchmark by 300-400 points.

When asked on the importance of timing, Mr. Brough noted managers view this as positive during times like this.

For the special meeting on July 15th Mr. Brough suggested interviewing two candidates and asked the Trustees if they had any thoughts on who they would like to interview.

MOTION: A MOTION WAS MADE BY FRANK PAUL, PURSUANT TO SUBSECTION 2C7 OF THE OPEN MEETINGS ACT, THAT THE MEETING FROM OPEN SESSION TO A CLOSED SESSION. THE MOTION WAS SECONDED BY ROBERT VORISEK AND APPROVED UNANIMOUSLY BY ROLL CALL VOTE.