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EPISODE 19:

Listening to Many with Chris Brockmeyer

Director of Employee Benefits for the Broadway League

Robert Morier: Welcome to the Dakota Live Podcast. I'm your host Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, trustees, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and their Dakota Live content, please check out dakota.com to learn more about their services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval support or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fund raisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. And I am always happy to introduce you to my partner on the desk, Dan DiDomenico. Dan, nice to see you here again.

Dan DiDomenico: Likewise. Thanks, Robert, for having me.

Robert Morier: Well, welcome back to the show. It's always a pleasure. And Dan, I'm thrilled to introduce you and our audience today to our guest Chris Brockmeyer. Chris is the director of employee benefit funds for the Broadway League. Chris, welcome to Philadelphia.

Chris Brockmeyer: Nice to be here. Thanks for having me.

Robert Morier: Yeah, nice to have you here. We always like it when people can come into the studios. And you manage through the I-95 corridor to get here in Philadelphia, so thank you very much. Not easy.

Chris Brockmeyer: Nice to break out of the Zoom cage, so I'm glad to meet in person.

Robert Morier: I agree. I agree, it's always nice too. And you can't have your phone nearby, so it's also too the Zoom phone dilemma is something I always wrestle with. Well, we have a lot of questions for you, Chris, so thanks again for being here. Before we do, I want to quickly share your background with the audience. So, Chris has been the director of employee benefit funds for the Broadway League, the National Trade Association for the Broadway theater industry since 2007. Chris serves as the employer co-chair on 11 employer pension funds, 6 health funds, and 6 annuity 401(k) funds with approximately $9 billion in assets, covering 140,000 current or future retirees and providing health care coverage for more than 31,000 employees plus dependents in the entertainment industry. Before arriving at the Broadway League, Chris was the director of Labor Relations at Live Nation Clear Channel Entertainment for seven years, negotiating and administering all labor relations activities for the company's 100 North American venues. Its music-promoting business, its theater presenting operations, and its role as a commercial theater producer, previously he spent nearly eight years working for the performer's unions, Actors Equity Association, and the American Federation of Television and Radio Artists, the after fund, now SAG-AFTRA. Chris serves on the board of directors of the National Coordinating Committee for the multi-employer plans, a nonpartisan organization based in Washington DC dedicated to the advocacy of multi-employer plans through communication with government officials and members of Congress. He is actively involved in federal policy and regulatory matters impacting multi-employer retirement and health plans. He also serves on the board of directors and the trustees committee of the International Foundation of Employee Benefit Plans and is a regular speaker at investment and employee benefits conferences. He was honored by Institutional Investor Magazine with its Taft-Hartley plan of the year award. And Chris also taught labor relations in the performing arts for 15 years at Brooklyn College's MFA Performing Arts management program. In addition to his work in the entertainment industry, Chris served a four-year term as a Councilman for the town of North Salem in Westchester County, New York, and currently serves on North Salem's planning board. When not advocating on behalf of benefit fund participants, Chris may be found exploring the mountains, cliffs, lakes, and streams of New York's Adirondack Park and beyond. And finally, Chris received his BA in philosophy and history from the University of Massachusetts at Amherst, and his MA in philosophy from the New School in New York City. Chris, thanks for joining us. Congratulations on all your success.

Chris Brockmeyer: Thank you. Thank you. Thanks for the very nice introduction.

Robert Morier: You're welcome. It always feels like our guests are often surprised how much they've done.

Dan DiDomenico: I was going to say you earned it.

Robert Morier: And the question I usually ask is how have you done it all? How have you fit this all in? Because, as you said even with Zoom, things have become relatively more efficient in terms of managing our time and our day. But that was a lot, so tell us how you make it all happen.

Chris Brockmeyer: Well, I think technology has made us all more efficient and has a allowed us to work anywhere, any time on anything really. And I can be on a ski lift and reviewing a document and responding on a Saturday if that's what I need to be doing. So that's, in large part, what allows me to juggle all those balls at once.

Robert Morier: So, you're going to ski resorts that have service?

Chris Brockmeyer: Sometimes, sometimes, sometimes.

Robert Morier: Well, when you are there, I mean, it's interesting because you've been in the seat now for several years, nearly 16 years with the Broadway League. So, you started in 2007, so good timing, just before the crisis, not during the crisis. And you were also with the Broadway League during, obviously, the pandemic. And I was thinking a lot about that in your role in the seat during that time. So, could you take us back to March 2020? New York City is at the epicenter of the country's COVID outbreak. Two weeks earlier, all 41 Broadway theaters close. So, what was it like being in that seat at that time and what were you thinking?

Chris Brockmeyer: Yeah, I mean, obviously, the whole world shut down in that third week of March. I think that probably our industry stayed shut down longer than any for a lot of obvious reasons. Initially, I think a lot of us thought it was maybe going to be a one, two, three-week affair. And then those weeks turned into months and then turned into years. From a benefit funds perspective, of course, it impacted our health plans quite dramatically. And the focus of my work and the trustee's work really was toward the health plans because health plans tend to be more of a cash in, cash out operation. Pension plans, we're still kind of dealing with longer term effects of that. Pension plans are much more slow-moving by nature. And so, the impact of COVID and the pandemic and the year and a half shutdown has not been felt as severely immediately. But over time, it's showing some cracks that we do have on some plans.

Robert Morier: Interesting what was the relationship like between management and the unions during that time? Obviously, a big part of what you do is brokering those negotiations and at a time of stress. How did you find those two sides of the table coming together? Because effectively, it was a revenue crisis, as you just said, as much as a health crisis.

Chris Brockmeyer: It was a contribution income crisis, a health crisis, and of course, in the early days of the pandemic when the markets plunged, it was an investment crisis that, of course, held steady and did OK. But with respect to the relationship with the unions, I mean, generally, we have terrific relationships with our union trustees on the other side of the table, if that's how you want to put it. We're all there for a common cause and we all, even if we may look at an issue from a slightly different perspective, I think we have the same goals in mind. And that was no different in the early days and even later days of the pandemic when we really had to come together and, again, on health plans cut benefits quite severely, cut eligibility quite severely. On the investment side, we de-risked to the extent that we had any risk in our portfolios out of concern that we would lose even more money in the markets. And the relationships stayed strong, and in some respects, actually strengthened through that crisis. So sometimes in moments of crisis, labor management relations become more strained. I would say in this case, that was certainly not the case. And we all recognized the real crisis that we were in.

Robert Morier: That's nice to hear. I'm happy that everyone was able to come together. When you think about-- you mentioned de-risking. So, what did de-risking? Was it a reduction in equity at that time or—

Chris Brockmeyer: Again, speaking only for the health plans, we didn't really do anything with our pension plans, which turned out to be a good thing, which is what I think all good responsible institutional investors should do to hold steady and not try to tie markets and so on. on the health plan side, it's not unusual for a health plan to have 20% or 30% of its assets in equities. And we, in many cases, cut that severely, if not entirely into fixed income because it's bad enough to be having no contribution income and paying out benefit claims and at the same time seeing real losses in our equity market.

Dan DiDomenico: It had to be a constant conversation and puzzle for you to try and match those assets to the liability, and in that period of uncertainty, had to be really difficult for you to feel comfortable with those allocations to meet those longer-term liabilities.

Chris Brockmeyer: Right. And we were kind of running out the clock in a way because we had benefits that we had to keep paying while people were covered under those plans. And we had to make sure that we had money to fight another day once we got back into business—

Dan DiDomenico: Not knowing what the duration of this event was even going to be.

Chris Brockmeyer: That's right. And fortunately, I'm happy to say that none of our health plans went bankrupt. They all are recovering and doing well in today's economy, and with Broadway back up and nearly running at full capacity.

Dan DiDomenico: Testament to you and all that support. And I know we're going to get into that and talking about some of the underlying relationships that you all work with as inputs to the process, but maybe a good segue way for us to take a little bit of a step back and talk through giving us just a little bit more of an overview of the Broadway League and its members.

Chris Brockmeyer: So, as you, Robert, mentioned in your intro, Broadway League is a trade association in the commercial theater industry. We represent theater owners, producers, general managers, and others associated-- presenters associated with commercial theater across North America. We play multiple functions for our members. We market Broadway generally. We handle the labor relations in a multi-employer context. We negotiate with the unions. We handle government relations on matters that affect Broadway and our industry. And of course, we oversee all the benefit plans that we share with our union brothers and sisters. And we're based in New York City, of course, the northern end of Times Square.

Robert Morier: Well, as I said before, you've been with the plan for 16 years, the plans for 16 years, but your background is very unique relative to who we usually interview. You have a master's in philosophy. Does it make it easier to understand asset manager philosophy statements by having a master's in philosophy?

Chris Brockmeyer: I don't know it makes it easy to understand that aspect. It's hard to apply Hegel or Kant to-- you.

Robert Morier: You could always try. I have a feeling you are going to try.

Chris Brockmeyer: I think my philosophy training, if you will, gave me the tools of critical analysis, gave me the tools to engage in arguments and debates. And I think it gave me sort of a broad-based ability to deal with, hopefully, anything that's thrown my way. So, it is a little unconventional, but I'm a big fan of the humanities and liberal arts. I think it's a strong, background for anyone to have.

Robert Morier: I would agree. I'm a history major, so I'm biased to it as well. Can you actually expand on that though, the relationship between philosophical debate and labor relations? Because I think the two are so interesting. Obviously, there's a lot of, if not all negotiation. You know, you're constantly in board meetings, constantly preparing for board meetings, I suspect. So, what does that relationship look like from your seat?

Chris Brockmeyer: Sure. Well, again, to distinguish labor relations and negotiating labor contracts with unions versus working with them on benefit funds, my background originally was in labor relations, initially, on the union side then on the employer side. And that can be, at times, a more conflict-based relationship. And when you are actually in the act of negotiating labor contract, I think that's-- back to your question about the applicability of a philosophy degree, that's where I felt I had

developed tools to be able to formulate arguments on the fly, if you will, and deal with lots of moving parts in a negotiation.
And now, in a more symbiotic relationship with my union trustees and union counterparts, I find that being able to understand the perspective they're coming from because sometimes, as I said before, I think unions and employers at a trustee table may have a similar goal, but they may approach it from different directions. And so, understanding where they're coming from, understanding their points of view and trying to meld together some solution when we do face what appears to be a difference of opinion, really turns out to be maybe just a different way of looking at things.

Robert Morier: And different experiences. I was looking at the history, as a history major, looking at the history of these plans. The Actors Equity Association is 113 years old. A lot of the RIAs that we speak with two weeks ago was six months old. So, it's a very different time frame in terms of the experiences that those individuals and then those plans' participants are bringing to the table. So, do you find that you're having to go back and address things that may have taken place years, decades ago?

Chris Brockmeyer: Sometimes some labor unions are more-- pay more attention to their history than others. And sometimes, yeah, I think one needs to go back and look at the foundational assumptions that are made regarding a matter and shake that up when necessary. And again, back to the pandemic issue, I think that the pandemic forced us all to do some of that, again, on health plans in particular and somewhat on the pension plans with how markets reacted and what opportunities came up as well.
So yeah, it's labor unions are, by definition-- well, maybe not by definition, but by nature, political beasts. You have elected representatives and then you have a broad membership that they are answerable to. And so, the people sitting at the trustee table at the end of the day are in some way-- I mean, they are there in some way representing their membership, not just the participants in the plan, but the broader membership, which may not necessarily always be the same thing. So, it can be complicated.

Robert Morier: Well, just to further complicate things, it's not just members who are sitting around the table. You also have some investment advisors, so you have consultants. And I understand you use both traditional consultants and outsource CIOs-- you've made some changes over the years. Could you talk about that relationship and their role with the respective plans and how you navigate that in your seat?

Chris Brockmeyer: So yeah, I mean, we have what I would consider two different types of relationships with our investment consultants. One, the more traditional model. I think of a traditional model is, they're consulting us. The trustees maintain discretion over hiring and firing of managers. We interview the managers and make those final decisions. The model that we have increasingly adopted in our plans and outsourced CIO model where we give some level of discretion to the consultant has created different opportunities and different structure, which we can get into later. But generally speaking, the trustees, none of whom necessarily is an investment professional, rely on those consultants in some measure, in some significant measure. And under ERISA, the law governing Taft-Hartley plans, that is actually the expectation. I mean, it's written into the legislation, essentially, that the trustees should be practitioners of the area in which they're providing benefits. And so, trustees, we rely quite heavily on our investment consultants, regardless of whether it's an outsourced discretionary or non-discretionary arrangement.

Robert Morier: Well, you've heard a lot of consultant presentations, I'm sure, over the years. So, what characteristics do you look for in a consultant relationship? We usually ask that of allocators from an asset management perspective, but you're in the unique seat of, essentially, kind of being at the highest level of consultant relations with a lot of our audience or consultant relation managers. So, as you think about how you approach those various relationships and the relationships you've seen over the years, what characteristics stand out to you when you're working with a consultant? I guess, from a success perspective, what makes a successful consultant?

Chris Brockmeyer: I think the most important aspect that a consultant needs to bring to a board is making best efforts to understand the board as a culture and institution as well as each individual board member. The consultant, and especially in the case of the CIO, the consultant is part of the team. The consultant is a fiduciary. And we think of that person, in some sense, as also being a staff person with the fund. So, I would say that is probably the single most important aspect. It's also important that consultants manage expectations. Different plans have different philosophies regarding risk and reward. Some plans don't need to shoot for a higher return than others do. And so, when trustees look at these charts that will compare one Taft-Hartley plan to another, and your pension plan is not doing as well as the other, there may be a reason for that. Maybe because you are not invested in as risky assets. You are not participating in the market in the same way at a given point in time. And consultants need to keep trustees-- you need to remind trustees regularly of that fact, otherwise, they themselves get in trouble because they'll be asked why they're not outperforming pension plan-wide down the street. I think the other thing that is really important and especially with the so-called banking crisis now and seems that we jump from one crisis to the next, it's really important for consultants to be as proactive as possible in reaching out to trustees and comforting them and reminding them that we are a long-term interest and that we shouldn't be making any rash, quick decisions. So that's very important. And I guess, finally, the more alpha they provide to us, the better, so—

Robert Morier: Well, let's take it that one layer closer now to the asset allocation decisions and the role that the asset managers play. How do you think about or what do you expect in terms of the support that you get from those asset managers in direct communication with you with the individual plans? And how interactive is that with the asset managers?

Chris Brockmeyer: I think individual trustees-- I mean, I can speak for myself. I do appreciate when an individual asset manager sends me materials on a topic or offers up services in a particular area to talk about ESG or whatever it might be. That said, I also think that, given the structure that we do have in the Taft-Hartley world and given the concerns that trustees have with respect to any perceived conflict of interest issues or whatever it might be, that it's always good that to the extent that asset managers communicate with trustees. It's also good they communicate similarly with the consultant that's working for that plan. I think some consultants, to be frank, get agitated. Some don't get agitated if there's direct outreach too to trustees from asset managers. So, I think it's probably-- if I have one suggestion or a word of advice is to make sure that the consultant working in that plan has a level of comfort with that.

I think it's a good thing, personally, because it gives trustees a broader understanding, rather than just hearing solely from their investment consultant. But there has to be that kind of balance between really truly wanting to offer advice and trying to sell to the trustee individually.

Dan DiDomenico: Chris, you've been giving us some great advice, and I hope everyone listening has been picking up on it in the same way that I have been. You've talked a couple of times denial about the fact that you have to understand the person that you're talking to. You have to take it from the approach of, what's their motivation? What's their background, their experience? What are their needs? What are their underlying constituents? How would you apply that to then an asset manager reaching out to one of your plans or to the consultant? What advice would you have for those asset managers or investment sales professionals preparing for that meeting?

Chris Brockmeyer: Well, I mean, you partially answer the question to the extent that it's good that the asset manager knows the composition of the trustees to the extent possible. I know that's really not always terribly possible. You know, I think it's also important not to assume that, because it's a Taft-Hartley plan, that is-- a union plan, as many people refer to it-- that there should be too much glad handing if you will toward union issues. One, some employer trustees may be turned off to that. And I think a lot of union trustees also would feel that it's just kind of an oversell in a way.

Dan DiDomenico: Right.

Chris Brockmeyer: On the flip side, if an asset manager comes in and they're engaged in some sort of clearly kind of anti-union activity, that's not going to look so good either. But I will say before we move on from that, at the end of the day, as fiduciaries, we need to-- and this is a hot topic when we talk about ESG. As fiduciaries, we need to make sure that our investing is done for the purpose of delivering return, first and foremost, regardless of what that asset manager does or does not do outside of investing our money.

Robert Morier: Well, you did allude to one of the-- one of the complicating factors, I think, for sales professionals who are calling on these plans as well is that you'll have trustees on multiple plans, you'll have lawyers on multiple plans. So, there's this interesting kind of checkers game, I guess. I would call it chess. It's more chess because it's very strategic, particularly as we're trying to get to know you all better. How do you find your role in that regard? Because you're dealing with lawyers, CEOs, some with varying degrees of investment acumen. So where do you sit in that role as it relates to the asset management relationship?

Chris Brockmeyer: With respect to really any relationship, I view my role as a chair or co-chair of these plans to be one where I am trying to bring all these different interests together to come up with a solution and conclusion that makes sense for the plan and for the participants. So yes, sometimes the lawyers might have reservations about a particular issue that the trustees like and the investment advisor or asset manager might be proposing. You need to work through those things. Honestly, I think the trustees will probably-- the voice that is loudest in a boardroom, generally, at any point in time, are the lawyers. And so, you need to make sure that they are happy, first and foremost, because we want to make sure we're doing the right thing.

Robert Morier: OK, to all the salespeople out there, we'll need a list of your areas, who to call for--
I did actually find that in my experience, I think there's two things we've talked about which are very interesting one is education, is that educating trustees from a consulting perspective and from an asset management perspective is quite important. We talked before we started recording that I think, the first time we met, I was with an asset manager who was working with the American Federation of Musicians. And I remember the presentation that I had given was on the merits of non-US equities. So why you should go outside of the United States to invest and find returns. So, as you think about that education process maybe using international equities as a base case, how have you seen, I guess, the progress of those plans as it relates to better understanding where opportunities are, as it relates to your point, some of those union concerns that have been there for many, many years?

Chris Brockmeyer: Right. Yeah, it shows you how far we've come. I mean, necessity breeds invention, I guess. And you're right, 15 years ago, a lot of plans were debating whether we should be investing in international equities. By international equities, I mean developed international equities, right? And that was, if not the frontier, it was certainly not fully adopted by the multi-employer plan world. Fast forward to 2023, we are-- international equities have been in those portfolios for well over a decade. And we have as well been investing in emerging market equities for the better part of the decade. And private equity, private credit has been-- if there was a frontier, that's sort of what we started exploring already 7, 8 years ago, even longer. Our portfolios, I think, generally in the Taft-Hartley world, certainly on the plans that I serve on, are as highly diversified and complex as any other institutional investor out there these days, which requires more trustee education, of course, because we need to know what we're investing in.
It requires investment consultants that are more expert in more areas. And it requires that those investment consultants are able to educate us before we decide to allocate a 5% or 10% to private equity or private credit. So, it certainly has made investing far, far more difficult. Some trustees who have been on boards longer than me joke, or maybe it's not a joke, that they used to go talk to some fixed income manager and they invest a certain amount of money and get a free toaster with it. And that was the investment program. And eventually, they went into a long only probably large cap equities and then went from there. So, it's very, very different landscape than it was even when I started.

Robert Morier: I think that's incredibly helpful because I would say, if there's one as you've just described, incorrect misconception-- I should say it's just a misconception now-- that alternatives, private markets won't or shouldn't call on Taft-Hartley's because they don't do that. It's a little too far, at least maybe from a risk management perspective or a governance perspective. But it's nice to hear from you that that's not the case.

Chris Brockmeyer: Certainly not the case. And certainly, with the outsourced CIO model, they are able, generally, to invest in private markets and, even for that matter, hedge funds as well in a way that makes more financial sense for the plans. Fund of funds for plans that don't have an outsource model are usually the alternative. Fund of funds on the hedge fund side, not a lot of folks are fans of anymore as the fees are so high. Fund of funds on the private market side, I think, are something that are still viewed as attractive even though it also has a fee-on-fee issue, which no one likes. But it's what we have to do smaller plans that just, we don't have the capacity to invest with an individual private equity firm.

Dan DiDomenico: So how many of those consulting relationships are you working with today?

Chris Brockmeyer: We have five distinct consultants over those 11 pension plans. So obviously, we individual consultants share a few plans.

Dan DiDomenico: So, you have a unique eye then into so many different perspectives? It certainly makes you an expert in that field of assessing consultants, but also bring in all the inputs, all their varying opinions about what's going on and how that's applied to their outlook, and then ultimately, to your portfolios. How do you reconcile that across various plans and working with multiple investment consultants?

Chris Brockmeyer: Well, I do take what I think of as best ideas from one consultant to the next. I mean, the first-- I'll use private equity again as an example. The first plan that really started exploring private equity was also a learning experience for me in terms of how that would work within a defined benefit pension plan. And I then took that information and knowledge, went back to our investment consultants on other plans and said, hey, we want you to look into this. I want you to look into this. Educate the trustees. Let's see if the trustees are interested in this asset class, and let's go from there. Some consultants were more responsive than others. Some consultants were already very much involved in that asset class, and others, frankly, weren't. I find it really valuable to work with lots of different investment consultants. Each one has their roster of favorite managers. Sometimes there's overlap, sometimes there's not. And it's interesting to see why they are-- why they have their favorite managers and how they compare to other consultants' favorite managers. And so that cross-fertilization is helpful. And I wish other trustees sitting around a boardroom had that same ability to have that varying degree of consultation at that level.

Robert Morier: It sounds like a very pragmatic approach. I think a lot of times, sometimes, there's some dogmatism in the way that consultants approach their ideas. But it sounds like you have the ability to, again, touch back on that philosophy degree and look at different arguments and then try to put them all into one recommendation. Could you talk a little bit-- maybe just taking one of the plans as an example. I think it's helpful for our audience to understand the manager underwriting process. So, what does that look like in terms of the sourcing the managers? Obviously, it sounds like the consultant relationships are a big part of that. And we talked about how to call, who to call. But just maybe kind of a start to finish. Because, again, I think another misconception of Taft-Hartley is that you have 15 minutes to present—

Chris Brockmeyer: Which is sometimes true. Which is sometimes true.

Robert Morier: And I would love to hear your thoughts on that. So how does a 15-minute presentation work and what's taken from it? And what works and what doesn't work? So maybe if you wouldn't mind answering that at the end. But if you could take us just generally through the process, I think it'd be very helpful for us.

Chris Brockmeyer: Well, I'll focus on, again, the traditional model, as I call it because outsourced CIO model, we don't source the managers at all. We set the asset class-- the asset allocation rather, the percentages. And then the CIO is responsible for filling in that manager roster. So, for those plans where we are still making the final decision on individual managers, we will-- if it's to replace an existing manager it's underperformed or if it's to introduce a new asset class, inevitably that process starts with the investment consultant. We tell them we want to find a new emerging market manager representing 5% of our assets. They will do their search. They will bring back a handful of managers for us to consider, so anywhere from 3 to 5, usually. And then we will interview those managers, usually 2 or 3 managers. Backing up actually before that, I mean, I will say that as well, if individual managers get in touch with me, I meet them at a conference, and they tell me about their product. I will forward that material on to the we consult for them to take a look at. It really, at that point, is in the consultant's hands. And they may or may not review the material. I think, hopefully, they do. I mean, that's sort of part of the function that I expect an investment consultant provide if a trustee has a manager that they're interested in or at least would like to have them take a look at. So, in any event, when we get into the boardroom and the managers get their 15 minutes-- and unfortunately, sometimes it really is 15 minutes. Sometimes it's more. Well, speaking for myself, I will tell you I appreciate a little more time. There are some trustees that don't. And it's a tough-- I don't envy the investment manager and the folks presenting in front of a Taft-Hartley fund because, hopefully, that manager will have shown up and the trustees will be well-enough versed in the asset class. But there inevitably is going to be some amount of disjointed conversation between a lot of the technical terms that the investment financial industry uses and what trustees understand. So, I think actually probably the first bit of advice is to not get too deeply technical. You don't want to talk below the board, but you do want to talk above the board either. Remember that these folks are usually either labor relations people on the employer side or they're union professionals in their own arena if they're working stagehands or working actors in our case. And so, they're not going to be investment professionals. You know, I think don't overdo the sales part. It's good that they have a salesperson come in oftentimes, but it's better than that salesperson kind of hand it off to the portfolio manager as quickly as possible and go from there. I think, generally, trustees don't like to have a 10-minute presentation on the-- how big the organization is and who does what and where and—

Dan DiDomenico: How wonderful we are.

Chris Brockmeyer: For years, there was like-- the pyramid was always the joke, right? It was always, like, the investment pyramid of sourcing 12,000 different companies, and they ended up with 20.

Dan DiDomenico: Everyone has one.

Chris Brockmeyer: Yeah, and so that—

Dan DiDomenico: The obligatory funnel chart.

Chris Brockmeyer: Yeah, yeah. So, I think it's important to also remember that trustees see a lot of this stuff and try to differentiate it-- trying to differentiate yourself in some way, in an authentic way is-- it goes a long way.

Robert Morier: It's good advice.

Dan DiDomenico: It really is good advice. And that's very helpful because as I prepare for those types of meetings with our portfolio managers, we try to bring the story to life. We try to make it very human because, at the end of the day, you are investing with those people that are making those investment decisions. And they are fiduciaries and so think that way in the same way that you're a fiduciary. And so, what is it that you would need to hear from those asset managers, from that portfolio manager to get them comfortable with your process, your approach, and making sure you're setting the right expectations?

Chris Brockmeyer: It depends on the asset class, honestly, because if-- again, if it's a private equity manager, in a way, it's easier because you're dealing with very like-- a tangible thing that they're going out and buying a company and doing this with it, right? And I think it's much easier to relate to an individual trustee's experience by doing that. With public equities and fixed income, fixed income, honestly, is always the hardest because no one really understands it. And it's very difficult to have that personal connection, I guess, or personal understanding of what it is they're doing. But I think at the end of the day, the most important aspects to the presentation is for the trustee-- when the manager walks out of the room, for the trustee and the board to really appreciate and understand that that asset manager, that portfolio manager is going through all the due diligence, all of the vetting, making decisions based on their sound principles, whether they're the same or different principles of manager two that comes in.
At least, if they are sticking to their investment philosophy and it makes sense, that's really important for the trustee to get the point of engaging the asset manager.

Robert Morier: Well, we did touch on governance a little bit, and it's obviously it's everywhere, I mean, it always has been, but particularly within the financial services sector right now, governance is at the headline. So, as you think about governance from a board seat perspective and as your trustees think about governance, you did touch on ESG, obviously, that's one of the letters that are important in that acronym. But as you were thinking about those fiduciary standards as it relates to ERISA, is governance going in the right direction? And if so, what can asset managers do to prepare for that conversation and those changes that are happening?

Chris Brockmeyer: Well, speaking broadly on governance first, the best-run board has a governance structure, as it relates to investment matters, that allows a set, small group of individuals-- maybe it's the co-chairs the investment committee, maybe its investment committee itself-- to make decisions that might be critical and immediate. It should not function on the basis of quarterly meetings, which is one of your regular meetings, because otherwise, you're moving too slow. Similarly, we should have structures in place that allow us to meet once a month instead of once every three months, if that's what the case may be. As the governance issues relate to ESG, I think-- well, the ESG-- let me back up a little bit. The ESG program itself and what is involved in ESG, again, is very much-- and the way that Taft-Hartley plans look at it-- is very much dictated by where the DOL is on their regs. I mean, each administration writes different regulations, has been whipsawed a bit. And of course, the Biden administration, for the first time in 20 years, suddenly, it's made headlines and there's this outcry over ESG investing even though it's been around for a very long time. In any event, we will really only adopt ESG to the extent that we can under DOL guidelines. We're not going to get ourselves into fiduciary trouble by going beyond what we think the-- what we understand the government and the regulatory agencies to do. So, it's not really a governance question, but I wanted to back up and kind of explain where we are when it comes to ESG.

Robert Morier: No, I think it's helpful and it makes a lot of sense. It sounds like there's been a consistent thread in terms of how you've thought about it, despite what government is deciding in terms of the DOL involvement. And speaking of government, you were actively involved in getting ARPA passed. And we had Russ Kamp on. Actually, the last time Dan was at the desk, we were here with Russ Kamp. Do you do any of your plans qualify for special financial assistance under ARPA?

Chris Brockmeyer: Yes, one. And I can talk about it because it's-- we've applied already and it's all public record. Musicians' and employers' pension plan, AF employers' pension plan was eligible for ARPA relief. We've applied in the first or second week of March and are awaiting our relief. So, it's a remarkable thing that happened. Without getting to the politics of it, really, it's incredible that—

Robert Morier: It did happen though.

Chris Brockmeyer: It did happen and it's incredible that we were on the cusp of cutting benefits to retirees, which was the last thing we wanted to do, but was something we had to do so the plan didn't go insolvent to prevent insolvency. And now, we were able to turn around, not have to cut those benefits. And the plan is now projected to remain solvent indefinitely. So, it's a very good story from a pension perspective. And we'll, hopefully, save a lot of plans and a lot of retirees out there.

Robert Morier: Congratulations for that. Well, I heard you say that you have the least interesting job on Wall Street, but you get to go to the Tonys Broadway rather. But you get to go to the Tonys.

Chris Brockmeyer: That's right, yeah. That's right. And the Tony Awards are a fun. If anyone knows the League for anything, it's for the Tony Awards. We put together a great show every year. And it's a lot of fun.

Robert Morier: That's exciting. So, I really appreciate you being here in Philadelphia. We all appreciate you being here. It was wonderful to speak with you and wonderful to get to know you better. You shared some very informative insights for our audience that we're all grateful for. So, congratulations on all your success.

Chris Brockmeyer: Thank you.

Robert Morier: Before you go, I do have one question. You're going skiing this weekend? Is that true?

Chris Brockmeyer: That's right.

Robert Morier: So, I didn't want to ask you what your favorite Broadway show was, but I have a feeling you've seen a few. So, if things go wonky on the ski lift and you had to get stuck with one Broadway character in history, who would you want to get stuck on the lift with?

Chris Brockmeyer: Hmm. There are a lot of Broadway characters to choose from. And it actually would be great to be stuck with a Broadway character because you'd have time to burn and—

Robert Morier: Maybe some singing.

Chris Brockmeyer: You'd be entertained, right? So, I don't know if I can answer that in the affirmative. I can tell you who I wouldn't want to be on the lift with, and that's probably Hamlet because you don't need that kind of existential crisis when you're stuck someplace and being cold.

Chris Brockmeyer: No one needs that.

Robert Morier: That's wonderful. Thank you so much. Well, thank you for being here. Well, if you want to learn more about Chris and the Broadway League, please visit their website at www.broadwayleague.com. You can find this episode and past episodes on Spotify, Apple, Google, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. And finally, if you would like to catch up on past episodes, check out our website at dakota.com. Chris, thank you for being here. Dan, thank you, as always.

Chris Brockmeyer: Thank you. That was great.

Dan DiDomenico: Thanks for having me.

Robert Morier: And we look forward to seeing you soon.