



THE COUNTY OF CHESTER



COMMISSIONERS
Marian D. Moskowitz
Josh Maxwell
Michelle Kichline

OFFICE OF THE COMMISSIONERS
313 W. Market Street, Suite 6202
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AGENDA **RETIREMENT BOARD**

February 11, 2020

- 1. CALL MEETING TO ORDER**
- 2. MINUTES OF PREVIOUS MEETINGS**
 - October 30, 2019 Retirement Board Meeting
 - January 6, 2020 Retirement Board Organizational Meeting
- 3. PERFORMANCE UPDATE REPORT**
- 4. VENTURE CHESCO**
- 5. INVESTMENT MANAGERS**
 - Wells Capital Management Incorporated Presentation
 - Wells Capital Management Incorporated Revised Fee
- 6. ADMINISTRATION UPDATE**
- 7. PUBLIC COMMENT**
- 8. NEXT MEETING – Wednesday, May 13, 2020 at 1:00 PM**
- 9. ADJOURNMENT**

**CHESTER COUNTY, PENNSYLVANIA
RETIREMENT BOARD MEETING MINUTES
October 30, 2019**

1. CALL MEETING TO ORDER

Chairman Michelle Kichline called to order the Retirement Board Meeting on Wednesday, October 30, 2019 at 1:04 PM in the Commissioners' Board Room, located at 313 West Market Street, West Chester, Pennsylvania.

In addition to Chairman Kichline, the following board members were in attendance: Commissioner Kathi Cozzone, Commissioner Terence Farrell, and Controller Margaret Reif.

2. APPROVE MINUTES OF PREVIOUS MEETING

- **Motion**

A spelling correction was made to the August 14, 2019 meeting minutes. Chairman Kichline asked if there was a motion to approve the amended minutes. Controller Reif made the motion to approve, which was seconded by Commissioner Cozzone. All were in favor. Motion carried to approve the August 14, 2019 meeting minutes.

3. PERFORMANCE UPDATE REPORT

Rick Courtney of Courtney Investment Consulting Group stated that the market value at the end of September totaled \$447,118,557. He noted the investment managers are meeting their benchmarks and doing well. He also noted good performances from the international managers as a surprise for the fund. Mr. Courtney also addressed Venture Chesco, noting that asset allocations are okay where they currently stand.

4. VENTURE CHESCO

- **Motion**

Chairman Kichline called for a motion to approve the investment in Therapeutics Articulations, a Chester County company in Spring City. Commissioner Cozzone made the motion to approve, which was seconded by Commissioner Farrell. All were in favor. Motion carried to invest in Therapeutics Articulations.

5. INVESTMENT POLICY STATEMENT UPDATE

Mr. Courtney noted that an investment policy update is being drafted to capture the different investment allocations that are being recommended to the Board.

6. INVESTMENT MANAGERS

Bruce Besecker of Courtney Investment Consulting Group recommended three new investment managers, one of which is equity oriented (Vesper Capital Management) and two that are private equity (Taurus Private Markets Fund, LP and Siguler Guff Small Buyout Opportunities Fund). Mr. Besecker recommended putting two million dollars into Vesper, two million dollars into Taurus, and five million dollars into the Siguler Guff investment.

- **Motion**

Chairman Kichline called for a motion to approve Vesper Capital Management as an investment manager in the amount of two million dollars. Commissioner Farrell made the motion to approve, which was seconded by Commissioner Cozzone. All were in favor. Motion carried.

- **Motion**

Chairman Kichline called for a motion to approve Taurus Private Markets Fund, LP as an investment manager in the amount of two million dollars. Controller Reif made the motion to approve, which was seconded by Commissioner Cozzone. All were in favor. Motion carried.

- **Motion**

Chairman Kichline called for a motion to approve Siguler Guff Small Buyout Opportunities Fund as an investment manager in the amount of five million dollars. Commissioner Cozzone made the motion to approve, which was seconded by Controller Reif. All were in favor. Motion carried.

7. ADMINISTRATION UPDATE

Julie Bookheimer, Chief Financial Officer for Chester County, asked Tom Furman of Chester County to introduce the Fiduciary Liability Insurance plan. Mr. Furman reviewed the policy.

- **Motion**

Commissioner Cozzone made a motion to secure Travelers Fiduciary Liability Insurance, which was seconded by Chairman Kichline. All were in favor. Motion carried.

8. PUBLIC COMMENT

Jim DiLuzio, an employee in the department of Children, Youth and Families thanked the Board for their service, and asked them to consider offering an early retirement incentive for County employees as they have in the past.

There was no further public comment.

9. ADJOURNMENT

- Motion

Chairman Kichline called for a motion to adjourn the meeting. Commissioner Farrell made a motion to adjourn this meeting. Controller Reif seconded the motion. Motion carried. Meeting adjourned at 1:36 PM.



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RETIREMENT BOARD MEETING MINUTES

January 6, 2020

1. CALL MEETING TO ORDER

Chair Marian D. Moskowitz of the Chester County Board of Commissioners called the Retirement Board Meeting to order on Monday, January 6, 2020 at 10:15 AM in the Commissioners' Boardroom. Commissioner Josh Maxwell, Commissioner Michelle Kichline, Controller Margret Reif, and Treasurer Patricia Maisano were also present.

CALL TO ORDER

2. RATE OF REGULAR INTEREST FOR MEMBER CONTRIBUTION ACCOUNTS

Commissioner Kichline made a motion to approve the rate of regular interest for member contribution accounts at four percent. Commissioner Maxwell seconded the motion. Motion carried.

RATE OF REGULAR INTEREST

3. CONSIDERATION OF A COST OF LIVING INCREASE

Controller Reif made a motion to not implement a cost of living increase for year 2020. Commissioner Kichline seconded the motion. Motion carried.

COST OF LIVING INCREASE

4. PUBLIC COMMENT

There was no public comment.

PUBLIC COMMENT

5. ADJOURNMENT

Following a motion made by Commissioner Maxwell, which was seconded by Commissioner Kichline, the meeting was adjourned at 10:16 AM.

ADJOURNMENT

Taken by Taylor Pettit

On behalf of Chief Clerk Robert J. Kagel

Amendment to Investment Management Agreement

This Amendment to the Agreement with Investment Advisor for Management of Pension Fund Assets is made and entered into as of October 1, 2019 between the Chester County Retirement Board (the "Board") and Wells Capital Management Incorporated ("Advisor").

The Agreement with Investment Advisor for Management of Pension Fund Assets effective October 1, 2016 between the Board and Advisor is hereby amended as follows:

Board and Advisor intend to replace Exhibit 2 – Schedule of Fees in its entirety with the attached Exhibit 2 - Schedule of Fees.

All provisions of the Agreement with Investment Advisor for Management of Pension Fund Assets, except those expressly amended herein, are hereby confirmed and ratified in all respects.

Board Acceptance:

Advisor Acceptance:

Signature	Signature
Print Name	Print Name
Title or Capacity	Title or Capacity
Date	Date

Amendment to Investment Management Agreement

EXHIBIT 2

SCHEDULE OF FEES

Wells Capital Management will charge the Retirement Fund of Chester County, Pennsylvania an annual fee equal to the rate of:

Base Annualized Fee – 0.25%

Minimum Annual Fee \$20,000

Maximum Annual Fee – 0.60% of AUM (current base fee)

Performance Based Fee (versus benchmark Russell 1000 Value Index (total return))

- Based on 3 year rolling performance of the portfolio (total return) vs. that of the index
- One basis point increase in annual fee for each five basis points of outperformance
- Calculations – returns and fees will be calculated by the Adviser based on custodian's market values

Billing

- Base fee – paid quarterly in arrears
- Performance Fee – paid annually in arrears
- Annual Performance Fee Calculation (Timing)
 1. At the end of year 1, based on portfolio return (**net of fees***) vs. benchmark for the prior year.
 2. At the end of year 2, based on portfolio return (**net of fees***) vs. benchmark for the prior 2-year period (annualized).
 3. At the end of the year 3, and at the end of each year thereafter, annual performance fee based on portfolio return (**net of fees***) vs. benchmark for the prior 3-year period (annualized).
 4. Partial Periods – to be adjusted on a pro rata basis

*Fees include base fee and any previously paid performance fees during the preceding three years.

Effective Date – the first quarterly billing period under this revised schedule shall be the quarter ended December 31, 2016. Year 1 of the Annual Performance Fee Calculation shall cover the period from October 1, 2016 – September 30, 2017.

Pension Fund Data for Administrative Reports
(For the February 11, 2020 Meeting)

	12/31/2018		12/31/2019	
	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>
Employees contributing 5%	1161	52.5%	1070	48.1%
Employees contributing 6%	1050	47.5%	1155	51.9%
Total	<u>2211</u>	<u>100.0%</u>	<u>2225</u>	<u>100.0%</u>
Employees contributing after tax dollars	<u>368</u>		<u>386</u>	

	December 2009	December 2019	Ten Year Change	
Pension Payments	<u>887</u>	<u>1,379</u>	<u>492</u>	<u>55.5%</u>

YTD to December 2019 - 336 employees no longer employed with the County but remain vested in the fund.
32 employees ended employment with the County requested/received refunds.

	1/31/2019		1/31/2020	
	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>
Employees contributing 5%	1151	52.3%	1053	47.8%
Employees contributing 6%	1048	47.7%	1148	52.2%
Total	<u>2199</u>	<u>100.0%</u>	<u>2201</u>	<u>100.0%</u>
Employees contributing after tax dollars	<u>370</u>		<u>377</u>	

	January 2010	January 2020	Ten Year Change	
Pension Payments	<u>897</u>	<u>1,393</u>	<u>496</u>	<u>55.3%</u>

YTD to January 2020 - 336 employees no longer employed with the County but remain vested in the fund.
31 employees ended employment with the County requested/received refunds.