



THE COUNTY OF CHESTER



COMMISSIONERS
Marian D. Moskowitz
Josh Maxwell
Michelle Kichline

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AGENDA **RETIREMENT BOARD**

September 30, 2020

- 1. CALL MEETING TO ORDER**
- 2. MINUTES OF PREVIOUS MEETING**
- 3. NEW BUSINESS**
 - a. PERFORMANCE UPDATE REPORT**
 - b. VENTURE CHESCO**
 - Ratify Pression Investment**
 - c. INVESTMENT MANAGERS**
 - Banner Ridge Private Equity**
 - d. ADMINISTRATION UPDATE**
- 4. PUBLIC COMMENT**
- 5. ADJOURNMENT**

**CHESTER COUNTY, PENNSYLVANIA
RETIREMENT BOARD MEETING MINUTES**

August 11, 2020

1. CALL MEETING TO ORDER

Chair Marian D. Moskowitz called to order the Retirement Board Meeting on Tuesday, August 11, 2020 at 1:02 PM via teleconference.

In addition to Chair Moskowitz, the following board members were in attendance: Commissioner Josh Maxwell, Commissioner Michelle Kichline, Controller Margaret Reif, and Treasurer Patricia Maisano.

2. APPROVE MINUTES OF PREVIOUS MEETING

- **Motion**

Chair Moskowitz asked if there was a motion to approve the minutes from the May 13, 2020 Retirement Board meeting. Treasurer Maisano made the motion to approve the minutes. Commissioner Maxwell seconded the motion. After a roll call vote, all were in favor. Motion carried.

3. PERFORMANCE UPDATE REPORT

Michael Courtney of Courtney Investment Consulting Group noted a strong second quarter led by tech stocks, with a 3-4% positive return. There are still concerns about the economy in relation to COVID19. He also noted that the S&P500 is up 20.5%.

Bruce Besecker of Courtney Investment Consulting Group stated that he does not recommend the Board move to equity funds; high-yield investments are doing well. He noted that the portfolio is currently over-weighted in fixed income funds.

- **Motion**

Chair Moskowitz asked if there was a motion to adjust the portfolio weight as recommended by Courtney Investment Consulting Group. Controller Reif made the motion, which was seconded by Treasurer Maisano. After a roll call vote, all were in favor. Motion carried.

4. VENTURE CHESCO

Ben Franklin gave an educational presentation to the Board as a means to update new Board members. Their presentation described how Ben Franklin works, how the Board reviews potential investments and the process of approving investments.

5. **SECURITIES LITIGATION**

County Administrator Bobby Kagel presented Resolution No. 33-20 of the Chester County Retirement Board, implementing securities litigation policy guidelines.

- **Motion**

Commissioner Maxwell made a motion to approve Resolution No. 33-20. Commissioner Kichline seconded the motion. After a roll call vote, all were in favor. Motion carried.

6. **INVESTMENT MANAGERS**

Bruce Besecker recommended reviewing the portfolio weights as noted earlier. He recommended reallocating domestic equity to 75% large cap, 15% active mid cap, and 10% active small cap. Existing managers will either be retained or terminated; addition of active mid cap manager Champlain Investment Partners and active large cap growth index move to mutual fund from ETF.

In reallocation for large cap, it is recommended to retain Vanguard 500 Index Fund, Vesper Capital Management, and Metropolitan West, while terminating Russell 1000 Growth ETF and adding Vanguard Russell 1000 Growth mutual fund.

For mid cap, it is recommended to terminate Vanguard Mid Cap Growth Index Fund and MCV ETF, while adding Champlain Investment Partners.

For small cap, it is recommended to retain Eagle and terminate S&P 600 ETF.

Mr. Besecker also recommended the fixed income allocation be reduced to 29% of the total portfolio, invested in the PGIM Short Duration High Yield Bond. He also proposed a pro-rata reduction to all four fixed income managers - \$6 million from Birch Run, \$6.7 million from Brandes, \$3.1 million from Prudential Short Term Corporate Bond Fund, and \$3.1 million from Vanguard Short Term Corporate Bond Fund.

- **Motion**

Chair Moskowitz asked if there was a motion to move to approve Mr. Besecker's recommendations. Commissioner Maxwell made a motion to approve moving the fund. Treasurer Maisano seconded the motion. After a roll call vote, the majority were in favor. Motion carried.

7. **ADMINISTRATION UPDATE**

Chief Financial Officer, Julie Bookheimer, shared that the employees contributing 6 percent to the pension fund continues to increase as expected, - a total of 2,213 active employees are investing in the Fund as of July 31, 2020 and 344 employees no longer with the county remain vested in the Fund.

She also noted that actuary Korn Ferry has been without a formal contract for three years. After RFPing the Actuary service the recommendation to the Board was to approve a contract with Korn Ferry. Both Board members Reif and Maisano expressed that they prefer the contract have a three year term. In addition, after one year, discuss and review the Board's satisfaction of services provided by Korn Ferry.

- **Motion**

Chair Moskowitz asked if there was a motion to approve the actuary contract recommendation for Korn Ferry. Commissioner Kichline made the motion, which was seconded by Commissioner Maxwell. A roll call vote was conducted. Motion carried 4-1.

8. **PUBLIC COMMENT**

There was no public comment.

9. **ADJOURNMENT**

- **Motion**

Chair Moskowitz called for a motion to adjourn the meeting. Treasurer Maisano made the motion. Commissioner Maxwell seconded the motion. Motion carried. Meeting adjourned at 2:24 PM.

Pension Fund Data for Administrative Reports
(For the September 30, 2020 Meeting)

	8/31/2019		8/31/2020	
	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>
Employees contributing 5%	1,099	49.8%	994	45.5%
Employees contributing 6%	1,107	50.2%	1,190	54.5%
Total	<u>2,206</u>	<u>100.0%</u>	<u>2,184</u>	<u>100.0%</u>
Employees contributing after tax dollars	<u>387</u>		<u>383</u>	
	August 2010	August 2020	Ten Year Change	
Pension Payments	<u>905</u>	<u>1,416</u>	<u>511</u>	<u>56.5%</u>

YTD through August 31 - 360 employees no longer employed with the County but remain vested in the fund.
82 employees ended employment with the County requested/received refunds.

Old Business:

Korn Ferry Agreement has been reviewed by Procurement and is in review with the Solicitor's Office.

The RFP for Investment Advisory Services is almost complete and scheduled to be out on the street in the next few weeks.