

**AGENDA**  
**CHESTER COUNTY RETIREMENT BOARD**

**Thursday, May 2, 2019 at 1:00 PM**

1. Call Meeting to Order
2. Approve Minutes of Previous Meeting - February 13, 2019
3. Performance Update Report
4. Investment Managers
  - Eagle Investment Manager Fee
5. Venture Chesco
6. Securities Litigation
  - Ratification of Board action authorizing Kehoe Law to conduct a books and records inspection of CBS Corporation.
7. Public Comment
8. Next Meeting - Thursday, August 14, 2019 at 1:30 PM
9. Adjournment

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

**February 13, 2019**

**1. CALL MEETING TO ORDER**

Chairman Kichline called to order the Retirement Board Meeting on Wednesday, February 13, 2019 at 1:34PM 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 and Controller Margaret Reif and Treasurer Patricia Maisano.

Also in attendance were: County Administrator Robert J. Kagel, Deputy County Administrator Kara C. Rahn, Chief Financial Officer Julie Bookheimer, Deputy County Solicitor Kristen Mayock, Deputy Controller Carol Pollitz, Janet Werner of Wells Fargo and Consultant Rick Courtney and Bruce Besecker both of Courtney Investment Consulting Group.

**2. APPROVE MINUTES OF PREVIOUS MEETING**

▪ **Motion**

Chairman Kichline asked if there was a motion to approve the minutes from the October 16, 2018 meeting. Commissioner Cozzone made the motion to approve the minutes. Controller Margaret Reif seconded the motion. Motion carried.

**3. PERFORMANCE UPDATE REPORT**

Rick Courtney of Courtney Investment Consulting Group began by stating that there was a decrease of \$24 million over the trailing 12 months. For the fourth quarter, the fund was down 9.9% percent, trailing the benchmark return of negative 8.8% percent as the managers collectively underperformed. He noted the asset allocations were all within range. He also noted that the S & P (Standard & Poor's) was down 9% percent in December.

Mr. Courtney remarked that December was the worst performing month for capital markets in 57 years. He noted international markets performance was far worse than the US market; he stated that the majority of the decline happened during the last three weeks of December 2018.

Mr. Courtney discussed the Federal Reserve likelihood raising of interest rates and the government shut-down; and noting that these factors contributed to the losses the fund experienced.

Controller Reif asked Mr. Courtney if he felt the equity market will go back up again. Mr. Courtney answered by first talking about the volatility of the market. He states he expected the market to go back up and that it already had recovered a good deal since the end of 2018. Controller Reif asked about the nine year trend and felt that she would like to see the fund positioned more defensively. She expressed her concerns going forward about the overweight in equities.

Commissioner Cozzone reminded the board and Mr. Besecker that the equity allocation had been higher when she and Commissioner Farrell first came on board but, it has been lowered since then. Mr. Courtney stated he felt the equity market will do better than fixed income in the long run. Commissioner Cozzone also said that she agreed with Controller Reif, but that she felt that the loss in December was an anomaly. She expressed her concerns about fixed income and poor return expectations. Controller Reif asked if there were any other avenues for the fund that aligned with the policy guidelines. Mr. Besecker responded to Controller Reif by stating some other avenues to consider would be real estate, private equity, certain domestic mutual funds and global balanced managers as these are some of the more common categories recommended. Commissioner Cozzone remarked that from her perspective there is nowhere else to go, and is willing to see what happens in January and February. If it doesn't start to reverse itself, then she would like to talk about pulling back.

Mr. Besecker and Mr. Courtney spoke shortly about adjusting investments to fit the 7% percent return model. Commissioner Cozzone expressed concerns about being able to earn 7% percent with a higher percentage of fixed assets and the volatility of the market.

The board, Mr. Courtney and Mr. Kagel discussed fiduciary duty as it pertained to asset allocation and the Investment Policy.

Mr. Courtney reviewed Eagle's historical performance. He also spoke about Emerald's underperformance and let the board know that Emerald is on the watch-list. Mr. Besecker of Courtney Investment Consulting Group spoke briefly about Eagle's request to readjust the fees. Eagle requested to return to a fixed fee, currently they are on an incentive fee. Controller Reif expressed concern about what each manager was being paid and asked Mr. Besecker if he could send the board information about the fee request change and payment history. Mr. Besecker agreed to send the information to each member.

It was agreed to make the decision regarding Eagle's fee request at a later date after seeing the information, and any decision will be ratified at the next meeting.

#### 4. VENTURE CHESCO

- Motion

Chairman Kichline asked if there was a motion to ratify the investment in Metispro. Commissioner Cozzone made the motion to ratify the investment in Metispro and Controller Reif seconded the motion. Motion carried.

- **Motion**

Chairman Kichline made a motion to approve the amended previous fee structure as outlined in the Memorandum of Understanding paid to Chesco Venture and Ben Franklin Partners for Dash Solutions, Independence LED and Blogger Republik Participation Agreements. Deputy Solicitor Kristen Mayock summarized the information for the Commissioners and answered the Commissioners questions on the process. Commissioner Cozzone again made the motion Treasurer Maisano seconded the motion. Motion carried.

**5. PUBLIC COMMENT**

There was no public comment

**6. NEXT MEETING**

Chairman Kichline announced that the next meeting will be on Thursday, May 2, 2019 at 1:00 p.m.

**7. ADJOURNMENT**

- **Motion**

Commissioner Cozzone made a motion to adjourn the meeting. Commissioner Cozzone seconded. Meeting adjourned at 2:23 PM.

**8. RECONVENED**

Chairman Kichline reconvened the meeting and asked for a motion to maintain the interest rate payout of the employee contribution of 4% percent. Commissioner Cozzone made the motion to maintain the employee contribution of 4% percent and Chairman Kichline and Treasurer Maisano seconded the motion. Meeting adjourned at 2:35 p.m.