



THE COUNTY OF CHESTER



COMMISSIONERS
Marian D. Moskowitz
Josh Maxwell
Michelle Kichline

OFFICE OF THE COMMISSIONERS
313 W. Market Street, Suite 6202
P.O. Box 2748
West Chester, PA 19380-0991
(610) 344-6100

AGENDA **RETIREMENT BOARD**

May 5, 2021

1. **CALL MEETING TO ORDER**
2. **MINUTES OF PREVIOUS MEETING**
3. **OLD BUSINESS** – There are no items of old business.
4. **NEW BUSINESS**
 - a. **Investment Policy Statement**
It is recommended the Board approve the updated Investment Policy Statement.
 - b. **Banner Ridge DSCO Fund I Partnership Agreement**
It is recommended the Board approve an amendment to the Banner Ridge DSCO Fund I Partnership Agreement.
 - c. **Review of Risk and Asset Classes**
Dahab Associates will provide an educational briefing to the Board about risk and asset classes.
5. **PUBLIC COMMENT**
6. **NEXT MEETING** – Tuesday, May 25, 2021 at 1:00 PM
7. **ADJOURNMENT**



THE COUNTY OF CHESTER



COMMISSIONERS
Marian D. Moskowitz
Josh Maxwell
Michelle Kichline

OFFICE OF THE COMMISSIONERS
313 W. Market Street, Suite 6202
P.O. Box 2748
West Chester, PA 19380-0991
(610) 344-6100

RETIREMENT BOARD MEETING MINUTES

April 8, 2021

1. CALL MEETING TO ORDER

Chair Marian D. Moskowitz called to order the Retirement Board Meeting on Thursday, April 8, 2021 at 10:02 AM via webinar. In addition to Chair Moskowitz, the following board members were also in attendance: Commissioner Josh Maxwell, Commissioner Michelle Kichline, and Controller Margaret Reif.

CALL TO ORDER

2. MINUTES OF PREVIOUS MEETINGS

Commissioner Maxwell made a motion to approve the minutes from the Retirement Board Meeting on March 31, 2021. Commissioner Kichline seconded the motion. After a roll call vote, all were in favor and approved the minutes from the March 31, 2021 meeting.

MINUTES APPROVED

3. PRESENTATION BY DAHAB

DAHAB PRESENTATION

a. Introductory Presentation

Steve Roth and Bill Dahab from Dahab Associates, the Fund's new investment consultant, gave an introductory presentation on their company.

Introductory Presentation

Mr. Roth noted that Dahab focuses more on asset allocation, fees, verifying reality, and avoiding permanent loss of capital, as opposed to focusing on active versus passive managers and frequent turnover of the fund managers.

Mr. Dahab and Mr. Roth both addressed the Fund's current allocations, and discussed that they would like to "rebalance" the fund given that there are areas slightly over and under the target allocations.

b. Investment Policy Statement Discussion

Mr. Dahab addressed the County's Investment Policy Statement, noting that Dahab Associates had a few proposed edits to the document. He then reviewed those proposed edits for the Board's consideration, not to be voted on at this time but rather just discussed and reviewed with an opportunity for the Board to ask Dahab questions.

Investment Policy Statement Discussion

4. PUBLIC COMMENT

Jim DiLuzio, through a written public comment, thanked the Board for considering a Cost of Living increase in the October timeframe. He also asked that the Board consider establishing another day for monthly retirement payments for retirees.

There was no further public comment.

5. NEXT MEETING

Chair Moskowitz announced that the next Retirement Board meeting will be held on Wednesday, May 5, 2021 at 2:00 PM.

6. ADJOURNMENT

Controller Reif made a motion to adjourn the meeting. Commissioner Maxwell seconded that motion. After a roll call vote, all were in favor and adjourned the meeting at 11:04 AM.



Taken by Taylor Pettit

On behalf of Chief Clerk Robert J. Kagel

PUBLIC COMMENT

NEXT MEETING

ADJOURNMENT



CHESTER COUNTY RETIREMENT BOARD RETIREMENT PLAN INVESTMENT POLICY STATEMENT

MAY 2021

TABLE OF CONTENTS

I.	Statement of Investment Policy	3
II.	Fiduciary Parties	3
	<i>Responsibilities of the Retirement Board/Trustees and Staff</i>	<i>3</i>
	<i>Responsibilities of the Deposit Administrator(s)</i>	<i>4</i>
	<i>Responsibilities of the Investment Consultant</i>	<i>4</i>
III.	Investment Objectives	4
IV.	Investment Policy	4
	<i>Communication and Reporting of Deposit Administrators</i>	<i>5</i>
V.	Investment Guidelines	6
	<i>Domestic Equity Investment Guidelines</i>	<i>6</i>
	Specific Guidelines, Domestic Equity.....	<i>6</i>
	<i>International Equity Investment Guidelines</i>	<i>7</i>
	Specific Guidelines, International Equity.....	<i>7</i>
	<i>Domestic Fixed Income Investment Guidelines</i>	<i>8</i>
	Specific Guidelines, Domestic Fixed Income	<i>8</i>
	<i>Alternative Investments</i>	<i>9</i>
	<i>Domestic Cash Equivalents</i>	<i>9</i>
	Specific Guidelines, Domestic Cash Equivalents.....	<i>10</i>
VI.	General	10
	<i>Uninvested Assets</i>	<i>10</i>
	<i>Compliance</i>	<i>10</i>
	<i>Investment Transactions</i>	<i>10</i>
	<i>Proxies</i>	<i>11</i>
	<i>Investment Policy Restrictions</i>	<i>11</i>
VII.	Review Procedures	12
VIII.	Approval	13

I. STATEMENT OF INVESTMENT POLICY

This Investment Policy Statement (“Statement”) presents monitoring and review procedures relating to the assets of the Chester County Retirement Plan (“Plan”). The Statement’s purpose is to:

1. Present appropriate goals and objectives relating to investment management of Plan assets, facilitating control of investment risk and providing reasonably predictable long-term investment returns, all while acting solely in the interest of Plan participants and beneficiaries.
2. Recognize and/or specify diversification and liquidity requirements and identify any legal constraints affecting investment management of Plan assets.
3. Promote communication between Chester County Retirement Board Members/Trustees and Staff and any person(s) appointed, employed, designated or in any way called upon by the Board/Trustees to serve the Plan and its participants and/or beneficiaries.

This statement also maintains the requirements governing the conduct of Chester County officers serving as members of the Chester County Retirement Board under Act 96, The County Pension Law, as amended, and/or as Board/Trustees of the Chester County Retirement Fund under the terms, conditions, limitations and restrictions imposed by 20 Pa. C.S. Ch.73 upon fiduciaries.

II. FIDUCIARY PARTIES

RESPONSIBILITIES OF THE RETIREMENT BOARD/TRUSTEES AND STAFF

The Trustees are charged by the County Pension Law with overall responsibility for investment of the assets of the Fund. To assist Trustees in this function, they are authorized by said Act 96 to appoint a Deposit Administrator or Administrator(s), including for this purpose banks, insurance companies, and firms registered under the Investment Advisors Act of 1940 or Pennsylvania State Law, to manage (including the power to acquire and dispose of) Plan assets. Any appointed Deposit Administrator must agree to conduct itself in accord with 20 Pa. C.S. Ch. 73 (relating to fiduciaries’ investments).

The Trustees must also develop prudent management allocations that will guide the investment program, which will include a description of the overall fund structure in accordance with a risk level they ascertain to be appropriate. The responsibility in meeting the Plan’s liquidity needs also rests with the Trustees.

Policies and guidelines are inclusive of, but not restricted to:

1. Establishment of investment review procedures
2. Establishment of standards for monitoring and evaluating absolute and relative investment performance
3. Establishment of procedures to assure that investment policies and guidelines are reviewed on a regular basis and conformed to at all times. At least annually the Trustees shall review this Statement fully and communicate all changes to any person(s) affected by them. All

modifications of policies and/or guidelines shall be in writing, signed by all Board/Trustees, and delivered to any persons affected by such changes.

RESPONSIBILITIES OF THE DEPOSIT ADMINISTRATOR(S)

The management of the Plan assets and the responsibilities for investment decisions are delegated to any appointed Deposit Administrator(s). Each Deposit Administrator appointed to execute the Plan's Investment Policy shall invest Plan assets in accordance with the Policy, but apply its own judgment concerning relative investment values. Each is accorded full discretion, within general and specific policy guideline limits, restrictions, and individual addendums, to select and time individual purchase and sale transactions and to diversify assets appropriately. Each Deposit Administrator shall act solely in the interest of Plan participants and beneficiaries. While any Deposit Administrator(s) shall have complete discretion within the clear limits established by this Statement and their individual addendums, they will also adhere to Pennsylvania laws as now apply, or may apply in the future.

RESPONSIBILITIES OF THE INVESTMENT CONSULTANT

The Plan shall hire an investment consultant for the purpose of providing advice, portfolio monitoring, performance reporting, asset allocation recommendations, reviews of the Investment Policy Statement (IPS), and investment education. The investment consultant will be a fiduciary to the Plan and will act in the interest of the Plan participants and beneficiaries. The investment consultant will be financially independent from any other service provider retained by the Plan. The investment consultant will not have discretion or instruction authority over investments made by the plan.

III. INVESTMENT OBJECTIVES

The minimum investment objective of the Plan is to preserve the assets of the Plan without undue volatility while achieving a rate of return equal to the actuarial rate of return (currently 7.25%) on a long-term basis.

Deposit Administrators are expected to meet or exceed the appropriate benchmark established for that administrator that is included in their addendum.

All investment performance data submitted to the Chester County Retirement Board or its designees directly or indirectly by or on behalf of any Deposit Administrator shall be submitted in conformity with the Performance Presentation Standards as amended and/or Global Investment Performance Standards promulgated by the CFA Institute.

IV. INVESTMENT POLICY

All assets of the Plan shall be allocated to and invested in one of the following basic forms of investments as listed in the table:

Target Allocation of Plan Assets – measured at market value		
Asset Class	Target Allocation	Range
Domestic Equity	47%	37% to 57%
International Equity	13%	8% to 18%
Fixed Income	25%	15% to 35%
Alternative Assets*	15%	0% to 25%
*Private Equity	10%	0% to 15%
*Real Estate	5%	0% to 10%
Cash	0%	0% to 10%

The Board/Trustees shall review market value asset allocation for each asset class on a periodic basis, and when necessary provide the appointed Fund Custodian(s) instructions to return the Total Fund to appropriate asset allocation levels.

The Board/Trustees may appoint a Deposit Administrator or Administrators to invest in one or more of these asset classes. Under extenuating circumstances, they may invest up to 100% of the assets of the Plan under its management in marketable fixed income cash equivalents as the Deposit Administrator determines, consistent with market conditions and fiduciary standards, if they perceive protracted adverse performance for the financial markets.

Performance of Deposit Administrators will be compared with the appropriate market index depending upon asset category, and with the returns of other managed funds with similar policies. Performance will be reviewed on a regular basis, and will be based on total return—i.e., to include both realized and unrealized capital gains and losses, and after deduction of all fees. While performance of Deposit Administrators will be reviewed on a regular, short-term basis, specific quantitative evaluation will normally be considered of more importance over a longer period of time, such as a three to five year investment horizon. The continuing compliance of all investment portfolios with this Investment Policy Statement is the specific responsibility of the Deposit Administrator(s) and to be reported to both the Board/Trustees and investment consultant.

COMMUNICATION AND REPORTING OF DEPOSIT ADMINISTRATORS

The Deposit Administrator is responsible for frequent and open communication with the Board/Trustees on all significant matters pertaining to the Investment Policy and the management of the Plan’s assets, including but not limited to the reporting of:

1. Significant changes in the Deposit Administrator’s investment outlook, strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial condition, or senior personnel staffing.
3. Quarterly transactions, valuation, and performance reports.

4. Annually, a listing of commissions generated and brokers used.
5. Material administrative, procedural, or other matters.

V. INVESTMENT GUIDELINES

Investment Guidelines describe for the Deposit Administrator(s) and for the information of the Fund Custodian(s) a wide range of permissible investment activities and choices while also delineating, specifically or by broader proscription, those which are not permissible.

DOMESTIC EQUITY INVESTMENT GUIDELINES

The Deposit Administrator(s) shall conform to the Domestic Equity Investment Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board/Trustees for prior approval and will then be included in the Deposit Administrator(s) investment addendum.

The goal of the Plan is for the total annualized investment return from total domestic equity investments of the Fund to exceed the total annualized return of the Russell 3000 stock index for cumulative periods of three years or more, net of fees and expenses.

The following guidelines apply only to Deposit Administrators using active strategies custodied in separate accounts. Assets that are managed with passive strategies and/or assets custodied in commingled funds or mutual funds are exempt from the following guidelines.

SPECIFIC GUIDELINES, DOMESTIC EQUITY

1. Domestic equity issues shall mean common stocks, American Depository Receipts, preferred stocks and convertible securities (so long as the underlying equity security satisfies all requirements).
2. Investment in common and preferred stocks shall be limited to securities of corporations listed on the New York Stock Exchange, American Stock Exchange, and those over-the-counter securities of sufficient liquidity to be readily marketable. Preferred stocks shall have a minimum rating of "BBB".
3. Each Deposit Administrator shall select equity investments in conformity with criteria normally applied in its decision-making process.
4. No Deposit Administrator shall invest on a market value basis more than five (5) percent of the equity portion of any portfolio in the equity security(ies) of a single corporation, or group of directly affiliated corporations, or the equity's weighting in the Deposit Administrator's benchmark plus 2%, whichever is greater. Prudent diversification standards also should be developed and maintained by the Deposit Administrator(s).
5. No Deposit Administrator may make an investment equaling or exceeding five (5) percent ownership of the outstanding equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board/Trustees.

6. The goal for each Deposit Administrator shall be for investment returns to exceed their stated benchmark for cumulative periods of three years or more, net of fees and expenses.
7. Leverage and/or derivatives are prohibited from any domestic equity portfolios.
8. Individual active equity managers will be assigned indices or other types of benchmarks deemed suitable for them and agreed upon with the Board/Trustees and detailed in their investment addendum.

INTERNATIONAL EQUITY INVESTMENT GUIDELINES

The Deposit Administrator(s) shall conform to the International Equity Investment Guidelines set forth below. Investing in emerging market equity securities is permissible up to the lesser of three (3) percent of total Plan market value or twenty-five (25) percent of the total international equity market value. Any departure from these Guidelines must be submitted in writing to the Board/Trustees for prior approval and will then be included in the Deposit Administrator(s) investment addendum.

The goal of the Plan is for the total annualized investment return from total international equity investments of the Fund to exceed the total annualized return of the MSCI EAFE stock index for cumulative periods of three years or more, net of fees and expenses.

The following guidelines apply only to Deposit Administrators using active strategies custodied in separate accounts. Assets that are managed with passive strategies and/or assets custodied in commingled funds or mutual funds are exempt from the following guidelines.

SPECIFIC GUIDELINES, INTERNATIONAL EQUITY

1. International equity issues shall mean common stocks, American Depository Receipts, preferred stocks and convertible securities (so long as the underlying equity security satisfies all requirements).
2. Investment in common and preferred stocks shall be limited to marketable securities of corporations listed on the respective company's home country primary exchange. Preferred stocks shall have a minimum rating of "BBB".
3. Each Deposit Administrator shall select equity investments in conformity with criteria normally applied in its decision-making process.
4. No Deposit Administrator shall invest on a market value basis more than three (3) percent of the equity portion of any portfolio in the equity security(ies) of a single corporation, or group of directly affiliated corporations, or the equity's weighting in the Deposit Administrator's benchmark plus 2%, whichever is greater. Prudent diversification standards should be developed and maintained by the Deposit Administrator(s).
5. The goal for each Deposit Administrator shall be for investment returns to exceed their stated benchmark for cumulative periods of three years or more, net of fees and expenses.

6. No Deposit Administrator may make an investment equaling or exceeding five (5) percent ownership of the outstanding equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board/Trustees.
7. Because an active currency hedging strategy may reduce risk of loss and/or enhance international equity manager investment performance, hedging to protect against currency impact upon a security position may be in the best interest of the Fund. Nevertheless, the purchase of speculative or “naked” currency contracts (i.e., “currency trading” or related risk taking), undertaken without a demonstrable exposed investment position to be hedged in a specific currency, is prohibited.

DOMESTIC FIXED INCOME INVESTMENT GUIDELINES

The Deposit Administrator(s) shall conform to the Domestic Fixed Income Investment Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board/Trustees for prior approval and will then be included in the Deposit Administrator(s) investment addendum.

The goal of the Plan is for the total annualized investment return from total domestic fixed income investments to exceed the total annualized return of a 50/50 combination of the Bloomberg Barclays US Aggregate and Bloomberg Barclays Intermediate Gov Credit for cumulative periods of three years or more, net of fees and expenses.

The following guidelines apply only to Deposit Administrators using active strategies custodied in separate accounts. Assets that are managed with passive strategies and/or assets custodied in commingled funds or mutual funds are exempt from the following guidelines.

SPECIFIC GUIDELINES, DOMESTIC FIXED INCOME

1. Except for Treasury and Agency issues of the United States Government, no more than five (5) percent of the fixed income market value of an individual portfolio can be invested in marketable debt securities of U.S. corporations (includes private placement Rule 144A securities). Prudent diversification standards should be developed and maintained by the Deposit Administrator.
2. Ratings of below investment grade are prohibited; an issue which is split rated will be governed by the lower quality designation. Issues falling below these minimum quality ratings are to be eliminated on a timely basis at the discretion of the Deposit Administrator(s). These ratings shall be established by a recognized rating service (i.e., Moody’s, S&P, Fitch) and reinforced by independent in-house analysis.
3. The average rating shall be “A” or better. The duration of the fixed income portfolio shall be within 80% to 120% of the assigned benchmark duration.

4. The goal for each Deposit Administrator shall be for investment returns to exceed their stated benchmark for cumulative periods of three years or more, net of fees and expenses.
5. At no time shall margin or other leveraged transactions, short sales, forward or futures trading, or any form of portfolio hedging be employed in the management of domestic fixed income investments. TBA issuances may only be purchased with the intent to take delivery and must be fully collateralized.

ALTERNATIVE INVESTMENTS

Alternative investments, or nontraditional asset classes, shall be defined as: (1) those asset classes that statistically exhibit lower standard deviations as compared to the traditional investment asset classes of equity and fixed income securities and/or low correlations to the traditional investment asset classes of equity and fixed income securities; or (2) investment strategies that exhibit higher standard deviations as compared to the traditional investment asset classes of equity and fixed income securities but also are in turn structured to deliver a higher return (net of fees) while still providing portfolio diversification benefits. It is the intent that including alternative investments in a diversified portfolio of equity and fixed income securities, when viewed from a tradeoff of risk and return, will enhance the portfolio's risk/return characteristics. Examples of alternative asset classes include: (1) within fixed income - unconstrained/opportunistic commingled and/or mutual funds; (2) real estate (such as apartments, industrial, office and retail); (3) hedge fund of funds; (4) natural resources (such as timberland, farmland and oil & gas); and (5) infrastructure. Also includes private markets, both equity and credit (fixed income).

Private equity investments are generally investments in buyout, venture capital, secondaries, and special situations funds, and may include co-investment (i.e., direct investments). These markets are illiquid and somewhat inefficient, in turn providing the potential for additional return to the investor. Return expectations over the long term and calculated on an internal rate of return basis should be in the neighborhood of 300 to 400 basis points in excess of the public markets.

Private credit (a fixed income investment) is typically an investment in loans to companies, individuals and companies for a variety of transactions. Again, these markets are also illiquid and somewhat inefficient, in turn providing the potential for additional return over public markets to the investor.

Because of the illiquid nature of private markets, investment in any one private fund is limited to 2% of total Retirement Plan assets.

DOMESTIC CASH EQUIVALENTS

The Plan and Deposit Administrator(s) shall conform to the Domestic Cash Equivalent Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board/Trustees for prior approval, and will then be included in the Deposit Administrator(s) investment addendum.

The following guidelines apply only to Deposit Administrators using active strategies custodied in separate accounts. Assets that are managed with passive strategies and/or assets custodied in commingled funds or mutual funds are exempt from the following guidelines.

SPECIFIC GUIDELINES, DOMESTIC CASH EQUIVALENTS

1. Cash Equivalents shall mean commercial paper, bankers' acceptances, certificates of deposit, savings accounts, and short term investment or money market funds of institutional quality.
2. Commercial paper must be only of the highest quality (A-1 or P-1, as established by Moody's and Standard & Poor's). Bankers' acceptances, certificates of deposit, and savings accounts must be made of United States banks or financial institutions which are federally insured.
3. At no time shall margin or other leveraged transactions, short sales, forward or futures trading, or any form of portfolio hedging be employed in the management of domestic cash equivalent investments.

VI. GENERAL

UNINVESTED ASSETS

Assets of the Plan held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. From time to time, the yield environment is such that cash equivalent accounts are generally not paying interest on a net basis. In such an environment, such accounts shall nonetheless be considered in compliance.

COMPLIANCE

If any of the parameters described in this Statement are violated as a result of market movements, changes in credit rankings or other events outside the Deposit Administrator(s)'s control, the Deposit Administrator(s) shall inform the Board/Trustees of such violation as soon as reasonably practicable, and of the Deposit Administrator(s)'s recommendation to hold or sell the affected securities. If the Deposit Administrator(s)'s recommendation is to sell the securities, the Deposit Administrator(s) shall do so within a reasonable period of time, subject to market conditions. If the Deposit Administrator(s) recommendation is to hold the securities, the Deposit Administrator(s) may unless otherwise instructed by the Board/Trustee in writing.

INVESTMENT TRANSACTIONS

The following directions apply:

1. All transactions are to be governed by negotiation to achieve "best execution" (best price net of commissions). The lowest commission rate need not mean "best execution".

2. Firms which offer research services may be given preference as long as the principle of “best realized price” and the Deposit Administrator’s option to “pay up” for research are compatible.

PROXIES

Proxies must be intelligently voted in a manner that best serves the interest of the participants and beneficiaries of the Plan. Where the Board/Trustees have retained a Deposit Administrator(s), the Board/Trustees will delegate to the Deposit Administrator(s) the authority to vote the proxies. If the Board/Trustees do not delegate the voting authority for proxies to the Deposit Administrator(s), they shall delegate it to qualified third parties. The Board/Trustees delegate this authority subject to the understanding that the Deposit Administrator(s) and qualified third parties in voting the proxies will consider only those factors that may affect the value of the Plan’s investment and not subordinate the interests of the participants and beneficiaries to unrelated objectives. The Board/Trustees will, in addition to monitoring the Deposit Administrator(s) and qualified third parties with respect to the management of plan assets, monitor the decisions made and actions taken with regard to proxy voting decisions. The Board/Trustees will require the Deposit Administrator(s) and qualified third parties to maintain accurate records as to proxy voting and report annually to the Board/Trustees a summary of all proxy voting decisions made by the Deposit Administrator on behalf of the Plan. Deposit Administrator(s) and qualified third parties are prohibited from abstaining in voting proxies. Deposit Administrator(s) and qualified third parties are expected to be aware of corporate provisions that may adversely affect stockholdings, including but not limited to “golden parachutes,” “super majorities,” “poison pills,” “fair price” provisions, staggered boards of directors, and other tactics. Proxies should be vigorously voted with the interest of preserving or enhancing the security’s value.

The Deposit Administrator(s) of a pooled investment fund that holds the assets of the Plan along with assets of other plans with conflicting proxy voting policies must reconcile the conflicting policies to the extent possible, and, if necessary, to the extent legally permissible, vote the proxies to reflect the policies in proportion to each plan’s interest in the pooled fund.

INVESTMENT POLICY RESTRICTIONS

Except as permitted in this statement under Alternative Investments the following categories of securities are not permissible for investment using the Plan’s assets without the Board/Trustees’ prior written approval:

1. Unregistered or restricted stock.
2. Commodities, including gold or currency futures.
3. Conditional sales contracts.
4. Options.
5. Futures.
6. Warrants.

7. Margin buying.
8. Short selling.
9. Leasebacks.
10. Private debt or equity securities not defined under Alternative Investments.
11. Partnerships not defined under Alternative Investments.

VII. REVIEW PROCEDURES

All Investment Policies, Objectives and Guidelines contained in this Statement shall be reviewed by the Board/Trustees annually, or whenever circumstances change to the extent that earlier representations are ineffective or inappropriate. All concerned parties shall be notified of any changes and/or additions.

1. Investment performance shall be reviewed quarterly, focusing on progress toward Objectives and adherence to Policies and Guidelines.
2. Total Fund, asset class (domestic equity, international equity, and domestic fixed income), and asset sub-class and/or "style" returns, shall be compared to returns of comparable professionally managed tax-exempt balanced, equity and fixed income portfolios or collective or mutual funds as well as to benchmark indices or index composites.
3. It is expected that the investment performance of any Deposit Administrator(s) will rank above agreed upon benchmark medians over periods of three (3) years and will meet or exceed the Investment Objectives previously identified. Any Deposit Administrator(s) failing to keep pace with progressive performance norms may be placed on probation and evaluated as to whether it is in the best interest of the Plan to have the Board/Trustees' retain the services of said Deposit Administrator(s).
4. The Board/Trustees reserve the right to terminate a relationship with any Deposit Administrator at any time, subject to the terms of any investment advisory agreement, if the Board/Trustees determine that said action is warranted. In addition, the Board/Trustees reserve(s) the right to remove assets, in part, at any time provided that contracted (or mutually recognized and accepted) asset and/or fee minimums of any Deposit Administrator(s) are met.
5. The Deposit Administrator(s) should provide statements of assets under management to the Board/Trustees quarterly, and shall also comply with reasonable additional information requests from the Board/Trustees, including details of any/all securities transactions.
6. The Deposit Administrator(s) shall meet upon request with the Board/Trustees to review the Total Fund and any respective portfolio(s) and to discuss investment results in the context of all of the goals, Objectives, Policies and Guidelines set forth herein.

VIII. APPROVAL

The effective date of this Investment Policy Statement is _____, 2021.

_ Marian Moskowitz, Chair

Margaret Reif, Controller

Josh Maxwell, Commissioner

Patricia Maisano, Treasurer

Michelle Kichline, Commissioner

BANNER RIDGE DSCO FUND I (OFFSHORE), LP

c/o Banner Ridge Partners, LP
641 Lexington Avenue, 18th Floor
New York, NY 10022

NOTICE TO LIMITED PARTNERS

April 8, 2021

Ladies and Gentlemen:

Reference is hereby made to the Amended and Restated Exempted Limited Partnership Agreement of Banner Ridge DSCO Fund I (Offshore), LP, a Cayman Islands exempted limited partnership (the “*Partnership*”), dated December 17, 2020 (together with all amendments thereto, the “*Partnership Agreement*”). Each capitalized term used herein shall have the same meaning that such term has in the Partnership Agreement, unless such term is otherwise expressly defined herein. Banner Ridge DSCO Fund I GP, LLC, the general partner of the Partnership (the “*General Partner*”), believes it is in the best interest of the Partnership and its Limited Partners to amend the Partnership Agreement to more accurately articulate the General Partner’s and the Investment Manager’s investment strategy for the Partnership. The General Partner is proposing to amend the definition of “Primary Investments”, add definitions for “Seasoned Primary Investments” and “Co-Investments”, and make other such amendments as necessary to articulate the investment strategy for the Partnership (the “*Proposed Changes*”). The General Partner has determined that it is in the best interest of the Partnership to obtain the consent of the Limited Partners to amend the Partnership Agreement to effectuate the Proposed Changes by the Partnership.

Upon receipt of the approval of the Majority of Limited Partners, which may be obtained by negative consent affording the Limited Partners forty-five (45) calendar days to object, the General Partner shall amend the Partnership Agreement as set forth on Appendix A (the “*Amendment*”). Additionally, the General Partner is proposing the same amendment to Banner Ridge DSCO Fund I, LP, a Delaware limited partnership (the “*Domestic Fund*”), and a consent to the Amendment shall serve as evidence of your consent to the amendments proposed at the Domestic Fund, as set forth on Appendix B. Therefore, please complete, execute and return to the Partnership (contact information listed below) the ballot attached hereto as Exhibit A (the “*Ballot*”) prior to May 24, 2021. The Ballot shall serve as your consent to the Amendment.

Any questions or requests for additional information should be directed to the Partnership c/o the Investment Manager at IR@bannerridge.com.

Very truly yours,

BANNER RIDGE DSCO FUND I GP, LLC,
a Delaware limited liability company

By: _____


Anthony Cusano, Manager

Exhibit A

**BANNER RIDGE DSCO FUND I (OFFSHORE), LP
BALLOT**

Name of Limited Partner: Chester County Employees Retirement Fund

WHEREAS, pursuant to the letter to which this Ballot is attached (including all attachments thereto, the "**Letter**"), it has been proposed that the Partnership Agreement is amended to effectuate the Proposed Changes by the Partnership (the "**Amendment**"). Each capitalized term used herein shall have the same meaning that such term has in the Letter. By execution of this Ballot, the undersigned Limited Partner consents to the use of electronic signatures as evidence of its consent to the Amendment.

NOW THEREFORE, BE IT RESOLVED, that the undersigned hereby approves or disapproves of the Amendment, as follows:

Consent to the Amendment.

Please initial ONLY ONE of the following:

_____ (a) **APPROVAL OF THE AMENDMENT**

_____ (b) **DISAPPROVAL**

* * * * *

EXECUTED this _____ day of _____, 2021.

By: _____
Name: _____
Title: _____

Appendix A

**FIRST AMENDMENT TO THE
AMENDED AND RESTATED
EXEMPTED LIMITED PARTNERSHIP AGREEMENT OF
BANNER RIDGE DSCO FUND I (OFFSHORE), LP**

This First Amendment (this “*Amendment*”) to the Amended and Restated Exempted Limited Partnership Agreement, dated December 17, 2020 (the “*Partnership Agreement*”), of Banner Ridge DSCO Fund I (Offshore), LP, a Cayman Islands exempted limited partnership (the “*Partnership*”), is made on [_____], 2021 (the “*Effective Date*”). Each capitalized term used herein shall have the same meaning that such term has in the Partnership Agreement, unless such term is otherwise expressly defined herein.

WHEREAS, the General Partner believes it to be in the best interests of the Partnership to revise the definition of the “Primary Investments”, add definitions for “Seasoned Primary Investments” and “Co-Investments”, and make other such amendments as necessary to more accurately articulate the investment strategy for the Partnership;

WHEREAS, Section 12.2(a) of the Partnership Agreement states that the Partnership Agreement may be amended, in whole or in part, with the written consent of (i) the General Partner, and (ii) the consent of a Majority of Limited Partners (which approval may be obtained by negative consent affording the Limited Partners forty-five (45) calendar days to object); and

WHEREAS, the General Partner, having received affirmative or negative consent of a Majority of Limited Partners pursuant to Section 12.2(a) of the Partnership Agreement, desires to, and does hereby, enter into this Amendment to make such modifications and to amend the Partnership Agreement in its entirety to be effective as of the Effective Date.

NOW THEREFORE, in consideration of the foregoing recitals, and in return for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

- 1.1 Article I of the Partnership Agreement is hereby amended to add the following definition of “*Co-Investments*” between the definitions of “*Code*” and “*Commitment Period*”:

“*Co-Investments*” means an investment in a specified asset or group of related assets either directly or through an investment in an entity formed for the purpose of acquiring such asset or group of related assets.

- 1.2 The definition of “Fund” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“*Fund*” means a pooled investment fund or a fund-of-one, including special situations funds, funds managed by distressed-focused and out-of-favor managers, side pocket liquidations and credit or value - oriented strategies.

1.3 The definition of “Investments” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“**Investments**” means, through the Partnership’s investment in the Domestic Fund, (i) investments in securities primarily issued by investment funds that are managed by independent portfolio managers and (ii) purchasing, selling, investing and trading in Primary Investments, Co-Investments, Seasoned Primary Investments and Temporary Investments.

1.4 The definition of “Primary Investments” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“**Primary Investment**” means (i) investments executed by third party investment managers settled into a custodial account, (ii) an investment into a Fund via a new capital subscription, or (iii) an investment in a private investment vehicle managed by a third party investment manager where the Partnership is the only investor or the Partnership along with other Banner Ridge Entities are the only investors.

1.5 Article I of the Partnership Agreement is hereby amended to add the following definition of “**Seasoned Primary Investments**” between the definitions of “**Restricted Partner**” and “**SEC**”:

“**Seasoned Primary Investments**” means interests (including equity, preferred equity and debt) in Funds that have called no more than 60% of its capital commitments as of the reference date and (i) acquired from or issued by third parties, (ii) acquired directly from a Fund in connection with a third party transaction, or (iii) acquired in connection with the restructuring of a Fund.

1.6 Section 2.6 of the Partnership Agreement is hereby amended in its entirety to read:

“Purpose. The Partnership has been organized for the object and purpose of, including through its ownership of partnership interests in the Domestic Fund, developing a highly diversified portfolio, by underlying asset and industry, primarily consisting of (i) Primary Investments, (ii) Co-Investments primarily made alongside Primary Investments and (iii) Seasoned Primary Investments, all of which will be carried out through (a) investing in securities primarily issued by investment funds that are managed by independent portfolio managers, (b) purchasing, selling, investing and trading in Investments, and (c) engaging in any other lawful act or activity for which limited partnerships may be organized under the Act in furtherance of the foregoing.”

1.7 Section 4.7(b) of the Partnership Agreement is hereby amended in its entirety to read:

“Other Business Ventures. The Banner Ridge Entities currently manage, sponsor and hold interests in other business ventures of every kind and description for their own account. The Partners further acknowledge and agree that the Partnership may make Investments in securities of funds or companies that are also owned by an Affiliate of the

Investment Manager or the General Partner. Further, the Partnership will not have an exclusive right to Primary Investments, Seasoned Primary Investments, Co-Investments or Temporary Investments, and the General Partner and the Investment Manager currently, and may in the future, manage other private investment funds that invest in Primary Investments, Seasoned Primary Investments, Co-Investments or Temporary Investments. The Investment Manager and its Affiliates currently, and may in the future, manage other private investment funds that have priority with respect to any investment (including Investments and other equity, preferred equity and debt investments) in Funds or assets that are managed by independent portfolio managers and (i) acquired from or issued by third parties, (ii) acquired directly from a Fund in connection with a third party transaction, or (iii) acquired in connection with the restructuring of a Fund and the Partnership shall only be entitled to an allocation of such investment after the other private investment funds have received their appropriate allocation as determined by the Investment Manager and its Affiliates.”

1.8 Section 4.7(d) of the Partnership Agreement is hereby amended in its entirety to read:

Acknowledgement of Conflicts. Each Limited Partner acknowledges and agrees that the Banner Ridge Entities may from time to time cause the Partnership to engage in certain transactions and activities, including principal transactions, cross transactions and other transactions involving actual or potential conflicts of interest. Each Limited Partner hereby acknowledges and agrees that to the extent permitted by Applicable Law, and except as otherwise provided herein, (i) conflicts of interest may be resolved in the discretion of the General Partner with or without consultation with the Advisory Board; (ii) that such determinations will be conclusive and absolutely binding upon the Partnership, the Partners, and their respective successors, assigns and personal representatives; (iii) that the Partnership and the Domestic Fund may not participate in (A) every investment opportunity presented to the Investment Manager and General Partner and (B) any particular investment opportunity on an equal or pro rata basis with other investment funds or accounts; and (iv) each Limited Partner hereby consents to all of the foregoing.

1.9 Section 5.2 of the Partnership Agreement is hereby amended in its entirety to read:

“Investment Restrictions. The Partnership will be permitted to participate in Primary Investment, Co-Investments, Seasoned Primary Investments and Temporary Investments and no other investment will be permitted by the Partnership. The General Partner and the Investment Manager shall not, unless the Advisory Board otherwise approves, allocate, at the time of the acquisition of such Investment, more than twenty-five percent (25%) of the Final Commitments to any investment in an individual Fund (taking into account amounts contractually committed to a third-party investment fund as unfunded commitments that are, in the reasonable determination of the General Partner, likely to be called). The restrictions set forth herein shall be calculated at the time of acquisition of such Investment; *provided, however,* the calculation of the restrictions set forth herein shall take transactions currently in process into consideration. In addition, in determining

the percentage allocated to a particular investment, investment type or strategy, the General Partner may take into account full or partial realizations of or distributions from the Partnership's Investments.”

2. No Further Amendments. Except as expressly provided herein, the Partnership Agreement is not further amended or modified and shall remain valid, binding and enforceable in accordance with its terms.
3. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and one executed counterpart shall be delivered to the Partnership.
4. Successors and Assigns. This Amendment shall be binding upon and, to the extent expressly permitted by the provisions of the Partnership Agreement, shall inure to the benefit of the Partners and their respective heirs, legal representatives, successors and assigns.
5. Governing Law. This Amendment and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the Cayman Islands.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as a deed on and to be effective as of the Effective Date.

GENERAL PARTNER:

BANNER RIDGE DSCO FUND I GP, LLC,
a Delaware limited liability company

By: _____

Name: Anthony Cusano

Title: Manager

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted pursuant to powers of attorney now and hereafter granted to the General Partner

BANNER RIDGE DSCO FUND I GP, LLC,
a Delaware limited liability company

By: _____

Name: Anthony Cusano

Title: Manager

Appendix B

**FIRST AMENDMENT TO THE
SECOND AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT OF
BANNER RIDGE DSCO FUND I, LP**

This First Amendment (this “*Amendment*”) to the Second Amended and Restated Limited Partnership Agreement, dated November 10, 2020 (the “*Partnership Agreement*”), of Banner Ridge DSCO Fund I, LP, a Delaware limited partnership (the “*Partnership*”), is made on [____], 2021 (the “*Effective Date*”). Each capitalized term used herein shall have the same meaning that such term has in the Partnership Agreement, unless such term is otherwise expressly defined herein.

WHEREAS, the General Partner believes it to be in the best interests of the Partnership to revise the definition of the “Primary Investments”, add definitions for “Seasoned Primary Investments” and “Co-Investments”, and make other such amendments as necessary to more accurately articulate the investment strategy for the Partnership;

WHEREAS, Section 12.2(a) of the Partnership Agreement states that the Partnership Agreement may be amended, in whole or in part, with the written consent of (i) the General Partner, and (ii) the consent of a Majority of Limited Partners (which approval may be obtained by negative consent affording the Limited Partners forty-five (45) calendar days to object); and

WHEREAS, the General Partner, having received affirmative or negative consent of a Majority of Limited Partners pursuant to Section 12.2(a) of the Partnership Agreement, desires to, and does hereby, enter into this Amendment to make such modifications and to amend the Partnership Agreement in its entirety to be effective as of the Effective Date.

NOW THEREFORE, in consideration of the foregoing recitals, and in return for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

1.1 Article I of the Partnership Agreement is hereby amended to add the following definition of “*Co-Investments*” between the definitions of “*Code*” and “*Commitment Period*”:

“*Co-Investments*” means an investment in a specified asset or group of related assets either directly or through an investment in an entity formed for the purpose of acquiring such asset or group of related assets.

1.2 The definition of “Fund” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“*Fund*” means a pooled investment fund or a fund-of-one, including special situations funds, funds managed by distressed-focused and out-of-favor managers, side pocket liquidations and credit or value - oriented strategies.

1.3 The definition of “Investments” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“**Investments**” means (i) investments in securities primarily issued by investment funds that are managed by independent portfolio managers and (ii) purchasing, selling, investing and trading in Primary Investments, Co-Investments, Seasoned Primary Investments and Temporary Investments.

1.4 The definition of “Primary Investments” in Article I of the Partnership Agreement is hereby amended in its entirety to read:

“**Primary Investment**” means (i) investments executed by third party investment managers settled into a custodial account, (ii) an investment into a Fund via a new capital subscription, or (iii) an investment in a private investment vehicle managed by a third party investment manager where the Partnership is the only investor or the Partnership along with other Banner Ridge Entities are the only investors.

1.5 Article I of the Partnership Agreement is hereby amended to add the following definition of “**Seasoned Primary Investments**” between the definitions of “**Restricted Partner**” and “**SEC**”:

“**Seasoned Primary Investments**” means interests (including equity, preferred equity and debt) in Funds that have called no more than 60% of its capital commitments as of the reference date and (i) acquired from or issued by third parties, (ii) acquired directly from a Fund in connection with a third party transaction, or (iii) acquired in connection with the restructuring of a Fund.

1.6 Section 2.6 of the Partnership Agreement is hereby amended in its entirety to read:

“Purpose. The Partnership has been organized for the object and purpose of developing a highly diversified portfolio, by underlying asset and industry, primarily consisting of (i) Primary Investments, (ii) Co-Investments primarily made alongside Primary Investments and (iii) Seasoned Primary Investments, all of which will be carried out through (a) investing in securities primarily issued by investment funds that are managed by independent portfolio managers, (b) purchasing, selling, investing and trading in Investments, and (c) engaging in any other lawful act or activity for which limited partnerships may be organized under the Act in furtherance of the foregoing.”

1.7 Section 4.8(b) of the Partnership Agreement is hereby amended in its entirety to read:

“Other Business Ventures. The Banner Ridge Entities currently manage, sponsor and hold interests in other business ventures of every kind and description for their own account. The Partners further acknowledge and agree that the Partnership may make Investments in securities of funds or companies that are also owned by an Affiliate of the Investment Manager or the General Partner. Further, the Partnership will not have an exclusive right to Primary Investments, Seasoned Primary Investments, Co-Investments”

or Temporary Investments, and the General Partner and the Investment Manager currently, and may in the future, manage other private investment funds that invest in Primary Investments, Seasoned Primary Investments, Co-Investments or Temporary Investments. The Investment Manager and its Affiliates currently, and may in the future, manage other private investment funds that have priority with respect to any investment (including Investments and other equity, preferred equity and debt investments) in Funds or assets that are managed by independent portfolio managers and (i) acquired from or issued by third parties, (ii) acquired directly from a Fund in connection with a third party transaction, or (iii) acquired in connection with the restructuring of a Fund and the Partnership shall only be entitled to an allocation of such investment after the other private investment funds have received their appropriate allocation as determined by the Investment Manager and its Affiliates.”

1.8 Section 4.8(d) of the Partnership Agreement is hereby amended in its entirety to read:

“Acknowledgement of Conflicts. Each Limited Partner acknowledges and agrees that the Banner Ridge Entities may from time to time cause the Partnership to engage in certain transactions and activities, including principal transactions, cross transactions and other transactions involving actual or potential conflicts of interest. Each Limited Partner hereby acknowledges and agrees that to the extent permitted by Applicable Law, and except as otherwise provided herein, (i) conflicts of interest may be resolved in the discretion of the General Partner with or without consultation with the Advisory Board; (ii) that such determinations will be conclusive and absolutely binding upon the Partnership, the Partners, and their respective successors, assigns and personal representatives; (iii) that the Partnership may not participate in (A) every investment opportunity presented to the Investment Manager and General Partner and (B) any particular investment opportunity on an equal or pro rata basis with other investment funds or accounts; and (iv) each Limited Partner hereby consents to all of the foregoing.”

1.9 Section 5.2 of the Partnership Agreement is hereby amended in its entirety to read:

“Investment Restrictions. The Partnership will be permitted to participate in Primary Investment, Co-Investments, Seasoned Primary Investments and Temporary Investments and no other investment will be permitted by the Partnership. The General Partner and the Investment Manager shall not, unless the Advisory Board otherwise approves, allocate, at the time of the acquisition of such Investment, more than twenty-five percent (25%) of the Final Commitments to any investment in an individual Fund (taking into account amounts contractually committed to a third-party investment fund as unfunded commitments that are, in the reasonable determination of the General Partner, likely to be called). The restrictions set forth herein shall be calculated at the time of acquisition of such Investment; *provided, however,* the calculation of the restrictions set forth herein shall take transactions currently in process into consideration. In addition, in determining the percentage allocated to a particular investment, investment type or strategy, the General Partner may take into account full or partial realizations of or distributions from the Partnership’s Investments.”

2. No Further Amendments. Except as expressly provided herein, the Partnership Agreement is not further amended or modified and shall remain valid, binding and enforceable in accordance with its terms.
3. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and one executed counterpart shall be delivered to the Partnership.
4. Successors and Assigns. This Amendment shall be binding upon and, to the extent expressly permitted by the provisions of the Partnership Agreement, shall inure to the benefit of the Partners and their respective heirs, legal representatives, successors and assigns.
5. Governing Law. This Amendment and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of Delaware.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as a deed on and to be effective as of the Effective Date.

GENERAL PARTNER:

BANNER RIDGE DSCO FUND I GP, LLC,
a Delaware limited liability company

By: _____

Name: Anthony Cusano

Title: Manager

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted pursuant to powers of attorney now and hereafter granted to the General Partner

BANNER RIDGE DSCO FUND I GP, LLC,
a Delaware limited liability company

By: _____

Name: Anthony Cusano

Title: Manager