

Retirement Board Meeting
May 28, 2015

Present:	Commissioner	Douglas Lengenfelder Mark Wissinger Thomas Chernisky
	Controller	Ed Cernic Kristine Segear Dana Descavish
	Treasurer	Lisa Kozorosky

Commissioner Lengenfelder called the Special Retirement Board meeting to order at 10:49 a.m.

Motion was made by Lisa Kozorosky to approve the minutes from the Retirement Board meeting held on May 4, 2015. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 4-0.

Mark Wissinger arrived at 10:55 a.m.

Frank Burnette discussed with the board that equity markets are getting fully or over-valued. Diversification away from equities is a tactical strategy that he has been suggesting to the board for the last few quarters. One of the strategies discussed was private equity because of its reasonable valuations and higher anticipated investment returns. Through a limited partnership structure, private equity investors purchase stock or debt securities in non-public companies with valuations more attractive than publically traded equities. Private equity investments can be made in a single company, a fund of companies, or a fund of funds of companies. Private Equity is illiquid and can take five years to be fully invested with a ten year final liquidation period. Historically, private equity returns have exceeded publicly traded equity returns over most short and long term time periods. For a balanced portfolio, private equity can provide additional diversification and dampen overall volatility while providing attractive, risk-adjusted returns. Today I am sharing with the board a promising private equity opportunity from Constitution Capital Partners (CCP). Constitution Capital Partners is a smaller boutique firm started in 2008 but their investment team has been in place for over 25 years at GE and Standard Life. Constitution Partners focuses on small and mid-size company buyouts. Constitution Capital Partners is at the very end of its fundraising cycle for Ironsides Co-Investment Fund III and should be fully invested by the first or second quarter of 2016 which is quite fast and effectively shortens the final end point of the investment to an estimated seven years. Constitution Capital partners expects to draw half of their investor funds in the 3rd quarter of 2015 with the remaining balance drawn in the first half of 2016. The consultant is proposing to the board a \$10 million commitment to CCP with an expected peak drawdown of \$7 million and an average investment balance of less than \$5 million over a seven year time.

- Motion made by Ed Cernic to accept Frank Burnette's recommendation to allocate \$10 million with an expected peak drawdown of \$7 million from equity stocks to private equity Ironsides Co-Investment Fund III and an average invested balance of less than \$5 million over a 7 year time frame. Motion was seconded by Doug Lengenfelder. Motion carried. Vote unanimous 5-0.

Tom Leiden solicitor for the Commissioner's Office weighed in on his legal opinion. He reviewed the contract and advised the contract language on the right to know law needs to be changed to allow for disclosing the information.

New Business:

1. Motion was made by Ed Cernic to ratify the action taken by the Commissioner's office at the recommendation of the Controller's office on the two additional May retirees: Beverly Lindsey and Elizabeth Petruska. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0.
2. Ed advised the board that he attended the PAPERS conference last week and the conference was very educational. He recommended that it would be good for other board members to attend. The next conference is in the fall of 2015 in Pittsburgh, PA.
3. Ed informed the board that we have a retiree who is 100 years of age, Marguerite S. Thompson. Contact has been made with the family to present the retiree with a plaque and cake. A date has not been set yet. Ed feels this should be done for every retiree who turns 100 years old.
 - Motion was made by Ed Cernic to pay for the plaque and cake from the retirement fund account. Motion was seconded by Tom Chernisky. Motion carried. Vote unanimous 5-0

Motion was made by Mark Wissinger to adjourn the meeting. Meeting adjourned at 11:31 a.m.

Ed Cernic, Jr.