

BERKS COUNTY EMPLOYEES' RETIREMENT FUND BOARD MINUTES

July 29, 2019

The Berks County Retirement Fund Board met in a regular session on Thursday, June 29, 2019, at 10:00 A.M. in the Boardroom on the 13th floor of the Berks County Services Center, pursuant to due notice to Board members and the public.

Chairman Christian Leinbach called the meeting to order with Sandra Graffius, Secretary, County Treasurer Dennis Adams. Members Kevin Barnhardt and Mark Scott were absent. The following County staff attended: Chad Schnee, First Assistant County Solicitor; Jessica Weaknecht, Human Resources Director; Ronald Seaman, Chief Administrative Officer, Grazyna Nykiel, Sr. Governmental Accountant and Christie Bennett-Zellers.

APPROVAL OF MINUTES

The minutes of the June 20, 2019 meeting were approved as presented.

PUBLIC COMMENT FROM THE FLOOR

None.

PRESENTATIONS

Terry Gerlich, CFA and Mike Waite, FSA, SEI Investments presented the Second Quarter 2019 Investment review update, the volatility continues in the market, so far this year it's been net-net, surprisingly strong. There was a repeat of the 4th qtr. scenario, the Fed came out more dovish and indicated they would be cutting interest rates. The market is assuming 3 interest rates cuts. Because of the Feds being dovish, the market has been taking off and June was the strongest June for the S&P 500 since 1955. This shows how dependent the market is on the Feds. Growth is so weak, even though it's positive that any headline can turn this market around significantly. Rates coming down, economic sign of weakness but equities are rallying at the same time because the belief is the Fed is going to support the economy and keep us out of recession. Terry reported a portfolio value as of 6/30/2019, to be \$467,107,541.

Be prepared for volatility and when the Fed is done cutting interest rates and exciting everybody, at the end of the day we're still left with slow growth. And we're still left with slow corporate progress, and low interest rates. Expected returns are going to be low. You won't be able to continue generating double digit returns on this portfolio in that environment. It will continue to be a challenge to get to the needed returns or for funding purposes. Because of that, the discussion of private equity was brought to the table. They suggest we begin to start a private equity portfolio, this is a long-term commitment. Receiving a little bit of money per year and building over time. They will take as deep of a dive into this as we would like.

Mr. Waite reported private equity is what we consider one of those anchor tenants, a place we know we must start thinking about getting return, no longer can we look at the S & P 500 as a place where we can continue to get these double digit returns that we've seen over the past 5-10 years. This is a space that's going to be important going forward, it's going to be where we get returns that continue to push the plan over and above that actuarial hurdle we need to do and

again we look at it as a very long-term allocation in the portfolio. What your doing is spending a couple of years putting money to work investing, through a multi-year kind of investing window and then you wait. Then over the next 5-7 years you see that money come back to you in distributions and over time it can be a very rewarding enterprise. Your return of capital can be very strong but it's not a traditional fund where you can put all your monies in on day 1 and get all your money back and then some on some specific date in the future.

Mr. Gerlich adds it's multi years putting the money to work then multi years of it coming back out. The funds are always invested, it's not just sitting, there's no opportunity cost tied to this. Managers only call for the funds when they are being invested. They are raising money for GPA V and have in access of 100 members, mostly non-profits and universities.

CORRESPONDENCE

None.

OLD BUSINESS

Commissioner Leinbach requested an update on the RFP for actuarial services, Jessica Weaknecht responded we had a good meeting for the actuarial services and after that meeting our team became a little apparent they were looking more at a new software program. But at this point, we aren't interested in a software program, especially with a new HRIS program in play. Our team got back together and had conversation with Kelly and the scope is being tweaked and she most likely has that going back out. From our discussion we narrowed it down even more and simplified it. We're still on target with what we discussed before, we'd be looking at October for a bid.

Ms. Weaknecht continued with the status of the RFI for pension services, Kelly has been working on putting that together. Next week on Thursday our team will meet again with Kelly to finalize that to go out. Ms. Weaknecht stated it will be a broad search that it will go out to. Secretary Graffius mentioned individuals contacting her about getting on the list of notifications when something goes out. Ms. Weaknecht suggested that information be passed on to Kelly. Chairman Leinbach inquired if the RFI search is looking for a manager of managers model not looking to go back to where we were.

NEW BUSINESS

AUTHORIZE DISBURSEMENTS

1. A motion was made by Secretary Graffius, second by Treasurer Adams to authorize the disbursements of annuities and refunds for June 2019. Motion carried.

- 15R.2019 A. Adopt a resolution ratifying, confirming and approving annuities and refunds for June 2019 as follows:

Annuities	\$1,741,754.68
Refund	\$ 130,340.27
Total	\$1,872,094.95

2. A motion was made by Secretary Graffius, second by Treasurer Adams to authorize the following resolution. Motion carried.

- 16R.2019 B. Adopt a resolution authorizing payment of Invoice 195178566 in the amount of \$8,652.00 to Korn Ferry (US) for Acturial Services Extension to Agreement #ICA-174550-16, For 2nd Quarter (Apr, May, Jun 2019)

Commissioner Leinbach reported the Berks County Employees' Retirement Fund balance as of June 19, 2019 is \$466,061,603.48.

There being no further business, on motion made by Chairman Leinbach, the meeting adjourned at 10:58 A.M.

Respectfully Submitted,



Sandy Graffius, Secretary Retirement Fund Board