

BERKS COUNTY EMPLOYEES' RETIREMENT FUND BOARD MINUTES
OCTOBER 24, 2022 - Approved November 18, 2022

The Berks County Retirement Fund Board met in a regular session on Monday, October 24, 2022, at 10:00 A.M. via Microsoft Teams Live, pursuant to due notice to Board members and the public.

Chairman Christian Y. Leinbach called the meeting to order with Secretary Sandra Graffius in attendance. Vice Chairman Michael Rivera, Treasurer Dennis Adams and Member Commissioner Kevin Barnhardt were absent. The following County staff attended: Christine Sadler, County Solicitor; Jessica Weaknecht, Director Human Resources; Cody Kaufman, Assistant County Solicitor; Ron Seaman, Chief Operations Officer; Wendy Pennington, Benefits Manager; Grazyna Nykiel, Deputy Controller; Linda Weaver Deputy Chief Treasurer and Jonnelle Keller, Benefits/Pension Coordinator.

APPROVAL OF MINUTES

The minutes of the September 26, 2022 meeting were approved as presented.

PUBLIC COMMENT FROM THE FLOOR

None.

PRESENTATION

Terry Gerlach shares with the board he will be retiring effective December 1st and introduces his replacement; Kathy Parisi, a very senior person with his firm.

The market value as of the end of 3rd quarter was down 5.2% at approximately \$450M and YTD return down 20.1%. They have been making sure we continue to have strong diversification. The market has been a difficult place; not to long ago we were up 20%, it is the price of being in the market and the volatility does happen. Terry reports we are in a bear market and reason being after exiting Covid there was a lot of destruction to supply chains, but now we see inflation begin to accelerate this year, particular in labor markets. Federal Reserve has been aggressive in raising interest rates, in order to get the inflation rate back to the 2% target.

Terry reminds us the market is a discount mechanism, it will turn up before the news gets better. Investors position themselves for this when looking out six months ahead. Chairman Leinbach asks if the geopolitical side is still difficult to read between Russia and Ukraine. Although we have seen some positive, there seems to be escalation there again. Commissioner Leinbach adds even more concerning geopolitically and economically is China and the re-election of their president. He mentions the virtual collapse as well of Hatti. We do not know if the United States or the UN will go in and what that might look like.

Mr. Gerlach referred all of this as a Wild Card, a Black Swan. There is no way to predict what will happen, there always seems to be geopolitical risk in the world. Historically volatility every

10 years or so and we run into a bear market. And every twelve-thirteen month's or so there is a market correction, where something scares us. But in every case, it pays to stand invested. Secretary Graffius inquired if much was hanging on the results in November with the house and senate. Terry replied that it does not much matter who wins, as opposed to the balance. If one party controls the house, senate and presidency that tends to indicate opportunity for change fiscally and policy wise.

Terry finished with this quarter there has been nowhere to hide again, but points out we will see very important diversification of the portfolio which helped the downside of the volatility.

Mike Burke starts off with a one-month basis and investment loss of approximately 7½% and \$24.8M on a three-month basis represents about a 5% investment loss. This all brings our 3rd quarter balance at just approximately \$450M. We are seeing a few percentage points in October so far. Commissioner Leinbach reported the balance as of October 24, 2022, to be \$460,008,638.75. Mr. Burke reminds us, they are actively investing in monitoring and changing over time the investment advisors within each strategy, but not in major ways. Mike points out, although we are looking at negative numbers YTD and 1-year basis; we are outperforming modestly, however on a longer term of 3-, 5- and 7-year numbers we are continuing to deliver at or above benchmark.

Mr. Burke finished with, as we think about where we go from here, it is about recovering loss returns in public markets but again, transitioning from the opportunities and returns we have captured in energy markets and thinking more strategically about what the role is of long-term private markets and strategic opportunity.

OLD BUSINESS

An email was received from Astra Marx at EHD Insurance regarding our 2022 Fiduciary Liability renewal policy. She shared a link to their secure online platform, Indio, with Secretary Graffius where the document would be stored. They will only have the current year policies available in Indio.

NEW BUSINESS

None.

AUTHORIZE DISBURSEMENTS

1. A motion was made by Secretary Sandra Graffius and second by Deputy Treasurer Linda Weaver to authorize the following. Motion carried.

- 26R.2022 A. Adopt a resolution authorizing and approving annuities and refunds for October 2022 as follows:

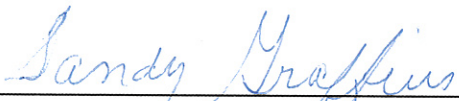
Annuities	\$2,197,863.57
Refund	\$ 457,379.58
Total	\$2,655,243.15

2. A motion was made by Secretary Sandra Graffius and second by Deputy Treasurer Linda Weaver to authorize the following. Motion carried.

- 27R.2022 B. Adopt a resolution authorizing and approving payment of Invoice No. 195257475 in the amount of \$8,625.00 Korn Ferry (US) for Actuarial Services to Agreement #PC-227009-20 for 3rd Quarter 2022.

There being no further business, on motion made by Secretary Sandra Graffius, the meeting adjourned at 10:32 A.M.

Respectfully Submitted,



Sandy Graffius, Secretary Retirement Fund Board

