

**BERKS COUNTY EMPLOYEES' RETIREMENT FUND BOARD MINUTES**  
**JULY 26, 2021 APPROVED August 19, 2021**

The Berks County Retirement Fund Board met in a regular session on Monday, July 26, 2021, 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 Treasurer Dennis Adams, Vice Chairman Michael Rivera and Member Commissioner Kevin Barnhardt in attendance. Secretary Sandra Graffius was absent. The following County staff attended: Cody Kauffman, Assistant County Solicitor; Jessica Weaknecht, Director of Human Resources; Grazyna Nykiel, Deputy Controller; Christie Bennett-Zellers, Benefit Manager; Robert Patrizio, Chief Financial Officer; Daniel Jenkins, Manager of Financial Reporting and Planning; Pamela Shupp, Deputy CAO; Jonnelle Keller, Benefits/Pension Coordinator.

**APPROVAL OF MINUTES**

The minutes of the June 17, 2021 meeting were approved as presented.

**PUBLIC COMMENT FROM THE FLOOR**

None.

**PRESENTATION**

Mr. Michael Burke from SEI reported as of June 30<sup>th</sup>, the portfolio had a market value of \$569,427,000, bringing in a return of just over 10% and on a rolling year, a 26.3% return. He reported there were several areas that contributed to this return: US equities, International equities, high-yield bonds and even some corners of commodities.

Mr. Burke shared interest rates are taking a lot of headlines. We know interest rates are firmly anchored by the Feds at the very short end of the yield curve; but it's very interesting to see interest rates move lower as you move further down the curve. In the 10-year Treasury, rates were as high as 7% in March, and today we are at 1.26%. The main driver is the concern over how hot and strong inflation has been; causing some investors to think about the prospect of rising interest rates. This has counterintuitively pushed interest rates lower as investors have been a bit skittish and it then created quite a bit of volatility in the market. A key takeaway that Mr. Burke points out; even if the Fed is forced to move quicker than they intended to raise interest rates, perhaps as early as 2023; it does not necessarily mark the end of this bull market that we have found ourselves in. We will still see the prospects of equity markets.

The portfolio is positioned well. The positives around growth, we believe will have some room to run the concerns over the delta variant, the virus and the impact that is having on international markets and supply chain constraints we see as a result of growing so quickly.

Chairman Christian Leinbach commented we are again seeing significantly better results in the portfolio than anyone could have predicted. At some point, we realize the ride must come to a halt. He asked if there were any significant concerns that could fundamentally change the incredible numbers we have seen over the last couple of years. Mr. Burke replied just as we

have seen the returns in the portfolio move further and faster than we expected; it is natural for things like inflation to do the same for the time being. Mr. Burke added when we think about the broader economic recovery that is taking hold, we still believe there are some positive trends to be had; more return to be captured. We mitigate the uncertainty with our diversification and being in different corners of the investable landscape, it is not about being too exposed. It is balancing all the risks that we have taken. Mr. Terry Gerlach, from SEI stated what could cause the ride to come to an end is if the fears we are seeing right now are correct; the fears of stagflation, slower growth or signs of slower growth combined with the rising inflation. That would be very bad for the markets and there would be very few places to hide in that environment.

Mr. Gerlach reiterates what Mike pointed out early on; the portfolio added over \$32 million and on the rolling year we gained almost \$120 million in value for the portfolio. As you know, very valuable asset classes have had quite a ride; but now we are seeing continued strength in the energy markets as the economy continues to reopen. Even though we have strong performance in many ways; there are still fears out there. Mr. Gerlach closed by stating with the portfolio is positioned well and while we are not predicting another 10% for the next six months, there will be some additional volatility. We still think that prospects are seasonably good moving forward over the next six to twelve months.

### **OLD BUSINESS**

None.

### **NEW BUSINESS**

1. A motion was made by Commissioner Kevin Barnhardt and second by Vice Chairman Michael Rivera to authorize the following. Motion carried.

- 15R.2021 A. Adopt a resolution authorizing employee buyback requests as follows:
- a. Kathryn Dietrich purchasing 28 days of furlough time in the amount of \$345.69.
  - b. Alison Epting purchasing 29 days of furlough time in the amount of \$671.20.
  - c. Aaron Hengst purchasing 21 days of furlough time in the amount of \$321.08.
  - d. Kathleen Hevalow purchasing 33.5 days of furlough time in the amount \$406.04.
  - e. Donna Pachuillo purchasing 1 month and 27 days of furloughed time in the amount of \$587.02.
  - f. Jodi Schaeffer purchasing 9 months and 1 day of leave of absence time in the amount of \$4,917.47.
  - g. Lisa Sweigert purchasing 4 months and 17 days of furlough time in the amount of \$2,666.74.

### **AUTHORIZE DISBURSEMENTS**

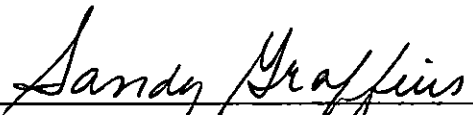
1. A motion was made by Vice Chairman Michael Rivera and second by Commissioner Kevin Barnhardt to authorize the disbursements as follows. Motion carried.

16R.2021 A. Adopt a resolution ratifying, confirming and approving annuities and refunds for June 2021 as follows:

Annuities	\$1,990,375.64
Refund	\$ 116,228.88
Total	\$2,106,604.52

There being no further business, on motion made by Commissioner Kevin Barnhardt second by Vice Chairman Michael Rivera, the meeting adjourned at 10:29 A.M.

Respectfully Submitted,

  
\_\_\_\_\_  
Sandy Graffius, Secretary Retirement Fund Board