

**BERKS COUNTY EMPLOYEES' RETIREMENT FUND BOARD MINUTES
MARCH 28, 2022**

The Berks County Retirement Fund Board met in a regular session on Monday, March 28, 2022, at 9:30 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 Vice Chairman Michael Rivera; Secretary Sandra Graffius and member Commissioner Kevin Barnhardt in attendance. Treasurer Dennis Adams was absent. The following County staff attended: Christine M. Sadler, County Solicitor; Cody Kauffman, First Assistant County Solicitor; Ronald Seaman, Chief Administrative Officer; Robert Patrizio, Chief Financial Officer; Jessica Weaknecht, Director of Human Resources; Pamela Shupp, Deputy CAO; Wendy Pennington, Benefits Manager; Grazyna Nykiel, Deputy Controller; David Peris, Assistant County Solicitor; Jonnelle Keller, Benefits/Pension Coordinator.

APPROVAL OF MINUTES

The minutes of the February 23, 2022 meeting were approved as presented.

PUBLIC COMMENT FROM THE FLOOR

None.

PRESENTATION

Commissioner Leinbach and the rest of the Board had requested that SEI conduct research on the direct and indirect impact of the Russian Ukraine situation on our overall portfolio. Early on Terry Gerlach had reported a .15% direct investment. Managers are marking down those positions as we go, right now they are worth board .5% basis points of the portfolio, immaterial amount in the terms of financial or investment damage.

Mr. Gerlach states the indirect exposure; or companies doing business with Russia, changes daily. Most companies are doing everything they can to disentangle themselves from doing business with Russia. From a policy perspective, when you think of going forward; all investment managers are acting in accordance with the sanction and will not be purchasing any new Russian securities. The small amount in the portfolio can't be traded because of sanctions and Russian policy. Even if we could trade, we need to be careful not to encourage sanctions because you don't want to be selling to a prohibited person and oligarch that might be on the list of prohibited entities.

Terry reported the portfolio was down about 5.6% through February on a year-to-date basis; and we have come back about 60 basis points give or take. This is normal downside volatility; and it is not all related to the war. The focus of investors, inflation and the rise in interest rates as the Fed begins to restrict monetary policy, that has been the overriding impact on the portfolio. Some of this is indirectly related to Russia in terms of high energy prices, helping to exacerbate inflation. But the inflationary pressures go beyond just the oil; that is really the dominant theme right now in the market.

Commissioner Leinbach questioned without violating any laws that have been put in place to trade within appropriate partners; what are our options here? Mr. Gerlach relied with unfortunately, we do not have a lot of options. This is a fluid situation that will change weekly, monthly as we go forward. Eventually the market will reopen for trading, but funds will be locked up if you sell on the Russian stock market. We will have to see how it unfolds. He expects when managers are able to divest, they will. But that could raise fiduciary responsibility. Terry reports all public clients are in the same boat as fiduciaries, you are bound by law to act in the best interest of plan participants and beneficiaries; that is normally interpreted as the best financial interests of a plan beneficiaries.

Commissioner Leinbach shares two principles he feels strongly about; one he is not interested in dumping the .15% on the market that will provide a financial benefit to Russia directly or the oligarchs. He feels in the long run it will have the opposite effect. The second item he addressed; we have a fiduciary responsibility to the fund, to the pensioners. Even though its on .15% of the fund, I do not want to do something in the interest of making a political statement; damages the fiduciary value of the pension. Right now, there are no options, we need to keep an eye on this and if there are viable options, we need to test them against our fiduciary responsibility. But we also need to keep in mind for it not to be a financial benefit to Russia or Russian oligarchs. Mr. Gerlach stated we are going to have several conversations that will continue as the situation evolves and as the rules change, we will need to weigh all the circumstances.

Sandra Graffius expressed this is really a double edge sword; either way we are in a tight situation. Commissioner Rivera agreed with Commissioner Leinbach's concern regarding making a haste move that will have more of a negative impact long run and Commissioner Barnhardt agreed with all remarks made thus far. A motion was made by Commissioner Leinbach and seconded by Commissioner Rivera to authorize SEI to continue to watch and monitor; especially the .15% direct Russian investment issue and update the county with any changes in the status of those investments. Understanding it is our desire to divest from those as long as we are not harming the fiduciary value of our pension and not providing a financial benefit to Russia or the Russian oligarchs. The motion carried. Mr. Gerlach finished up with they appreciate the direction we are taking and think it is the right one.

OLD BUSINESS

None.

NEW BUSINESS

1. A motion was made by Vice Chairman Michael Rivera and second by Commissioner Kevin Barnhardt to authorize the following. Motion carried.
 - 05R.2022 A. Adopt a resolution authorizing employee buyback request's as follows:
 - a. April Firek purchasing 3 years, 11 months and 17 days of prior service time in the amount of \$7,470.63.

AUTHORIZE DISBURSEMENTS

1. A motion was made by Vice Chairman Michael Rivera and second by Secretary Sandra Graffius to authorize the following. Motion carried.

06R.2022 A. Adopt a resolution authorizing and approving annuities and refunds for March 2022 as follows:

Annuities	\$2,128,016.81
Refund	\$ 568,139.40
Total	\$2,696,156.21

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

07R.2022 B. Adopt a resolution authorizing the replacement of \$55,613.66 to Robert Mugar's pension fund associated with pickup contributions and interest to reverse a deduction made in error.

Chairman Christian Leinbach reported the Berks County Employees' Retirement Fund balance as of March 25, 2022, is \$553,056,520.28.

There being no further business, on motion made by Vice Chairman Michael Rivera, the meeting adjourned at 9:51 A.M.

Respectfully Submitted,



Sandy Graffius, Secretary Retirement Fund Board