

BERKS COUNTY EMPLOYEES' RETIREMENT FUND BOARD MINUTES
October 23, 2017

The Berks County Retirement Fund Board met in a regular session on Monday, October 23, 2017, at 10:00 A.M. in the Commissioners' Boardroom, 13th floor of the Berks County Services Center, pursuant to due notice to Board members and the public.

Chairman Christian Y. Leinbach called the meeting to order with members Commissioner Kevin S. Barnhardt and Commissioner Mark C. Scott in attendance. The following County staff attended: Christine M. Sadler, Solicitor; J. Chadwick Schnee, First Assistant Solicitor; Ronald R. Seaman, Chief Administrative Officer; Robert Patrizio, Chief Financial Officer; Ronald Rutkowski, 1st Deputy Controller, Linda Weaver, Deputy Treasurer, Grazyna Nykiel, Senior Government Accountant and Suzanne Baer, Pension Coordinator.

APPROVAL OF MINUTES

The minutes of the September 21, 2017 meeting were approved as presented.

PUBLIC COMMENT FROM THE FLOOR

None.

PRESENTATION

1. Korn Ferry –

Commissioner Leinbach introduced David Reichert and Hank Stiehl from Korn Ferry, and Michael Burke and Jonathan Waite from SEI, who are presenting information on mortality tables. Commissioner Leinbach explained that after reading an article a few months back he became concerned about the 1983 mortality table the County is currently using, and since, has had multiple conversations with Korn Ferry, and as a result, asked them to come today to talk about mortality tables.

Mr. Reichert distributed copies of Korn Ferry's Report, and started out by saying the County is not obligated to using one specific table; and this Report looks at three different tables, 1983, 2013 and 2014. A copy of the Korn Ferry Report is attached to the Minutes.

When asked by the Board, Mr. Reichert stated of their contracted 50+ Counties in Pennsylvania only two are not using the 2013 Mortality Tables, which includes Bedford and Berks and both are using the 1983 Mortality Table.

Mr. Reichert explained the Summary Estimation Table, pointing out the differences depending on which table is used.

The Board was concerned with any affects a change in the mortality table would have on the Fund balance.

After a lengthy and detailed discussion, Commissioner Leinbach commented it seems that there is an understanding the 1983 table is not the right place we should be relative to a mortality table. Commissioner Barnhardt commented since we have been made aware of the other tables, he believes we should go to the 2013.

Commissioner Scott commented he is not sure what table would apply to this population, but the Board is obligated to fund these benefits over time and if we put it off now the burden would be placed on a future Board of Commissioners.

Commissioner Leinbach asked SEI their opinion if we moved to the 2013 mortality table. Mr. Burke commented a change to the mortality table 2013 would increase the liability by 1.5% and would not trigger an immediate change to the portfolio.

Commissioner Leinbach asked Bob Patrizio his thoughts and Mr. Patrizio commented if we go to the 2013 mortality table, it would be another reason for a tax increase next year as our annual contribution to the Fund will be higher next year and will make our operating deficit bigger.

At the end of the discussion period, a motion was made by Commissioner Barnhardt, was seconded by Deputy Controller Ronald Rutkowski, and all voted unanimously to authorize the change from the 1983 Group Mortality Table to the 2013 Group Mortality Table, with review, if there is a change to a public sector employees mortality table in Spring 2019, effective January 1, 2018. Motion carried.

35R.2017 Adopt a resolution authorizing the change from the 1983 Group Mortality table to the RP2013 Group Mortality Table effective January 1, 2018.

2. SEI –

Jonathan Waite presented and submitted SEI's Third Quarter 2017 Investment Review. Mr. Waite reported the markets continue to do very well and volatility has been very low. Mr. Waite commented we are in a low inflationary environment and are well diversified. Mr. Waite also mentioned he will take this discussion on the mortality table back for future potential considerations.

The Fund balance as of October 20, 2017 is \$457,912,781.74.

CORRESPONDENCE

1. Bank Statements:

- a. September, 2017 statement from SEI Private Trust Company Account 15963-C
- b. September, 2017 statement from BB&T Bank for Retirement Checking Account 00001390004909336

2. October 9, 2017 letter from Korn Ferry/Hay Group regarding Cost-Of-Living review.

Correspondence was reviewed, and no action is required.

OLD BUSINESS

1. The Chair acknowledged the October 2, 2017 letter of response from the Secretary of the Berks County Employees' Retirement Board to Shirley Koch. No action required.

NEW BUSINESS

- 1. A motion was made by Commissioner Scott, seconded by Commissioner Barnhardt, and all voted unanimously to authorize the following resolution. Motion carried.

32R.2017 Resolution authorizing employee buyback requests as follows:

- a. Dale Derr purchasing military service credit of three (3) years (2010-2013) in the amount of \$21,952.16.
- b. Renee A. Strickler buying back LOA time for 2 months and 22 days in the amount of \$1,649.78.

AUTHORIZE DISBURSEMENTS

- 2. A motion was made by Commissioner Barnhardt, seconded by Commissioner Scott, and all voted unanimously to authorize the following resolutions. Motion carried.

33R.2017 Adopt a resolution ratifying, confirming and approving annuities and refunds for September 2017 as follows:

Annuities	1,509,931.96
Refund	245,451.48
Total	1,755,383.44

34R.2017 Adopt a resolution authorizing payment of Invoice No. 195118564 in the amount of \$8,568.00 to Korn Ferry/Hay Group, Inc. for professional services rendered for Actuarial Services, 3rd Quarter of 2017.

COMMENT FROM THE BOARD

None.

There being no further business, the meeting adjourned at 10:59 A.M.

Respectfully Submitted,



 Sandy Graffius, Secretary Retirement Fund Board