

NORTHAMPTON COUNTY OPEB BOARD MINUTES

SEPTEMBER 11, 2015

10:00 AM

1. **Call of the Role.** The following members of the Board were present:
Mr. John A. Brown, Mrs. Margaret Ferraro, Mr. Glenn Geissinger, Mr. Jim Hunter,
Mr. Hayden Phillips, Ms. Cindy Smith and Mr. John Stoffa.

Others present:

Mr. Brandon Dunstane, Fiscal Administrator

Mr. Gerald Seyfried, Retiree

Mr. Michael Shone, Investment Management Consultant - Peirce Park

2. **Courtesy of the Floor - None**
3. **Approval of the September 11, 2015 OPEB Board Minutes.**

Mr. Stoffa made a motion to approve the Minutes. Mr. Hunter seconded the Motion.
The voting was as follows:

Ayes: Mr. Brown, Mrs. Ferraro, Mr. Geissinger, Mr. Hunter, Mr. Phillips, Ms. Smith and
Mr. Stoffa.

Nayes: None

✓ **Minutes Approved**

4. **Peirce Park Performance Report – Mr. Michael Shone**

Mr. Shone reviewed the following Observations:

- June 30, 2015 market value: \$29.5 million
- 2nd quarter gain: -\$3,500 (net) 2nd Quarter return: 0.1% (gross)
- 1 Year gain: \$1.0 million (net) 1 Year return: 4.3% (gross)
- Outperformed benchmark (gross of fees)
 - ◆ During the quarter by 0.3% and over one year by 1.0%
- Strong performance by global equity managers

Looking Ahead

- Real Estate
 - ◆ IPS Addendum
 - ◆ Funding targeted for end of September

Mr. Shone stated the approximately \$1.5M will be going to Morgan Stanley, Real Estate investment by the end of September.

Mr. Shone stated that to the best of his knowledge Northampton County has the best funded County OPEB Fund in the state. Roughly only twenty of the sixty-six counties or 1/3 have this obligation. Mr. Shone reminded the Board that Northampton County was the first County to begin funding this liability. Mr. Shone remarked that the County funds this liability every year. Mr. Shone stated that this Fund is invested more aggressively than the Pension fund, and appropriately so. Mr. Shone remarked that only 4 or 5 counties are putting money into this fund and they are all Peirce Park Clients.

Mr. Shone stated that just like the Retirement Board Investment Policy Statement the Board may want to modify the OPEB Investment Policy Statement. After some discussion, Mr. Hunter made the following motion:

**The Investment Policy Statement be amended to read: 75% Equities,
20% Fixed Income and 5% Real Estate**

Mr. Phillips seconded the motion and the voting was as follows:

Ayes: Mr. Brown, Mrs. Ferraro, Mr. Geissinger, Mr. Hunter, Mr. Phillips, Ms. Smith and Mr. Stoffa.

Nayes: None

✓ **Motion Approved**

Mr. Phillips asked whether Piece Park brings various funds forward for the Board to review. Mr. Shone replied that Peirce Park's role is to hire and fire managers. Mr. Shone stated that in the case of Real Estate, there are approximately twenty funds which Pierce Park narrowed down to 5 and then selected J.P. Morgan and Morgan Stanley as candidates to make presentations to the Board. Mr. Shone stated that he will provide information on these two firms to the Board members.

Mr. Brown stated that looking at the performance of global vs. international and with the volatility in the international markets (China, Greece), he asked whether it would make sense to shift any of those monies around. Mr. Brown stated that global seems to be consistently better than international. Mr. Shone stated that global will look more attractive in the last 5-6 years because U.S. has done better than international. Mr. Shone stated that the problem is there aren't many good global managers, and you wouldn't want to put too much money with one manager. Since there was no more discussion the meeting was adjourned.

Meeting adjourned