

NORTHAMPTON COUNTY OPEB MINUTES

September 11, 2017

4:15 PM

1. **Call of the Roll.** The following members of the Retirement Board were present: Mr. John Brown, Mr. Jim Hunter, Mr. John Cusick, Mr. Glenn Geissinger, Mrs. Cindy Smith, and Mr. Dwight Danser. Mrs. Ferraro – Absent

Others present:

John Spagnola – PFM
Marc Ammaturo – PFM
Dave Ceraul, Esq. – Solicitor, Retirement Board
Brandon Dunstane – Fiscal
Danielle Haines – Human Resources

2. **Courtesy of the Floor** – Nothing
3. **Approval of the June 5, 2017 OPEB Minutes.**

Mr. Geissinger made a motion to accept the Minutes, as presented.
Mr. Hunter seconded the motion.

The motion passed unanimously.

4. **Performance Updates – PFM, Marc Ammaturo**

Mr. Ammaturo began with an overview of Q2 performance, explaining Marquette & Associates continued to manage the fund until June 30, 2017. Marquette provided the following snapshot:

Pension Fund

- Market Value (June 30, 2017): \$35.9 million
- Q2 Gain: \$1.1 million
- Q2 Return: 3.4%
- YTD Gain: \$2.9 million (MV: \$32.6m)
- YTD Return: 9.0%
- 1 Year Gain: \$4.6 million (MV: \$30.8m)
- 1 Year Return: 14.8%
- 3 Year Gain: \$6.2 million (MV: \$27m)
- 3 Year Return: 6.3%
- 5 Year Gain: \$12.9 million (MV: \$16.3m)
- 5 Year Return: 10.4%

The Pension fund is above the Actuarial Assumption of 7.5%.

Currently the Investment Policy is set at 80% equity / 20% fixed-income for Asset Allocation. The OPEB has been funded each year under the current administration, according the Actuarial recommendation, but remains well behind the County Pension Plan in terms of a fully funded plan. However, to mitigate risk, PFM has suggested changed the current Asset Allocation to 75% equity / 25% fixed-income, which would work to protect the investment/gains.

Mr. Brown made a motion to change the current Invest Policy from 80/20 equity/fixed-income, to 75/25 equity/fixed-income, with +/- 20 spread, effective immediately, for Mr. Brown to execute and bring forward to the Board for ratification in December.

Mr. Cusick seconded the motion.

The motion passed unanimously.

5. OPEB LIFETIME CAP LIMIT DISCUSSION – Mr. Hunter

At the last meeting, the Board discussed a Retiree's request to reset his major medical cap limit of \$12,500. The request was denied. However, Mr. Cusick had requested Mr. Hunter return with a cost study of raising the limit from \$12,500 to \$15,000.

Mr. Hunter presented his findings and reported the overall cost to be roughly \$5 million to move the cap from \$12,500 to \$15,000, with a reset. Mr. Brown explained we was not in support of the increase. Mr. Geissinger said he understood both positions of the issue and felt retirees deserved the support of the County, especially if the Plans continued to perform in the manner in which they have over the past few years. Both Mr. Brown and Mr. Spagnola explained the Markets will ultimately correct and rebound. Mr. Brown's obligation is to the tax base and until the Plan is funded he does not agree with an increase to the cap.

Mr. Brown put a motion on the floor to deny any increase. Before a second was received, discussion continued. Mr. Cusick made a point that proper analysis with correlation between future Plan performance (positive or negative) and an increase in the cap would be necessary to make an informed decision. The Board agreed and the issue was tabled.

A deeper analysis will be completed prior to the December meeting, including the total number of Retirees who have already reached the cap. Mr. Brown asked for a timeline of the Lifetime Cap Limit also be prepared for the December meeting.

With no further business, Mr. Hunter made a motion to adjourn the OPEB meeting. Mr. Geissinger seconded the motion.

Meeting adjourned