

NORTHAMPTON COUNTY OTHER POST EMPLOYMENT BENEFITS FUND (OPEB)
BOARD MINUTES

December 4, 2019

4:04 PM

1. **Call to order:** Mr. Lamont McClure called the meeting to order at 4:04 PM.
2. **Call of the Roll:** The following members of the Board were present: Mr. Lamont McClure, Mr. Ronald Heckman, Ms. Lori Vargo Heffner, Mr. William McGee, Mr. Thomas Guth, Mr. Gerald Seyfried and Mr. Stephen Barron.

Others present: Mr. Marc Ammaturo, PFM; Mr. Brandon Dunstane, Fiscal Affairs; Mr. Bryce Meyers, Fiscal Affairs, Ms. Danielle Mutarelli, Human Resources; and Ms. Elizabeth Kelly, Board Secretary.

3. **Courtesy of the Floor – Discussion of “Refresh” of \$12,500 Benefit** for Retirees who are not eligible for Medicare. Mr. Seyfried raised the issue at the previous board meeting and Mr. Barron gave a presentation that included the attached handout. Mr. Barron explained that retirees under the age of 65 belong to the PPO0005 healthcare plan, and those who are Medicare eligible belong to PPO0006. He also identified how many retirees who are covered by one of the plans live outside of Pennsylvania, with no in-network providers located nearby. Mr. Barron’s handout provides information, including a scatter graph, about the age groups of the retiree plan participants, number of retiree plan participants and the percentages and amounts utilized by age.

There was much discussion among those present about various options to consider. Mr. Barron reported that the cost of providing a “refresh” to retiree plan participants enrolled in the PPO0005 plan would be 3.7 million dollars. Another option would be to provide an additional \$2500 of medical benefits to all retiree plan participants. This would cost 1.8 million dollars just for the current plan participants. Mr. Seyfried asked whether another option would be for a “refresh” to be given only to those participants who have exhausted their \$12,500 benefit and really need the refresh. Discussion as to how difficult it would be to determine who is truly needy and what kind of liability the Board would face for making those decisions and what kind of legal challenges might arise if they began making such decisions.

Mr. McClure, who has stated in the past that he is always concerned about the cost impact on County residents when the board considers enhancements to benefits, stated that the contribution of the County to the OPEB fund, which was needed to keep it adequately funded to cover its obligations, is 3.9 million dollars, and this cost would be higher if the board votes to provide a refresh or increase the benefit by \$2500.

Ms. Danielle Mutarelli, Retirement and IT Benefits Coordinator, Huma Resources, provided information about the two plans and what occurs when a retiree becomes eligible for Medicare. PPO0006 is Blue Journey, which is a Medicare advantage plan that the County offers to retirees who are Medicare eligible. In response to Mr. Seyfried, she noted that anyone who lives outside the Blue Journey plan’s two county area of

coverage would not be eligible for the Blue Journey plan. She also explained to those present what “creditable” coverage was and how it works with Medicare, and noted that a letter is sent to plan participants every year by the County Department of Human Resources to explain creditable coverage and inform people whether they have it or not.

Mr. Seyfried stated that no administration has done more for retirees than the McClure administration and that he wished to thank Mr. McClure on behalf of the Northampton County retirees for all he has done for them and for reappointing Mr. Seyfried to the board.

4. **Approval of the July 25, 2019 OPEB Fund minutes:** A Motion was made to approve the July 25, 2019 Board minutes by Ms. Vargo Heffner. The Motion was seconded by Mr. Barron. The minutes were approved by a unanimous vote.

5. **Performance Updates – Mr. Ammaturo, PFM:**

OPEB Fund market value as of September 30, 2019: \$42,909,078.

Q3 gain:	.49 percent
YTD gain:	14.43 percent
1 Year gain:	2.79 percent
3 year gain:	9.23 percent
5 year gain:	7.41 percent

++++Mr. Ammaturo reported that the OPEB Fund is now cash flow positive, which is an improvement because twelve months ago it was cash flow negative. The reason for the improvement is that investments enabled growth of the Fund to cover its obligations.

Mr. McGee made a request of Mr. Ammaturo that the Board be provided with peer review information on the managers of the OPEB fund, including PFM. Mr. Ammaturo agreed to provide that information in the near future. Mr. Ammaturo also agreed to provide that information with the performance reports at each meeting in the future, per Mr. McGee’s request the Motion made by the Board that he do so at the Retirement Board meeting on this date.

Investment Policy Addendum – The Investment Policy Addendum approved at the July 25, 2019 meeting was sent by PFM to the Board Secretary and is attached to these minutes. By this Addendum, the Board agreed to change the allocations of the Fund from 75% Equity, 25% Fixed Income to 65% Equity, 35% Fixed Income.

6. **Adjournment:** Ms. Vargo Heffner made a Motion to adjourn the meeting. The Motion was seconded by Mr. Heckman. All in favor, by acclamation. The meeting was adjourned at 6:20 PM.