

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

October 22, 2020

4:00 PM

1. **Call to Order:** Mr. Lamont McClure called the meeting to order at 4:03 pm.
2. **Call of the Roll:** The following appointees to the Retirement Board were present: Mr. Lamont McClure, County Executive; Mr. Ronald Heckman, Council President; Ms. Lori Vargo Heffner, Council Vice President; Mr. Thomas Guth, active employee Member of Northampton County Retirement system; Mr. Gerald Seyfried, Retiree Member, and Mr. Stephen Barron, Director of Fiscal Affairs.
Absent: Mr. William McGee, Council Member.

Others Present –Mr. John Spagnola, PFM; Mr. Bryce Meyers, Fiscal Affairs; Ms. Danielle Mutarelli, Human Resources; Ms. Kathleen Wedge, Board Secretary; Ms. Stephanie Hann, Human Resources.

3. **Courtesy of the Floor** – None.
4. **Approval of the July 23, 2020 OPEB Fund Board minutes.** Ms. Lori Vargo Heffner made a motion to approve the minutes of the July 23, 2020 board meeting. Mr. Stephen Barron seconded the motion. The vote to approve was unanimous.
5. **Performance Updates – PFM, John Spangola**

OPEB Fund market value as of September 30, 2020 = \$48,021,907

As of September 30, 2020:

Q3 gain:	5.76 percent
YTD gain:	4.16 percent
1 year gain:	10.29 percent
3 year gain:	7.55 percent
5 year gain:	9.83 percent

PFM is consolidating and removing redundancy to reduce the fund’s expenses. They are decreasing the overall number of existing managers and using underlying managers familiar with the fund. Assets are being moved to the best funds and diversification that could impede performance is being reduced.

Mr. Heckman inquired whether the funds are in a good position with current market conditions, and in anticipation of the market rebounding. Mr. Spagnola confirmed that PFM reduced risk and took advantage of market disruptions to invest in cheap funds for when the market returns.

Ms. Vargo Heffner inquired about investing in pharmaceutical companies given the race for a vaccine, and whether there are investment areas to avoid. She asked whether PFM is still recommending investing in private debt. Mr. Spagnola replied that we have to be careful and let the money managers decide whether to invest in pharmaceuticals, especially because there will be losers. Energy and financial stocks are areas to avoid. The discussion of whether to invest in private debt is on pause because of the volatility of the market.

6. **2020 Actuarial Valuation Report** – Mr. Barron presented the Actuarial Valuation Report. The number of people eligible to receive the OPEB benefit decreased between January 2018 and January 2020, and the actuarial determined contribution changed from 4.9 million dollars to 2.7 million dollars during that

time. We are at an advantage over most governments, which do not have a fund to pay for this liability. As the number of eligible people decreases, the funded ratio will increase, and contribution need will decrease. If there is money remaining in the fund when people are no longer eligible, the board governing at that time will determine what to do with the money.

7. **Adjournment** – A Motion was made to adjourn the meeting by Ms. Lori Vargo Heffner at 5:20pm. Mr. McClure seconded the motion.