

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

January 27, 2022

4:00 p.m.

1. **Call to Order:** Mr. Lamont McClure called the meeting to order at 4:47 p.m.
2. **Call of the Roll:** The following appointees to the Retirement Board were present: Mr. Lamont McClure, County Executive; Ms. Lori Vargo Heffner, Council President; Mr. Kerry Myers, Council Vice President; Mr. Ronald Heckman, Council Member; Mr. Thomas Guth, active employee Member of Northampton County Retirement system; Mr. Gerald Seyfried, Retiree Member; and Mr. Stephen Barron, Director of Fiscal Affairs.

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

3. **Courtesy of the Floor** – None.
4. **Approval of the October 28, 2021 OPEB Fund Board minutes.** Mr. Barron made a Motion to approve the minutes of the October 28, 2021 board meeting by acclamation. The vote to approve was unanimous.
5. **Performance Updates – PFM, John Spagnola.** Mr. Spagnola gave the presentation of the fund’s performance in the 4th quarter of 2021.

OPEB Fund market value as of December 31, 2021 = \$56,295,271

As of December 31, 2021:

Q4 gain:	4.97 percent
Gain since inception:	11.13 percent (inception date is 9/1/2017)
YTD gain:	13.27 percent
1-year gain:	13.27 percent
3-year gain:	16.31 percent
5-year gain:	12.08 percent

Mr. Myers requested a brief overview of the OPEB fund’s purpose as a new member of the board. Mr. Barron explained that the Stoffa administration created the OPEB fund to manage the costs of offering benefits to retirees of the County more effectively. The County is not required to have a dedicated fund, but it addresses what would otherwise be a liability to the County’s general budget. The liability for 2021 would have been 1.4 million dollars, but instead we received a return on investment of 6.7 million dollars for that year. Employees hired after 2010 no longer receive OPEB, and the investment decreases annually as the funds are exhausted based on usage of the funds.

Mr. McClure explained that the OPEB fund allows the board to offer retirees progressive things: retirees do not pay for their healthcare anymore; the board refreshed the \$12,500 lifetime healthcare benefit; and in the near future, the County will offer some retirees better benefits and coverage in a greater geographic area.

Mr. Seyfried asked whether the federal government requires the County to show the liability, but not to fund it. Mr. McClure and Mr. Barron confirmed that this is correct, but it is advantageous to maintain a net neutral position in a political context because someone could perceive the liability as

structural debt. Council would also need to calculate the cost of retiree health insurance annually without the fund because we are self-insured.

Mr. Heckman asked whether Mr. Barron is tracking the future expense of employees hired before 2010 who qualify for OPEB benefits. Mr. Barron replied that we track the actuarial amount for employees individually and budget it to their department. Ms. Vargo Heffner asked how many employees qualify for OPEB benefits and Danielle replied that there are 758 active employees.

Mr. McClure asked Mr. Spagnola whether PFM handled the OPEB fund in a materially different way than the pension fund. Mr. Spagnola replied that PFM handled the funds in the same way.

Ms. Vargo Heffner asked Mr. Spagnola whether PFM still recommends the changes made to the fund's allocations approximately a year ago. Mr. Spagnola replied that they do.

6. **Schedule Meetings for 2022** – The Board selected dates for upcoming meetings at 4 p.m. on April 28, July 28, and October 27. Ms. Vargo Heffner made a Motion to approve the dates and Mr. Myers seconded the Motion. The vote to approve was unanimous.
7. **Adjournment** – Ms. Vargo Heffner made a Motion to adjourn the meeting. The OPEB meeting adjourned at 4:57 p.m.