

NORTHAMPTON COUNTY RETIREMENT BOARD MINUTES

March 13, 2017

4:00 PM

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

Others present:

Mr. Lee Martin, Investment Manager – Marquette Associates

Mr. Pat Wing, Investment Management Consultant – Marquette Associates

Brandon Dunstane

2. **Courtesy of the Floor** – Nothing

3. **Approval of the December 5, 2016 Retirement Board Minutes.**

Mr. Brown made a motion to accept the Minutes, as presented.

Mr. Hunter seconded the motion.

The motion passed unanimously.

4. **Bernstein Litowitz Berger and Grossman presentation**

Mr. Brown introduced Hannah Ross and Amanda Rekemeier of BLB&G who gave a brief presentation of their company and services. BLB&G are a securities monitoring firm, in the same general sector as Chimicles & Tikellis. They provide a monitoring service of securities held within our pension plan. They propose a no cost contract service to the County, with the ability to recoup costs through Class Actions, should they discover discrepancies.

Mr. Brown made a motion to add BLB&G to the securities services monitoring, as a no cost contract, alongside of Chimicles & Tikellis.

Mrs. Smith seconded the motion.

The motion passes unanimously.

5. **Performance Reports – P. Wing, L. Martin.**

Mr. Wing gave a synopsis:

- After a sharp acceleration in Q3, domestic economy grew only at a pace of 1.9%. A deterioration in the trade deficit was the primary driver behind the slowdown.

- While economic growth appeared to cool, the labor market continued to grow at a steady pace as 156,000 new jobs were created in December.
- The unemployment rate ended at 4.7% for the year.
- About 2% growth in Q1 2017.
- The FED expects to raise rates three times in 2017.
- Global economies ended strong in 2016.
- US Equities were up nearly 4% in Q4.
- Accomplishments in 2016
 - Benefit Class changed to 1/80 for new employees, 1/1/2017
 - Estimated that contributions lowered by \$19 million over 20 years
 - Causeway International replaced by Hartford Schroder Multi-Cap Value
 - Global Equity Manager reviewed
 - Thornburg Global Opportunities eliminated
 - Artisan Global Opportunities were added

Pension Fund

- Market Value (December 31, 2016): \$357.9 million
- Q4 Gain: +\$4.8 million
- Q4 Return: 1.8% (Benchmark: 1.4%) Peer Group ranking: 18
- 1 Year Gain: \$26.7 million gain
- 1 Year Return: 7.9% (Benchmark: 8.3%) Peer Group ranking: 22
- 5 Year Gain: \$134.7 million gain
- 5 Year Return 8.9% (Benchmark: 9.3%) Peer Group ranking: 14

6. Performance Updates – L. Martin

- Q1 2017 + \$34.2 million gain (4.2%)
- Market Value \$371.3 million
- US and International Markets are very strong and performing well
- Fixed Income up 80 basis points

Mr. Brown asked about the feasibility of moving assets from Fixed Income to Real Estate or other options. Mr. Martin explained this is a common question in this market. Both Mr. Martin and Mr. Wing agreed an analysis would be a good idea, with the possibility moving allocations from Fixed Income into another market sector. Mr. Martin will provide feedback at the next meeting.

Mr. Brown also inquired about protecting the fund, which is 87% funded at this point. Protecting the core capital is a concern. He would like a conversation on the topic at the next meeting.

Mr. Cusick spoke about the adjusted rate of return. Previously, conversations had lead to the idea of adjusting from 7.5%. Mr. Martin agrees if the market continues to do well this year and the fund performance remains positive, it makes sense to make adjustments. Mr. Brown suggests the topic (cash flow/ADC) be combined with the above discussions and tabled for the next meeting.

7. GASB 67/68 Funding Policies

Policies were reviewed by Dave Ceraul and found to be properly aligned with the plan.

Mr. Brown made a motion to approve the Pension Funding Policy as presented.

Mr. Cusick seconded the motion.

Motion was open for discussion. A vote was called to pass the Pension Funding Policy.

The motion passed unanimously.

With no further business, Mr. Brown made motion to adjourn the meeting.

Mr. Cusick seconded the motion.

Meeting adjourned