

## NORTHAMPTON COUNTY RETIREMENT BOARD MINUTES

June 5, 2017

4:00 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. Peg Ferraro, and Mrs. Cindy Smith (via telephone). Mr. Dwight Danser – Absent\*

**Others present:**

John Spagnola – PFM  
Marc Ammaturo - PFM  
Brandon Dunstane – Fiscal  
Danielle Haines – Human Resources

\*Mr. Danser arrived for the meeting at 4:30pm.

2. **Courtesy of the Floor** – Nothing
3. **Approval of the March 13, 2017 Retirement Board Minutes.**

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

The motion passed unanimously.

4. **Approval of the May 11, 2017 Special Retirement Board Meeting Minutes.**

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

The motion passed unanimously.

5. **Investment Manager RFP/Selection – Mr. Brown / Mr. Hunter**

Mr. Hunter explained the recent RFP and selection process briefly, which culminated in the committee officially selecting PFM during a Special Meeting held May 11, 2017. The current Investment Manager, Marquette & Associates remain under contract through June 2017. PFM representatives agreed to attend the Board meeting today for introductions and a review of the first quarter performance.

Mr. Brown explained the break from Marquette and the timing. June 30<sup>th</sup> represents mid-year and the end of the second quarter. Switching managers is not a reflection of poor performance and was stressed to Michael Shone. The County pension has been with Mr. Shone's group for better than 10 years. Mr. Brown stressed PFM's response to reactions

in down Market environments and was impressed with their strategies as key to their selection.

## 6. **PFM Introduction – John Spagnola**

John introduced himself and gave a brief background. He began a financial consulting firm in the Lehigh Valley 25 years ago. He then became a discretionary manager with PFM. PFM began in 1975 and is independently owned by Managing Directors. . PFM's business line is spread over several lines, including Multi-Asset Class, Fixed Income, Financial Advisory Services and Management/Budget Consulting.

Mr. Spagnola explained the processes his group plans to take during the transition from Marquette to PFM. They will begin to review and evaluate current positioning of asset classes and begin to make recommendations and moves over the next 90 days.

Mr. Brown made a motion for he and Mr. Hunter to work directly with PFM to develop a new investment policy, and begin implementation, which will then be brought forward for final ratification in September.

Mr. Geissinger seconded the motion.

The motion passed unanimously.

## 7. **Performance Reports – Marc Ammaturo.**

Mr. Brown began with a quick synopsis of previous experience with Performance Reports. He shared reports back to him from attendees of the meetings were of the opinion that the briefings were at a level above most in attendance. Mr. Brown would like suggestions, moving forward, as to how Performance should be reported back to the group through the board meetings.

Mr. Ammaturo presented a brief, high level overview of Q1 performance:

### Pension Fund

- Market Value (March 31, 2017): \$373.08 million
- Q1 Gain: +\$17.19 million
- Q1 Return: 4.8% (Benchmark: 4.7%) Peer Group ranking: 18
- 3 Year Gain: \$61.89 million gain
- 3 Year Return: 5.9% (Benchmark: 5.8%) Peer Group ranking: 13
- 5 Year Gain: \$130.03 million gain
- 5 Year Return 8.3% (Benchmark: 8.1%) Peer Group ranking: 11

The Pension fund is above the Actuarial of 7.5%.

## 8. **Retiree Letter – Mr. Cusick**

To be addressed under OPEB meeting.

9. **Letter to Board members from Michael Shone**

Distributed.

10. **County Retirement/Pension Policy**

County Retirement Policy under review and update. Recent Class change to be included. Mr. Hunter explained the Policy is currently being addressed and will be reviewed and presented to the board in September.

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

**Meeting adjourned**