NORTHAMPTON COUNTY RETIREMENT BOARD MINUTES

February 27, 2020
4:00 PM

1. **Call to Order**: Mr. Lamont McClure called the meeting to order at 4:00 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. William McGee, 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. Marc Ammaturo, PFM; Mr. Harold Halpern, Stifel; Mr. Brandon Dunstane, Fiscal Affairs; Mr. Bryce Meyers, Fiscal Affairs, Ms. Danielle Mutarelli, Human Resources; Ms. Kathleen Wedge, Human Resources; Ms. Stephanie Hann, Human Resources; Ms. Elizabeth Kelly, Board Secretary.

3. **Courtesy of the Floor** – Ms. Elizabeth Kelly, Secretary noted for all present that she will be transitioning her responsibilities as Board Secretary to Ms. Kathleen Wedge, who will be assisted by Ms. Stephanie Hann.

   Ms. Kelly spoke of a retiree who inquired why a COLA was not given to retirees in 2020. Mr. McClure stated that the law requires the board to review the need for a COLA every 3 years and one was provided in 2019. COLAs are granted when deemed appropriate.

4. **Re- Appointment of Member Mr. Thomas Guth**- Ms. Kelly announced that Mr. Thomas Guth has been appointed to a second term expiring on 12/31/2021, which was voted by Council unanimously.

5. **Approval of the December 4, 2019 Retirement Board minutes**. Ms. Vargo Heffner made a Motion to approve the minutes of the December 4, 2019 Board meeting. Mr. McGee seconded the Motion. The vote to approve was unanimous.

6. **Performance Updates – PFM, Marc Ammaturo**. Mr. Ammaturo gave the presentation of the fund’s performance in the fourth quarter of 2019.

   - **Pension Fund**
     - Market Value as of December 31, 2019 = $441.00 million
     - As of December 31, 2019:
       - Q4 gain: 6.25 percent
       - Gain since inception: 8.83 percent (inception date is 9-1-17)
       - YTD gain: 21.2 percent
       - 1 year gain: 21.2 percent
       - 3 year gain: 10.45 percent
       - 5 year gain: 7.77 percent

   Mr. Ammaturo stated that the Coronavirus has a financial impact on Asian markets, which globally has a direct impact on gross domestic product. PFM is meeting weekly to watch the market and make changes to funds if needed. No trades have been made to reduce economic exposure at this time and PFM will only make a trade if there is a material impact.
Mr. McClure expressed concern for the fund’s exposure to Asian stocks. Mr. Barron stated that we were well positioned with international markets in 2019, but he is concerned with the fund’s position for 2020. Mr. Ammaturo replied that he will meet with his team to provide updated numbers for 2020.

7. Private Credit Discussion - PFM, Mr. Mark Ammaturo - Mr. Ammaturo recommended to invest 3% of fixed income into private debt with Golub Capital Partners (GCP) as a way to enhance return. GCP acts as a financial intermediary and issues debt to private companies, raises 3 billion dollars from investors, and then closes the fund to put the money to work. PFM’s fee to manage the fund would be higher because the funds are illiquid, which requires more staff to manage. The money would not be accessible for 8-10 years.

Mr. McClure inquired what the difference in PFM’s fees would be if we made the change versus staying in fixed income. Mr. Ammaturo replied that there is a 1% credit management fee versus the current 0.5% fee. Mr. McClure asked how risk would be borne through an investment with GCP. Mr. Ammaturo answered that the money is well-diversified and the companies are larger, mature companies that are vetted and strategically chosen. Moreover, in the event that one of its chosen investment companies went bankrupt, stock holders would be paid out last.

Ms. Vargo Heffner asked why PFM is recommending that we move money from fixed rate instead of drawing from international equities which are currently at most risk. Mr. Ammaturo answered that international equities are an asset in generating larger returns, even in today’s market climate.

Mr. McClure, Mr. Barron, Mr. Seyfried, and Mr. Heckman expressed apprehension with making a change at this time, and would like more information to understand the risk to a public pension fund.

8. Pension Updates – Danielle Mutarelli
Ms. Mutarelli prepared a summary sheet showing the individuals who retired during the fourth quarter and the amount of their pension benefits. The summary sheet was distributed to each member present.

Approval of 4th Quarter 2019 Pensions: A Motion was made by Mr. Seyfried to approve the list of retirees submitted by Ms. Mutarelli. Ms. Vargo Heffner seconded the Motion. The unanimous vote was taken by acclamation.

A Motion was made to approve the schedule by Mr. Barron. Mr. Heckman seconded the Motion. The vote to approve was unanimous.

10. Adjournment – A Motion was made to adjourn the meeting by Ms. Vargo Heffner. The Motion passed unanimously. The meeting adjourned at 6:00 PM.