

NORTHAMPTON COUNTY RETIREMENT 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** – A retiree asked about a cost of living adjustment and inquired what happens when the \$12,500 lifetime maximum benefit is reached. Ms. Mutarelli stated that she spoke with this individual regarding his benefit.
4. **Approval of July 23, 2020 Retirement Board minutes.** Ms. Lori Vargo Heffner made a motion to approve the minutes of the July 23, 2020 board meeting. Mr. Thomas Guth seconded the motion. The vote to approve was unanimous.
5. **Performance Updates – PFM, John Spagnola.** Mr. Spagnola gave the presentation of the fund’s performance in the 3rd quarter of 2020.

Pension Fund

Market Value as of September 30, 2020 = \$446,642,156

As of September 30, 2020:

Q3 gain:	6.04 percent
Gain since inception:	7.8 percent (inception date is 9-1-17)
YTD gain:	3.47 percent
1 year gain:	9.93 percent
3 year gain:	7.52 percent
5 year gain:	9.26 percent

The third quarter numbers reflect the turbulence of the year’s market activity. Growth is heading in the right direction with less extremes, but we are not back to where we were. The economy is still largely shut down and driven by the virus, and the Cares Act keeps it in suspended animation. Technology giants like Amazon, Apple, Facebook, Microsoft, Zoom, Instagram, and Netflix move the whole market and skew the overall picture: while the increased need for technology with people unemployed or working from home has helped their business model, a lot of businesses are not doing well and there are fundamental cracks in the economy. Containment of COVID-19 is not going well in the United States or developing world, and consumer confidence is neutral. If the vaccine is approved, we may start to rebound in the second quarter. The election and stimulus package are also factors that will determine the market.

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.

6. **Pension Updates – Danielle Mutarelli**

Ms. Mutarelli prepared a summary sheet showing the individuals who retired during the first and second quarters and the amount of their pension benefits. The summary sheet was distributed to each member present.

Approval of 3rd quarter Pensions: A Motion was made by Mr. Barron to approve the list of retirees submitted by Ms. Mutarelli. Mr. Heckman seconded the Motion. The vote was unanimous.

7. **2020 Actuarial Valuation Report** – Mr. Barron presented the Actuarial Valuation Report. The actuarial determined contribution is up from last year, and reflected in this year’s County budget. We voted to use a new mortality table, based on the data that government employees live longer. Theoretically, using the new mortality table is advantageous because it encourages board members to make better decisions for the long-term health and life of the fund. The pension is well-funded and we are using a 7.5 percent assumption of returns. Mr. Spagnola supported the actuarial valuation’s contributions.

8. **Discussion of \$12,500 Lifetime Maximum Benefit Refresh**

Mr. Heckman inquired whether we know which retirees exhausted the \$12,500 before becoming Medicare eligible, and whether there is a policy in place. Mr. McClure replied that there is no policy, but we are compiling a list of people who specifically requested a refresh. Mr. Barron expressed that there are several options for a refresh: the board could increase the lifetime maximum for everyone, refresh everyone, or respond to individual requests.

Mr. McClure requested that Ms. Mutarelli outline the basic benefit for the board, and she explained which costs apply to the \$12,500, and how it relates to meeting creditable coverage by Medicare standards.

Ms. Vargo Heffner asked whether we could change the plan to a more affordable, upgraded healthcare package. Mr. Barron replied that this may result in unintended problems, such as if the drug formulary is changed and something is no longer covered. Mr. Seyfried and Mr. Heckman confirmed the potential legal complication of unintentionally offering less coverage.

Topic was put on hold for further investigation/review.

9. **Adjournment** – A Motion was made to adjourn the meeting by Mr. Heckman. The Motion passed unanimously. The Retirement Board meeting adjourned at 5:19pm and we moved on to the OPEB meeting.