

NORTHAMPTON COUNTY RETIREMENT BOARD MINUTES

August 3, 2021

4:00 p.m.

1. **Call to Order:** Mr. Lamont McClure called the meeting to order at 4:34 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 (by phone); Mr. William McGee, Council Vice President (by phone); Mr. Ronald Heckman, Council Member (by phone); 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. Kathleen Wedge, Board Secretary; Ms. Danielle Mutarelli, Human Resources; Ms. Stephanie Hann, Human Resources.

3. **Courtesy of the Floor** – None.
4. **Approval of the April 29, 2021 Retirement Board minutes.** Mr. Heckman made a Motion to approve the minutes of the April 29, 2021 board meeting. Ms. Vargo Heffner 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 2nd quarter of 2021.

Pension Fund Market Value as of June 30, 2021 = \$524,120,930

As of June 30, 2021:

Q2 gain:	5.73 percent
Gain since inception:	11.60 percent (inception date is 9/1/2017)
YTD gain:	9.19 percent
1-year gain:	28.13 percent
3-year gain:	12.44 percent
5-year gain:	12.08 percent

The U.S. economy continues to grow and is larger than it was before COVID-19, but it did not grow as robustly as anticipated. There are disruptions in supply chains and labor shortages which impact the economy. Unemployment is down 5.9 percent, but there are 4 million people who will not return to the job market. The proposed stimulus bill and COVID containment changes with the Delta variant may impact the economy. There is transitory inflation marked by spikes in commodities. Consumer confidence remains strong.

The quarter was very strong internationally with some double digit returns. Domestic and non-U.S. equities were positive for the quarter, and very strong for the year. Fixed income rates continue to drop, and are expected to normalize as economy recovers. Price-to-Earnings ratios are strong and will continue to drift downward as earnings catch up.

The Pension fund had a very strong quarterly performance overall and is ahead of the benchmark by 0.3 percent for the quarter and 1 percent for the year to date. We lost half of what the benchmark did in fixed income for the year to date, and gained 3 percent above the benchmark in one year. PFM took money from fixed income in May and added it to two commodity funds, Invesco and PIMCO, which added 2.68

percent in real return assets in a little over a month. PFM continues to reduce the risk currently in fixed income and add value in areas that pay higher dividends.

Mr. McClure asked how PFM reinvests the higher dividends from preferred stocks, if at all. Mr. Spagnola replied that PFM reinvests the dividends in more shares of ETF.

Mr. Spagnola stated that the fund's allocations are overweight in equity by 5.1 percent, overweight in international by 2.4 percent, and underweight in fixed income by 9.2 percent. We are allowed to be as low as 10 percent underweight in fixed income, which enables PFM to diversify our portfolio when fixed income is offering negative returns instead of staying fully weighted in that asset class.

6. Pension Updates – Ms. Mutarelli

Ms. Mutarelli prepared a summary sheet showing the individuals who retired during the second quarter and the amount of their pension benefits. Each member present received the summary sheet.

Approval of 2nd quarter Pensions: Mr. Seyfried made a Motion to approve the list of retirees submitted by Ms. Mutarelli. Mr. Barron seconded the Motion. The vote was unanimous.

7. Adjournment – Mr. Barron made a Motion to adjourn the meeting. Ms. Vargo Heffner seconded the Motion. The Retirement Board meeting adjourned at 5:00 p.m.