

NORTHAMPTON COUNTY RETIREMENT BOARD MINUTES

October 28, 2021

4:00 p.m.

1. **Call to Order:** Mr. Lamont McClure called the meeting to order at 4:01 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; Mr. William McGee, Council Vice President; 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. Mary Lou Kaboly, Board Secretary; Ms. Danielle Mutarelli, Human Resources; Ms. Stephanie Hann, Human Resources.

3. **Courtesy of the Floor** – None.
4. **Approval of the August 3, 2021 Retirement Board minutes.** Mr. Barron made a Motion to approve the minutes of the August 3, 2021 board meeting. Mr. Seyfried seconded the Motion. The vote to approve was unanimous. Mr. Barron made a Motion to approve the minutes for all three meetings by acclamation. The vote to approve was unanimous by acclamation.
5. **Performance Updates – PFM, John Spagnola.** Mr. Spagnola gave the presentation of the fund’s performance in the 3rd quarter of 2021.

Pension Fund Market Value as of September 30, 2021 = \$522,445,533

As of September 30, 2021:

Q3 gain:	-0.45 percent
Gain since inception:	10.73 percent (inception date is 9/1/2017)
YTD gain:	8.7 percent
1-year gain:	20.28 percent
3-year gain:	10.97 percent
5-year gain:	11.19 percent

Mr. Seyfried made a Motion to dispense with the regular order of the Retirement Board meetings and allow Mr. Spagnola to present all performance updates. Ms. Vargo Heffner seconded the Motion. The vote to approve was unanimous.

Mr. Spagnola presented an overview of the market. There is an overall stall in economic growth. The supply chain disruption impacted GDP growth, which was slower than expected at two percent instead of the anticipated five percent. The unemployment rate was under five percent for September, which is the lowest number since the beginning of the pandemic, but some people are choosing not to re-enter the workforce, which impacts the market.

Energy and financials have improved domestically and internationally. Hotels and retail have come back. Apple, Microsoft, and Tesla had tremendous earnings.

Treasuries were negative and bonds are flat in fixed income. The Federal Reserve did not indicate any interest rate increase until the end of 2022, if at all.

Inflation is higher because of shortages, and is hopefully transitory. Consumer spending is still strong and corporate fundamentals and balance sheets are very strong. COVID containment is improving with vaccines available for children.

There is concern that China could take advantage of its preeminent position as the second largest economy and reunite with Taiwan, which would have a negative impact on the U.S. economy.

Mr. Spagnola presented a report of the pension fund's performance, indicating that it did better than the benchmark for the quarter and year-to-date and had strong returns over the last two to four years. The fund is purposefully overweight in equities and international, which performed well, and purposefully underweight in fixed income, which is flat or negative. PFM added a convertible bond in September, which pays a higher yield and they think will add value to the fund. They also put money into commodities temporarily to capitalize on the energy increase and shortages.

6. **Pension Updates – Ms. Mutarelli**

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

Approval of 3rd quarter Pensions: Ms. Vargo Heffner made a Motion to approve the list of retirees submitted by Ms. Mutarelli. Mr. McGee seconded the Motion. The vote to approve was unanimous.

7. **Adjournment** – Ms. Vargo Heffner made a Motion to adjourn the meeting. The Retirement Board meeting adjourned at 4:41 p.m.

8. **Motion to Reopen the Retirement Board Meeting** – Ms. Vargo Heffner made a Motion to reopen the Retirement Board Meeting. Mr. McGee seconded the Motion. The vote to approve was unanimous. The Retirement Board Meeting was reopened at 4:45 p.m.

9. **Courtesy of the Floor** – None.

10. **Consent for PFM to continue as investment advisor under U.S. Bank**

Mr. Spagnola requested that the Board sign a proxy card to give consent for PFM to continue as the investment advisor to the multi-manager series trust in which the fund is currently invested. Mr. McClure asked whether the County has a contractual relationship with PFM, and if so, when it ends. Mr. Spagnola replied that they have an open-ended contractual relationship. Mr. McClure asked whether the County's approval is therefore ministerial. Mr. Spagnola confirmed that this is correct.

Mr. Barron made a Motion to sign the proxy card allowing PFM to continue to manage our funds under U.S. Bank. Ms. Vargo Heffner seconded the Motion. The vote to approve was unanimous.

11. **Adjournment** - Ms. Vargo Heffner made a Motion to adjourn the meeting. The Retirement Board meeting adjourned at 4:46 p.m.