

RETIREMENT BOARD MINUTES

October 27, 2022

4:00 p.m.

1. **Call to Order:** Mr. Lamont McClure called the meeting to order at 3:59 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. Ronald Heckman, Council Member; Mr. Gerald Seyfried, Retiree Member; Mr. Stephen Barron, Director of Fiscal Affairs

The following appointees to the Retirement Board were absent: Mr. Kerry Myers, Council Vice President; Mr. Thomas Guth, active employee Member of Northampton County Retirement system

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 July 28, 2022 Retirement Board minutes.** Mr. Heckman made a Motion to approve the minutes of the July 28, 2022 board meeting. Mr. Seyfried 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 2022.

Pension Fund market value as of September 30, 2022 = \$414,834,443

As of September 30, 2022:

Q3 gain:	-5.53 percent
Gain since inception:	4.47 percent (inception date is 9/1/2017)
YTD gain:	-21.75 percent
1-year gain:	-17.61 percent
3-year gain:	2.90 percent
5-year gain:	4.26 percent

The Federal Reserve is raising rates, which resulted in poor performance for the market's third quarter and negatively affected the total performance of all funds. Inflation is at a forty-year high and is no longer considered transitory. The economy is not currently in a recession, but high inventories and a slightly inverted yield curve for a 10-year return are markers indicating that we could still go into a recession. PFM believes the market is at its bottom and will reset in 2023.

Mr. McClure asked how PFM has the County's funds invested in banks. Mr. Spagnola replied that the County's funds are diversified and banking exposure is currently at the market.

Mr. Spagnola indicated that PFM will be investing approximately two to five percent of the portfolio in "junk bonds," which are below-investment-grade bonds with higher risk, but they are high-yield and therefore have a greater reward.

The Pension fund's performance was in line with the benchmark for the quarter. The paperwork for the private debt and infrastructure fund investments is ready and the private debt investment will start to be funded. The infrastructure fund has a six to nine month queue.

Mr. Heckman asked whether more employees are cashing out their pension when they leave employment. Mr. McClure requested this information from Mr. Meyers for review at the next meeting.

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: Mr. Barron made a Motion to approve the list of retirees submitted by Ms. Mutarelli. Mr. Heckman seconded the Motion. The vote to approve was unanimous.

7. **Schedule Meetings for 2023** – The Board selected dates for upcoming meetings at 4 p.m. on January 26, April 27, July 27, and October 26. Ms. Vargo Heffner made a Motion to approve the dates and Mr. Heckman seconded the Motion. The vote to approve was unanimous.

8. **Adjournment** – Ms. Vargo Heffner made a Motion to adjourn the meeting. The Retirement Board meeting adjourned at 4:27 p.m.