

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, August 17, 2017

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; Jennifer P. Petit; and Craig B. O'Malley

Board members in absence: Gary W. Anderson

Staff members in attendance: Francis St. Germaine and Dommonique Domino both of whom recorded the minutes of the meeting

Others in attendance: Nicholas Poser, Legal Counsel for the Falmouth Retirement Board

At approximately 2:00 p.m., Chairman Ferreira called the meeting to order, and it was noted that the Town Treasurer, Patricia O'Connell, could not be in attendance at today's board meeting. However, the Director did note that the check sequence for the month of May began with check #7880 and ended with check #7920, and there are no checks that are unaccounted for in the sequence for the month. The check sequence for the month of June began with check #7921 and ended with check #7966. There are two checks that are out of sequence for the month...check #7948 will appear in the July reconciliation and check #7949 was voided to be used as a template to create the check stock for the new bank account with Rockland Trust. In addition, the Director provided the board members with a review of the annual budget through Q2 2017 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance.

The board members then reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on July 20, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on July 20, 2017.

Ms. Philbin moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on July 20, 2017. Mr. O'Malley seconded the motion. All board members present voted in the affirmative, and Ms. Petit abstained.

Then, the board members reviewed the payments of the following warrants:

Warrant #36/2017	\$ 15,379.75	Warrant #37/2017	\$925,239.66
Warrant #38/2017	\$ 3,267.20	Warrant #39/2017	\$ 3,267.20
Warrant #40/2017	\$ 17,553.31	Warrant #41/2017	\$ 7,926.69

The Chairman noted for the board members the addition of Warrant #41/2017 as well as a change to the amount on Warrant #40/2017. The revised amount is \$16,940.21. After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #36/2017 through #41/2017.

Ms. Philbin moved to approve the payments, as noted, of the above-mentioned warrants, #36/2017 through #41/2017. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the payments of the following investment fees:

- Seizert Capital Partners, 2nd QTR 2017 management fee \$ 10,856.00
- Baring Asset Management, 2nd QTR 2017 management fee \$ 4,036.58

After some discussion, the board members entertained a motion to approve the payments, as noted, of the above-mentioned investment fees.

Ms. Philbin moved to approve the payments, as noted, of the above-mentioned investment fees. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the following cash distributions from investment managers:

- Lexington Capital Fund VII, a distribution in the amount of \$41,680.00 on 7/28/2017
- Mesirow Financial, a distribution in the amount of \$22,500.00 on 7/28/2017
- Siguler Guff & Company, a distribution in the amount of \$46,997.81 on 7/31/2017
- Metropolitan Real Estate, a distribution in the amount of \$24,719.44 on 8/3/2017

Next, the board members considered the requests of the following former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions:

- Scott R. Williamson; amount of refund is \$322.89; over-payment of service purchases with the Town of Falmouth, Fire Rescue Department
- Karen M. Cardeira; amount of refund is \$1,169.99; deductions taken in error by the Town of Falmouth, Human Services Department
- Kimberly E. Horne; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- William J. Baldic; amount of refund is \$217.19; deductions taken in error by the Town of Falmouth, D.P.W. Highway Division
- William J. Baldic; amount of refund is \$2,391.51; over-payment of military service purchase with the Town of Falmouth, D.P.W. Highway Division
- Alicia T. Reihl; amount of rollover is \$13.84 (additional deductions taken); termination from service with the Town of Falmouth, Falmouth Public Schools

The Chairman noted for the board members the addition of a refund for Scott R. Williamson. After some discussion, the board members entertained a motion to approve the requests of the above-mentioned former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions.

Mr. O'Malley moved to approve, as noted, the requests of the above-mentioned former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then noted the following members retiring from service with the Town of Falmouth:

- Karen M. Cardeira; date of retirement is 6/30/2017 from the Town of Falmouth, Human Services Department
- Todd A. Taylor; date of retirement is 7/9/2017 from the Town of Falmouth, Fire Rescue Department
- Scott R. Williamson; date of retirement is 7/25/2017 from the Town of Falmouth, Fire Rescue Department

Then, the board members noted the following new members of the Falmouth Retirement System:

- Gregory T. Campbell; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; DOM 7/31/2017, 9% + 2%
- Kathryn E. Entwisle; Communications Officer, Town of Falmouth, Communications Department, Group One; DOM 7/31/2017, 9% + 2%
- Elizabeth A. Bastille; Assistant to the Town Accountant, Town of Falmouth, Finance Department, Group One; DOM 7/31/2017, 9% + 2%

Next, the board members reviewed the following first reports of injury:

- Sean B. Buckley; M.E.O. III, Town of Falmouth, D.P.W. Water Division, Group One; while walking down a stairway partially blocked with vegetation, employee sprained his left ankle. Date of Injury 7/14/2017
- Patrick W. Friel; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while at the scene of a brush fire, employee fell and injured his legs. Date of Injury 7/20/2017
- Matthew T. Edwards; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while exiting vehicle A36, employee struck and injured his right elbow. Date of Injury 7/24/2017
- Linda M. Moniz; Bus Driver, Town of Falmouth, Council on Aging Senior Center, Group One; while pulling a table trolley, employee injured her right ankle and foot. Date of Injury 7/24/2017
- Gregory W. Thomas; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while moving a patient, employee experienced acute pain to his left lower back. Date of Injury 7/28/2017
- Donald G. DeMiranda; Police Officer, Town of Falmouth, Police Department, Group Four; while performing a pat search of an individual, employee sustained a needle stick to his hand. Date of Injury 7/31/2017

Next, the board members reviewed the following correspondence from PERAC:

- PERAC memo #23/2017
 - PERAC memo #24/2017
 - PERAC memo #25/2017
 - PERAC memo #26/2017
 - PERAC memo #27/2017
- MTRS c. 32, section 3(8)(c) Reimbursements
Cost of Living Increase for Supplemental
Dependent Allowance Paid to Accidental
Disability Retirees and Accidental Death
Survivors
- The Repeal of G.L. c. 32 §90G¾
Access to PROSPER
Reinstatement to Service under G.L. c. 32 §105

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer of Wainwright Investment Counsel joined the meeting. To begin, he distributed to the board members the performance summary report for the month of June, and he reviewed the plan results. Through the end of June, the plan's estimated market value was approximately \$131.4 million. Year-to-date, the plan is up 7.10% versus the policy benchmark which is up 6.25%. Compared to its policy benchmark, the domestic equity sector (up 7.37%) is doing very well. RhumbLine Growth is having a very good year and the other investment managers in this sector are having a respectable year as well. The international equity sector (up 16.95%) is ahead of its benchmark (up 14.39%) with all of the portfolio's international equity managers doing very well. The domestic fixed income strategy (up 2.51%) is on par with its benchmark (up 2.48%) which is to be expected as these investments are indexed. At this time, Baring Asset Management, the international fixed income strategy, is having a positive year. This sector is up 6.52% versus its benchmark which is up 4.49%. The performance of the real estate sector, year-to-date, is up 3.83% versus a benchmark that is up 3.32%. At the moment, Principal and Dimensional Fund Advisors are the two largest investments within this sector and they are providing positive returns. Due to the nature of the investments within the private equity sector, the returns are stated with a lag; however, year-to-date, the private equity sector is estimated to be up 6.41% versus a benchmark that is up 6.63%. For the year, the P.R.I.T. absolute return fund is up 3.58% versus a benchmark that is up 3.02%. Lastly, the cash balance is approximately \$2.8 million. For another month, Wainwright Investment Counsel noted that this portfolio currently has "the wind at its back" and that "they are very happy with the performance of this portfolio."

Lastly, Mr. Dwyer and the Director noted that, for the most part, the rebalance of the portfolio has been completed. Currently, the Principal U.S. Property Fund has a queue set-up, and when they are able to invest the \$1.0 million which has been allocated to them, they will notify the retirement system. The latest indications are that this queue may take three to six months to resolve.

After some additional discussion with the board members, Mr. Dwyer exited the board meeting.

Next, the Chairman asked for a motion to leave the open session meeting and to move into an executive session meeting for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual.

Mr. O'Malley moved to leave the open session meeting and to move into an executive session meeting for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Petit	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

At approximately 2:30 p.m., the board members left the open session meeting and moved into an executive session meeting for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. At the conclusion of the executive session meeting, as noted by the Chairman, the board members would reconvene their open session meeting.

At approximately 2:40 p.m., the board members reconvened their open session meeting, and Terenzio Volpicelli from Roselli, Clark & Associates joined the meeting by telephone to discuss with the board members the 2016 financial statement provided as part of their annual audit. He reviewed the engagement letter and noted for the board members that their firm was tasked with conducting a financial audit which is different from a compliance audit. Their audit is designed to express an opinion on the financial records taken as a whole which they did find to present fairly. He noted that it was a very good audit, and they did not find any material deficiencies. Thus, there is not a need to issue a management letter. After some discussion, Mr. Volpicelli ended his call and the board members entertained a motion to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2016 which was conducted by the auditing firm of Roselli, Clark & Associates.

Mr. O'Malley moved to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2016 which was conducted by the auditing firm of Roselli, Clark & Associates. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the Director provided each board member with a draft of a proposed COLA article to be submitted for consideration at the Fall Town Meeting. The proposed article would petition town meeting to increase from \$12,000 per year to \$14,000 per year the maximum base amount upon which the annual COLA is to be calculated with said increase to be effective on July 1, 2017. After some discussion, the board members entertained a motion to submit for consideration at the Fall Town Meeting the draft of a proposed article to increase the maximum base amount upon which to calculate an annual cost-of-living-adjustment.

Ms. Philbin moved to submit for consideration at the Fall Town Meeting the draft of a proposed article to increase the maximum base amount upon which to calculate an annual cost-of-living-adjustment. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, Attorney Poser noted for the board members that, upon Attorney Quirk's request, he had granted to opposing counsel a 30-day extension to file their response in the pending legal matter of *Karen Kraus v. Falmouth Retirement System*, CR-16-288. In addition, the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677 is idle at the moment.

It was noted by the Director that there are no office issues to discuss.

Finally, having no additional business to discuss, the Chairman asked for a motion to adjourn the open session meeting.

Mr. O'Malley moved to adjourn the open session meeting. Ms. Petit seconded the motion, all board members present voted in the affirmative.

At approximately 3:05 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, September 14, 2017 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



Russell R. Ferreira
Chairman, Elected Member



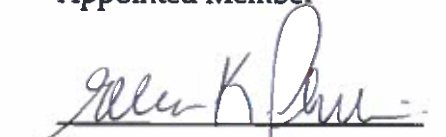
Jennifer P. Petit
Ex-Officio Member

ABSENT

Gary W. Anderson
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director