

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, December 21, 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: Appointed Member (VACANT)

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 11:30 a.m., with a quorum present, Chairman Ferreira called the meeting to order, and the Town Treasurer, Patricia O'Connell, joined the meeting. She reviewed for the board members the monthly reconciliation of the cash account for the month of October. Through the end of October, the Treasurer noted that the account with Rockland Trust had receipts in the amount of \$1,079,163.35 and disbursements in the amount of \$1,074,952.00. She noted that the fund balance in this cash account is \$23,523.29. Also, it was noted that the check sequence for the month of October began with check #8546 and ended with check #8582. Additionally, check #8545 was voided but not submitted to the bank; otherwise, there are no checks in this sequence that are unaccounted for through the month of October. After some discussion, Ms. O'Connell exited the board meeting and the board members entertained a motion to accept the report from the Office of the Treasurer.

Ms. Philbin moved to accept the report from the Office of the Treasurer. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of the open session meeting that was held on November 16, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on November 16, 2017.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on November 16, 2017. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

Warrant #57/2017	\$ 3,267.20	Warrant #58/2017	\$ 6,756.70
Warrant #59/2017	\$961,064.23	Warrant #60/2017	\$ 3,267.20
Warrant #61/2017	\$ 3,963.07	Warrant #62/2017	\$ 29,519.25

After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #57/2017 through #62/2017.

Ms. Philbin moved to approve the payments, as noted, of the following warrants, #57/2017 through #62/2017. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- S.S.g.A. (CM3Y), 3rd QTR 2017 management fee \$ 1,102.96
- S.S.g.A. (CME7), 3rd QTR 2017 management fee \$ 135.05
- Baring Asset Management, 4th QTR 2017 management fee \$ 2,790.10

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 payment of capital calls to investment managers:

- Hamilton Lane Secondary Fund IV, capital call due 12/8/2017 \$399,950.00

After some discussion, the board members entertained a motion to approve the payment of the above-mentioned capital call.

Ms. Philbin moved to approve the payment, as noted, of the above-mentioned capital call. 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 V, a distribution in the amount of \$2,016.00 on 11/29/2017
- Lexington Capital Fund VII, a distribution in the amount of \$36,788.00 on 11/29/2017
- Mesirow Financial, a distribution in the amount of \$44,876.00 on 11/30/2017

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

- Michael J. Lee; amount of transfer is \$1,269.39; resignation from service with the Town of Falmouth, Police Department
- Jann-Ellen Everson; amount of transfer is \$9,746.51; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Gregory W. Thomas; amount of transfer is \$5,535.73; resignation from service with the Town of Falmouth, Fire Rescue Department
- Norman G. Adamson Jr.; amount of refund is \$1,010.57; deductions taken in error by the Town of Falmouth, Police Department

- John F. Doyle Jr.; amount of refund is \$1,525.45; deductions taken in error by the Town of Falmouth, Police Department
- Douglas M. DeCosta; amount of refund is \$110.62; deductions taken in error by the Town of Falmouth, Police Department

After some discussion, the board members entertained a motion to approve, as noted, the requests of the above-mentioned former or current members of the Falmouth Retirement System for a return or transfer of their accumulated deductions.

Ms. Philbin moved to approve, as noted, the requests of the above-mentioned former or current members of the Falmouth Retirement System for a return or transfer of their accumulated deductions. Mr. O'Malley 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:

- Paul S. Montague; date of retirement is 11/18/2017 from the Town of Falmouth, Marine and Environmental Services Department
- Edward A. Handy; date of retirement is 11/28/2017 from the Town of Falmouth, Finance Department
- Patricia M. Casey; date of retirement is 12/1/2017 from the Town of Falmouth, Falmouth Public Schools

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

- Jose F. Lima; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/8/2017, 9% + 2%
- Carla L. Feroni; Housing Coordinator, Town of Falmouth, Office of the Town Manager, Group One; DOM 11/13/2017, 9% + 2%
- Jazz J. Henry; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; DOM 11/13/2017, 9% + 2%
- Melissa G. Noonan; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/27/2017, 9% + 2%
- Troy L. Marchbanks; Laborer, Town of Falmouth, D.P.W. Water Division, Group One; DOM 12/4/2017, 9% + 2%
- Elizabeth T. Rodgers; Social Worker, Town of Falmouth, Human Services Department, Group One; DOM 12/4/2017, 9% + 2%
- Paul C. Whiting; Police Officer, Town of Falmouth, Police Department, Group Four; DOM 12/11/2017, 9% + 2%

The board members then considered the following request to purchase prior service:

- Jose F. Lima; Custodian, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,434.51

After some discussion, the board members entertained a motion to approve, as noted, the request of the above-mentioned member to purchase his service prior to membership with the Falmouth Retirement System.

Ms. Philbin moved to approve, as noted, the request of the above-mentioned member to purchase his service prior to membership with the Falmouth Retirement System. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- George P. Cabral III; Police Officer, Town of Falmouth, Police Department, Group Four; while investigating a vandalism call, employee injured his back.
Date of Injury 11/3/2017

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

- PERAC memo #35/2017 Forfeiture of Retirement Allowance for Dereliction of Duty by Members
- PERAC memo #36/2017 Information Needed for Calculation Approvals
- PERAC memo #37/2017 3(8)(c) Reimbursements and PERAC Calculation Policy 15-001
- PERAC memo #38/2017 2017 Disability Data

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of October, and he reviewed the plan results. Through the end of October, the plan's estimated market value was approximately \$142.3 million. Year-to-date, the plan is up 12.33% versus the policy benchmark which is up 11.08%. Compared to its policy benchmark, the domestic equity sector (up 13.84%) is doing very well. RhumbLine Growth is having a very good year while both the Seizert Capital Partners and the LMCG Mid Cap Core investments, although positive, trail their respective benchmarks. The international equity sector (up 28.58%) is ahead of its benchmark (up 22.92%) with all of the portfolio's international equity managers doing very well. The domestic fixed income strategy (up 3.62%) is on par with its benchmark (up 3.58%) 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 7.80% versus its benchmark which is up 5.81%; however, Mr. Dwyer noted that, at the end, he will discuss in more detail the current situation with Baring Asset Management. The performance of the real estate sector, year-to-date, is up 5.76% versus a benchmark that is up 5.07%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and all seem to

be providing positive returns. Due to the nature of the investments within the private equity sector, the returns are stated with a lag; however, the private equity sector is estimated to be up 12.64% versus a benchmark that is up 10.85%. At this time, the Lexington Capital Fund VII and the Siguler Guff Distressed Opportunities Fund III are the two largest dollar amounts for this sector within the portfolio. Additionally, both of these investments have reported a reasonable performance. For the year, the P.R.I.T. Absolute Return Fund is up 6.25% versus a benchmark that is up 6.74%. Lastly, the cash balance is approximately \$3.5 million. Wainwright Investment Counsel noted that "this portfolio has demonstrated a solid performance throughout this year" and "we continue to be happy with the performance of this portfolio".

To circle back, Mr. Dwyer indicated three items of note. First, Seizert Capital Partners has been struggling and their lack of performance has become a concern. In light of their performance, it is the recommendation of Wainwright Investment Counsel that the Falmouth Retirement Board place Seizert Capital Partners on the "watch list". After some discussion, the board members entertained a motion to send to Seizert Capital Partners a letter as notification that they have been placed on the "watch list".

Ms. Philbin moved to send to Seizert Capital Partners a letter as notification that they have been placed on the "watch list". Ms. Petit seconded the motion, all board members present voted in the affirmative.

Second, Baring Asset Management has received a full redemption request from an investor in Fund F, the result of which would make the continued operation of Fund F not feasible. Thus, Baring Asset Management has made the decision to fully liquidate and terminate Fund F. So, it is the recommendation of Wainwright Investment Counsel to invest in the S.S.g.A. Passive Bond Fund, for the near future, the funds received from this liquidation. After some discussion, the board members entertained a motion to accept the recommendation of Wainwright Investment Counsel to invest in the S.S.g.A. Passive Bond Fund, for the near future, the funds received from this liquidation.

Mr. O'Malley moved to accept the recommendation of Wainwright Investment Counsel to invest in the S.S.g.A. Passive Bond Fund, for the near future, the funds received from this liquidation. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Third, Mr. Dwyer noted that the private equity sector of the retirement system's portfolio is currently funded well under its stated policy weight. Thus, it is the recommendation of Wainwright Investment Counsel to commit \$5.0 million to the P.R.I.M. Board Private Equity Vintage Year 2018 portfolio. It was noted that an R.F.P. is not required to invest in P.R.I.M. and that the deadline for a retirement system to notify P.R.I.M. of their intention to participate in this program is December 31, 2017. Furthermore, he noted that this program seems to have a strong list of potential private equity managers. After some discussion, the board members entertained a motion to accept the recommendation of Wainwright Investment Counsel to commit \$5.0 million to the P.R.I.M. Board Private Equity Vintage Year 2018 portfolio.

Ms. Philbin moved to commit \$5.0 million to the P.R.I.M. Board Private Equity Vintage Year 2018 portfolio. Ms. Petit seconded the motion, all board members present voted in the affirmative.

In addition, the Director noted that the Principal U.S. Property Fund continues to have a queue, but they have indicated that the \$1.0 million which has been allocated to them should be wired to them on or after January 16, 2018.

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

The Director then noted for the board members, that in addition to the R.F.P.'s for investment managers, a number of other searches (i.e., investment consultant, custodial bank, legal counsel, fifth member, audit firm, etc.) will need to be conducted this calendar year, and he indicated that the preference would be to get these searches started during Q1 2018 and Q2 2018. After some discussion, the board members entertained a motion to authorize the Director to get the necessary searches started during Q1 2018 and Q2 2018.

Mr. O'Malley moved to authorize the Director to get the necessary searches started during Q1 2018 and Q2 2018. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the potential dates for board meetings during CY 2018. After some discussion, the board members entertained a motion to approve the schedule of proposed board meeting dates for CY 2018.

Ms. Petit moved to approve the schedule of proposed board meeting dates for CY 2018. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

Then, the Director outlined for the board members a proposed CY 2018 budget in the amount of \$1,047,075.00. The board members reviewed the budget, and after some discussion, they entertained a motion to approve a CY 2018 budget in the amount of \$1,047,075.00.

Mr. O'Malley moved to approve the CY 2018 budget in the amount of \$1,047,075.00. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Attorney Poser then provided the board members with a brief update in the pending legal matters of *Karen Kraus v. Falmouth Retirement System*, CR-16-288 as well as *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In addition, he outlined for the board members consideration a proposed supplemental regulation with regards to M.G.L. Chapter 32 §23B. This item was tabled for additional discussion and consideration at a future board meeting.

Next, the Director noted for the board members that Gary Anderson, the appointed member by the Board of Selectmen, has decided to resign from the Falmouth Retirement Board and he has submitted a letter of resignation. His resignation is to be effective as of the date of his letter,

December 14, 2017. After some discussion, the board members entertained a motion to accept the letter of resignation from Mr. Anderson and to have the Director notify the appropriate parties.

Mr. O'Malley moved to accept the letter of resignation from Mr. Anderson and to have the Director notify the appropriate parties. Ms. Philbin seconded the motion, all those present voted in the affirmative.


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

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

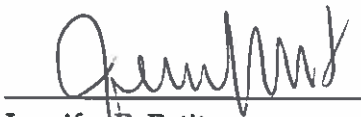
At approximately 12:30 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, January 18, 2018 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



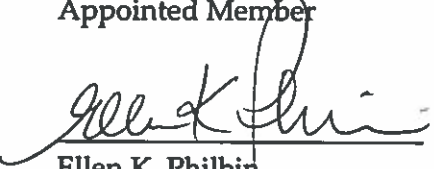
Jennifer P. Petit
Ex-Officio Member

VACANT


Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director