

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, July 20, 2017

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; Gary W. Anderson; and Craig B. O'Malley (by telephone)

Board members in absence: Jennifer P. Petit

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 he noted for all that Mr. O'Malley's current geographic location makes his physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that his remote participation is permissible. In addition, it was noted that the Town Treasurer, Patricia O'Connell, could not be in attendance at today's board meeting. The board members then reviewed the meeting minutes of the open session meeting that was held on June 22, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on June 22, 2017.

Mr. Anderson moved to approve the meeting minutes of the open session meeting that was held on June 22, 2017. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

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

Warrant #31/2017	\$ 3,361.20	Warrant #32/2017	\$909,722.64
Warrant #33/2017	\$ 3,111.20	Warrant #34/2017	\$ 3,267.20
Warrant #35/2017	\$132,284.28		

The Chairman noted for the board members a change to the amount on Warrant #35/2017. The revised amount is \$120,421.73. After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #31/2017 through #35/2017.

Ms. Philbin moved to approve the payments, as noted, of the above-mentioned warrants, #31/2017 through #35/2017. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

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

- State Street Corporation, May 2017 custodial fee \$ 5,681.52
- Wainwright Investment Counsel, 2nd QTR 2017 consultant fee \$ 25,000.00
- RhumbLine Advisers (Growth), 2nd QTR 2017 management fee \$ 936.00
- RhumbLine Advisers (Value), 2nd QTR 2017 management fee \$ 1,086.00
- Earnest Partners, 2nd QTR 2017 management fee \$ 44,088.38

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. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

The board members then reviewed the following payment of capital calls to investment managers:

- Hamilton Lane Secondary Fund IV, capital call due 7/7/2017 \$148,614.00

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

Mr. Anderson moved to approve the payment of the above-mentioned capital call. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

Then, the board members reviewed the following cash distributions from investment managers:

- Lexington Capital Fund V, a distribution in the amount of \$3,025.00 on 6/29/2017
- Lexington Capital Fund VII, a distribution in the amount of \$53,124.00 on 6/29/2017
- Siguler Guff & Company, a distribution in the amount of \$60,962.49 on 6/29/2017
- Mesirow Financial, a distribution in the amount of \$22,500.00 on 6/30/2017

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:

- Karen E. Metell; amount of transfer is \$82,235.96; resignation from service with the Town of Falmouth, Communications Department (*with this transfer, the Falmouth Retirement System will accept 20 years of 3(8)(c) liability*)
- Alicia R. Reihl; amount of rollover is \$13,408.05; termination from service with the Town of Falmouth, Falmouth Public Schools
- Gary G. Grace; amount of death refund is \$11,627.20; termination from service with the Town of Falmouth, Falmouth Public Schools
- Laura M. Bergeron; amount of refund is \$12.06 (deductions taken in error); resignation from service with the Town of Falmouth, Falmouth Public Schools
- Patricia A. Parker; amount of refund is \$10.72 (deductions taken in error); resignation from service with the Town of Falmouth, Falmouth Public Schools

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. Anderson moved to approve the requests of the above-mentioned former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions.

Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

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

- Richard G. Vitagliano; date of retirement is 6/13/2017 from the Town of Falmouth, Falmouth Public Schools
- Patricia A. Parker; date of retirement is 6/27/2017 from the Town of Falmouth, Falmouth Public Schools
- Laura M. Bergeron; date of retirement is 6/27/2017 from the Town of Falmouth, Falmouth Public Schools
- Patricia A. Nieman; date of retirement is 6/29/2017 from the Town of Falmouth, D.P.W. Wastewater Division
- Michael C. Metell; date of retirement is 6/30/2017 from the Town of Falmouth, Fire Rescue Department

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

- Jovun D. Humphrey; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 6/19/2017, 9% + 2%
- Craig W. Atkinson; Laborer, Town of Falmouth, D.P.W. Wastewater Division, Group One; DOM 6/26/2017, 9% + 2%
- Sean M. Philbin; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 7/16/2017, 9% + 2%
- Mitchell J. Gauvin; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 7/16/2017, 9% + 2%
- Alyssa A. Marcoux; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 7/16/2017, 9% + 2%

Next, the board members considered the following request to purchase prior service:

- Mallory R. Langler; Assistant Health Agent, Town of Falmouth, Health Department; request to purchase military service, prior to membership with the Falmouth Retirement System; principle amount due is \$20,618.56

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

Ms. Philbin moved to approve, as recommended, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

The board members then reviewed the following first reports of injury:

- John F. Rose; Mechanic, Town of Falmouth, Fire Rescue Department, Group One; while getting a part to repair a vehicle, employee twisted his right ankle and knee. Date of Injury 4/19/2017
- Kimberly J. Pacheco; Records Clerk, Town of Falmouth, Police Department, Group One; while walking in the office, employee tripped over a vacuum cleaner and injured her right side, her left arm and her lower back. Date of Injury 5/17/2017
- Paul T. DiAngelis; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while cutting a plastic downspout with a utility knife, employee cut his left index finger. Date of Injury 6/5/2017
- Lisa M. Gauthier; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while greeting a student, employee was accidentally hit by the child on the right side of her face. Date of Injury 6/9/2017

- Melissa M. Martin; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a combative female into custody, employee injured her neck, her back, her shoulders and her left wrist. Date of Injury 6/11/2017

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

- PERAC memo #20/2017 Application of New Public Records Law on Local, County, and Regional Retirement Boards
- PERAC memo #21/2017 Mandatory Retirement Board Member Training - 3rd Quarter 2017
- PERAC memo #22/2017 PROSPER and the Legal Review of Disabilities

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer distributed to the board members the performance summary report for the month of May, and Mr. Fabrizio reviewed the plan results. Through the end of May, the plan's estimated market value was approximately \$130.9 million. Year-to-date, the plan is up 6.14% versus the policy benchmark which is up 5.00%. Compared to its policy benchmark, the domestic equity sector (up 5.73%) is doing very well with RhumbLine Growth having a very solid year. The international equity sector (up 16.52%) is ahead of its benchmark (up 14.56%) while HGK Trinity Street has become the strength of this sector. The domestic fixed income strategy (up 2.59%) is on par with its benchmark (up 2.56%) 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 6.22% versus its benchmark which is up 4.63%. The performance of the real estate sector, year-to-date, is up 2.83% versus a benchmark that is up 1.55%. At the moment, Principal and Dimensional Fund Advisors are the only two investments within this sector that hold any significant funds. 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 2.30% versus a benchmark that is up 2.58%. For the year, the P.R.I.T. fund is up 3.50% versus a benchmark that is up 3.25%. Lastly, the cash balance is approximately \$4.6 million. 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."

Next, Mr. Dwyer discussed with the board members a series of emails between P.E.R.A.C. and Attorney Michael Sacco which have been brought to the attention of Wainwright Investment Counsel. The topic of the emails centered on the current cumbersome R.F.P. process and the number of investment manager contracts that are about to expire within the next 12 – 18 months. This is an issue with which many retirement boards and Wainwright Investment Counsel will be faced. With this in mind, Mr. Dwyer respectfully requested that the Falmouth Retirement Board first undertake the R.F.P. process for investment consulting services. This request surprised the board members. Without any specific details, it was determined that, at this time, no action would be taken. But, the Chairman did note that this topic would be discussed at a future board meeting. Attorney Poser suggested that, in the meantime, the board members authorize the

Director, in consultation with Attorney Poser and Wainwright Investment Counsel, to seek clarification and guidance, in writing, from P.E.R.A.C. on this issue. After some discussion, the board members entertained a motion to authorize the Director, in consultation with Attorney Poser and Wainwright Investment Counsel, to seek clarification and guidance, in writing, from P.E.R.A.C. on this issue.

Ms. Philbin moved to authorize the Director, in consultation with Attorney Poser and Wainwright Investment Counsel, to seek clarification and guidance, in writing, from P.E.R.A.C. on this issue. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

Mr. Fabrizio then discussed with the board members another proposed rebalance of the portfolio. Their recommendation to rebalance the portfolio is that the Falmouth Retirement System invest funds from cash as follows:

- \$1,000,000.00 to the P.R.I.T. Real Estate Fund
- \$1,000,000.00 to the Principal U.S. Property Fund

After some discussion, the board members entertained a motion to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio and to allocate funds as outlined.

Mr. Anderson moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio and to allocate funds as outlined. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

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

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

Mr. Anderson moved to leave the open meeting and to move into executive session 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
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

At approximately 3:00 p.m., the board members left the open meeting and moved into executive session 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, as noted by the Chairman, the board members would reconvene their open meeting.

At approximately 3:10 p.m., the board members reconvened their open meeting, and the Director provided each board member with a copy of the published P.E.R.A.C. audit report with the examiner's finding on the condition of the system for the period of January 1, 2012 through December 31, 2015. It was noted that a draft of this audit report and the board member's response had been discussed at the board meeting held on June 22, 2015.

Then, the board members reviewed a copy of the letter, dated July 5, 2017, from the Brockton Retirement Board to P.E.R.A.C. with regard to PROSPER access for board counsel. The Brockton Retirement Board had been emailed to other retirement systems a copy of this letter with the hope that other retirement systems would support the effort and request of P.E.R.A.C. the same access. It was determined that, at this time, no action would be taken by the Falmouth Retirement Board.

Attorney Poser then noted for the board members that, at the moment, both the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677 and the pending legal matter of *Karen Kraus v. Falmouth Retirement System*, CR-16-288 are idle.

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 meeting.

Mr. Anderson moved to adjourn the open meeting. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

At approximately 3:15 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, August 17, 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



Gary W. Anderson
Appointed Member



Ellen K. Philbin
Vice Chairman, Fifth Member

ABSENT

Jennifer P. Petit
Ex-Officio Member



Craig B. O'Malley
Elected Member



Francis X. St. Germaine III
Director