

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, November 16, 2017

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

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., with a quorum present, Chairman Ferreira called the meeting to order, and he noted for all that Ms. Philbin's current geographic location makes her physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that her remote participation is permissible. Then, the Town Treasurer, Patricia O'Connell, joined the meeting, and she reviewed for the board members the monthly reconciliation of the two cash accounts for the month of September. Through the end of September, the Treasurer noted that the account with Citizens Bank had no receipts and had disbursements in the amount of \$3,370.83. She noted that the fund balance in this cash account is zero and that all checks through #8054 have been accounted for and have been cleared. This bank account has now been closed. For the month, the account with Rockland Trust had receipts in the amount of \$975,471.85 and had disbursements in the amount of \$947,075.28. She noted that the fund balance in this cash account is \$163,776.77. Also, it was noted that the check sequence in this account for the month of September began with check #8500 and ended with check #8544, and there are no checks that were unaccounted for in the sequence for the month. In addition, the Director provided the board members with a review of the annual budget through Q3 2017 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. 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.

Mr. O'Malley moved to accept the report from the Office of the Treasurer. Ms. Petit seconded the motion. On roll call, the vote was as follows:

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

The board members then reviewed the meeting minutes of the open session meeting (the PERAC investment manager review) that was held on September 28, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on September 28, 2017.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on September 28, 2017. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

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

Next, the board members reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on October 19, 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 October 19, 2017.

Ms. Philbin moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on October 19, 2017. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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

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

Warrant #52/2017	\$ 6,756.70	Warrant #53/2017	\$1,015,721.26
Warrant #54/2017	\$ 3,267.20	Warrant #55/2017	\$ 3,267.20
Warrant #56/2017	\$ 29,542.97		

After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #52/2017 through #56/2017.

Mr. O'Malley moved to approve the payments, as noted, of the following warrants, #52/2017 through #56/2017. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Petit	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, July 2017 custodial fee \$ 5,556.63
- State Street Corporation, August 2017 custodial fee \$ 5,738.14
- Earnest Partners, 3rd QTR 2017 management fee \$ 44,267.57
- Baring Asset Management, 3rd QTR 2017 management fee \$ 4,237.03

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

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

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

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

- Intercontinental Real Estate, a distribution in the amount of \$17,223.03 on 10/31/2017
- Lexington Capital Fund V, a distribution in the amount of \$1,009.00 on 10/31/2017
- Lexington Capital Fund VII, a distribution in the amount of \$49,189.00 on 10/31/2017
- Metropolitan Real Estate, a distribution in the amount of \$44,494.98 on 11/8/2017

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:

- Lynne M. Lee; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- William R. Clements Jr.; amount of refund is \$647.36; deductions taken in error by the Town of Falmouth, Fire Rescue Department
- Valerie B. O'Connor; amount of rollover is \$21,474.48; resignation from service with the Town of Falmouth, Information Technology 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.

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

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

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

- Pamela J. Clements (*12(2)(d) beneficiary of Gregory D. Clements*); date of retirement is 7/31/2017 from the Town of Falmouth, Fire Rescue Department

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

- Carol J. Cantwell; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/5/2017, 9% + 2%
- Chelsea Cunningham; Special Needs / Grant Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/5/2017, 9% + 2%
- Karen M. Martin; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/5/2017, 9% + 2%
- Mathew T. Vezina; Water Plant Operator, Town of Falmouth, D.P.W. Water Division, Group One; DOM 10/16/2017, 9% + 2%
- Daniel J. O'Brien Jr.; Laborer, Town of Falmouth, D.P.W. Parks Division, Group One; DOM 11/6/2017, 9% + 2%
- Brent A. Taft; Custodian, Town of Falmouth, Facilities Maintenance Division, Group One; DOM 11/6/2017, 9% + 2%

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

- David A. Wilson; Electrical Inspector, Town of Falmouth, Inspectional Services Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,228.63
- Jennifer A. Woodward; Assistant Director, Town of Falmouth, Falmouth Public Library; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$11,838.92 (*upon completion of repayment, the Shrewsbury Retirement System will accept 2 years and 8 months of 3(8)(c) liability*)
- Brent A. Taft; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,317.99
- Daniel J. O'Brien Jr.; Laborer, Town of Falmouth, D.P.W. Parks Division; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,164.58

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

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

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

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

- Rebekka P. Cottrell; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while escorting students from the gym to their classroom, employee injured her right hand. Date of Injury 9/22/2017
- Marjorie S. Sharpe; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while supervising recess, employee was hit in the face with a soccer ball and injured her jaw. Date of Injury 10/3/2017
- Joao Medeiros; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while moving tables, employee injured his back. Date of Injury 10/6/2017

The board members then reviewed the following correspondence from PERAC:

- | | |
|-----------------------|--|
| • PERAC memo #33/2017 | New Fraud Prevention Poster |
| • PERAC memo #34/2017 | Administrator's Training – Location Change |
| • PERAC Report | 2016 – Schedule 7 Fee Report |

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of September, and Mr. Fabrizio reviewed the plan results. Through the end of September, the plan's estimated market value was approximately \$141.5 million. Year-to-date, the plan is up 11.03% versus the policy benchmark which is up 9.98%. Compared to its policy benchmark, the domestic equity sector (up 11.74%) 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 26.31%) is ahead of its benchmark (up 21.04%) with all of the portfolio's international equity managers doing very well. The domestic fixed income strategy (up 3.52%) is on par with its benchmark (up 3.48%) 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 8.83% versus

its benchmark which is up 6.38%. The performance of the real estate sector, year-to-date, is up 5.66% 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 are producing 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 11.29% 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 investments for this sector within the portfolio. Additionally, both of these investments have reported a decent performance. For the year, the P.R.I.T. Absolute Return Fund is up 5.33% versus a benchmark that is up 5.55%. Lastly, the cash balance is approximately \$4.2 million. Wainwright Investment Counsel noted that "this portfolio continues to have a very, very strong year" and "we are very pleased with the performance of this portfolio"; however, it was cautioned that "the market may begin to look for a reason to sell-off."

In addition, it was noted that the Principal U.S. Property Fund continues to have a queue, and when they are able to invest our \$1.0 million which has been allocated to them, they will notify the retirement system.

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

Next, Attorney Poser provided the board members with a brief update in the pending legal matters of *Karen Kraus v. Falmouth Retirement System*, CR-16-288. In addition, he noted that he had received from D.A.L.A. an order for the parties to file a joint pre-hearing memorandum in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677.

Then, the Director discussed with the board members an issue that involved the Falmouth Public Schools. There are several employees that have yet to contact this office to establish their account with the retirement system. The Director of Human Resources for Falmouth Public Schools has been made aware of this situation and there continues to be a lack of response. After some discussion, the board members entertained a motion to instruct the Director to provide a letter of notification to the Falmouth Public Schools which will provide 30 days' notice for these employees to contact the Falmouth Retirement System in order to establish their membership, and as needed, to take further action in accordance with M.G.L. Chapter 32 §18(1).

Ms. Petit moved to instruct the Director to provide a letter of notification to the Falmouth Public Schools which will provide 30 days' notice for these employees to contact the Falmouth Retirement System in order to establish their membership, and as needed, to take further action in accordance with M.G.L. Chapter 32 §18(1). Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Petit	YES
Gary W. Anderson	YES
Craig B. O'Malley	YES

Russell R. Ferreira, Chairman YES

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

Mr. Anderson moved to adjourn the open session meeting. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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

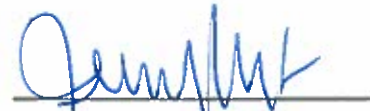
At approximately 2:45 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 11:30 a.m. on Thursday, December 21, 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

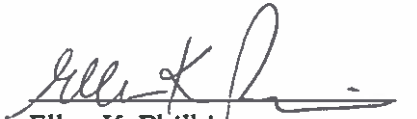


Jennifer P. Petit
Ex-Officio Member

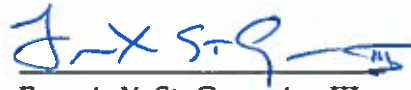
Gary W. Anderson
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director