

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, October 19, 2017

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

Board members in absence: Jennifer P. Petit and 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., 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 two cash accounts for the month of August. Through the end of August, the Treasurer noted that the account with Citizens Bank had receipts in the amount of \$938,283.22 and disbursements in the amount of \$976,718.23. She noted that the fund balance in this cash account is \$3,370.83. Also, it was noted that this check sequence for the month of August began with check #8012 and ended with check #8054, and there are no checks that are unaccounted for in this sequence for the month. The account with Rockland Trust had receipts in the amount of \$135,380.20 and there were no disbursements for this month. She noted that the fund balance in this cash account is \$135,380.20. In addition, with no disbursements from this account, there is no check sequence to report. 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. Philbin 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 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. O'Malley seconded the motion, all board members present voted in the affirmative.

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

Warrant #48/2017	\$937,122.11	Warrant #49/2017	\$ 3,267.20
Warrant #50/2017	\$ 3,267.20	Warrant #51/2017	\$ 45,939.64

After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #48/2017 through #51/2017.

Ms. Philbin moved to approve the payments, as noted, of the following warrants, #48/2017 through #51/2017. 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:

- Wainwright Investment Counsel, 3rd QTR 2017 consultant fee \$ 25,000.00
- RhumbLine Advisers (Growth), 3rd QTR 2017 management fee \$ 962.00
- RhumbLine Advisers (Value), 3rd QTR 2017 management fee \$ 1,093.00
- Seizert Capital Partners, 3rd QTR 2017 management fee \$ 10,597.00

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:

- Lexington Capital Fund VII, capital call due 10/26/2017 \$ 66,194.00

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:

- INVESCO (U.S. Buyout), a distribution in the amount of \$5,057.00 on 9/28/2017
- INVESCO (Venture), a distribution in the amount of \$53,497.00 on 9/28/2017
- INVESCO (Non-U.S.), a distribution in the amount of \$9,238.00 on 9/28/2017
- Lexington Capital Fund V, a distribution in the amount of \$2,016.00 on 9/28/2017
- Lexington Capital Fund VII, a distribution in the amount of \$53,469.00 on 9/28/2017
- Mesriow Financial, a distribution in the amount of \$30,000.00 on 9/28/2017
- Siguler Guff & Company, a distribution in the amount of \$96,945.09 on 9/29/2017
- Metropolitan Real Estate, a distribution in the amount of \$24,719.44 on 10/10/2017
- Siguler Guff & Company, a distribution in the amount of \$132,049.60 on 10/10/2017

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:

- Cara A. Eaton; amount of refund is \$13,388.77; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Martin R. Benoit; amount of refund is \$27,354.73; resignation from service with the Town of Falmouth, Facilities Maintenance Department
- William G. Kosky Jr.; amount of refund is \$237.75; over-payment of military service purchase with 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.

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

- Jennifer S. Genco; Special Needs / Grant Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/5/2017, 9% + 2%
- Laura L. Taylor; Special Needs / Grant Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/5/2017, 9% + 2%
- Michael D. Darmon; Custodian, Town of Falmouth, Facilities Maintenance Department, Group One; DOM 9/25/2017, 9% + 2%
- James M. Craven; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 10/1/2017, 9% + 2%
- David A. Wilson; Electrical Inspector, Town of Falmouth, Inspectional Services Department, Group Two; DOM 10/2/2017, 9% + 2%

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

- Jenna G. Reilly; Systems Analyst, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$3,906.86 (*upon completion of repayment, the State Board of Retirement will accept 10 months of 3(8)(c) liability*)
- Katheryn E. Entwisle; Communications Officer, Town of Falmouth, Communications Department; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$8,898.17 (*upon completion of repayment, the State Board of Retirement will accept 1 year and 8 months of 3(8)(c) liability*)

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.

Ms. Philbin moved to approve, as noted, the requests of the above-mentioned members to purchase their service prior to membership with the Falmouth Retirement System.

Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- Roger S. Dutra Jr.; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while picking up rolled rugs to put them in the gym, employee injured his right shoulder. Date of Injury 6/26/2017
- Douglas M. DeCosta; Police Officer, Town of Falmouth, Police Department, Group Four; while entering the Holding Facility, employee slipped and injured his upper back and neck. Date of Injury 8/4/2017
- Ruben Ferrer; Police Officer, Town of Falmouth, Police Department, Group Four; while exiting a FFRD ambulance, employee struck and injured his left elbow. Date of Injury 9/12/2017
- Michael C. Rogers; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a combative subject under arrest, employee injured his right shoulder. Date of Injury 9/19/2017
- Julia E. Massi; Police Officer, Town of Falmouth, Police Department, Group Four; while attempting to arrest a combative subject, employee injured her right wrist and hand. Date of Injury 9/19/2017
- Casey D. Ferreira; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while driving the ambulance to the hospital, employee experienced blurred vision and a headache. Date of Injury 9/22/2017
- Brian M. Guthrie; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while treating a confused & combative patient, employee injured his right shoulder. Date of Injury 9/25/2017
- Jamie L. Donahue; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a combative subject under arrest, employee injured her left wrist, her left elbow, and her right arm. Date of Injury 9/29/2017
- Robert A. Martino Jr.; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while removing fire debris from a dumpster, employee injured his right forearm. Date of Injury 9/30/2017
- Ruben Ferrer; Police Officer, Town of Falmouth, Police Department, Group Four; while exiting his police cruiser, employee struck and injured his right knee. Date of Injury 10/2/2017

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

- PERAC memo #30/2017 Mandatory Retirement Board Member Training – 4th Quarter 2017
- PERAC memo #31/2017 Appropriation Data Due October 31, 2017
- PERAC memo #32/2017 Tobacco Company List

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 introduced to the board members Felipe Dorregaray of Metropolitan Real Estate Partners so that he could give a brief presentation on their Distressed Co-Investment Fund as part of the required P.E.R.A.C. annual review of investment managers. Mr. Dorregaray began by reminding the board members that they are part of the Carlyle Solutions Group, a segment of the Carlyle Group, which is a multi-manager platform of different alternative asset classes. His firm is the private real estate component of that platform. Metropolitan Real Estate Partners is able to make independent investment decisions with the benefit of access to the many resources of the Carlyle Group. He noted for the board members that their senior investment team has, for the most part, remained the same, and that they will continue to act autonomously. He noted some global real estate market trends and discussed some investment themes or strategies that they believe will benefit from these market trends. In terms of this fund, 97% of the capital has been called while 134% in cumulative distributions have been returned to their investors through the end of Q2 2017. He provided the board members with a partnership summary of the fund including the performance, the projected net cash flow timing as well as the committed exposure and the current exposure. In closing, it was noted that the fund seems to be doing very well, and that they expect to liquidate the fund in the next 12 – 18 months. After some additional discussion with the board members, Mr. Dorregaray exited the meeting.

Then, Mark Andrew of Lexington Capital Partners joined the meeting by telephone to give a brief presentation on their Lexington Capital Fund V and their Lexington Capital Fund VII as part of P.E.R.A.C.'s annual review of investment managers. Mr. Andrew began with a brief overview of the firm, Lexington Capital Partners. He highlighted their leadership position within the secondary markets, their global platform, their experienced team, and their substantial capital base. He noted that Fund V has been one of their better performing funds. As of 2005, this fund has been 100% committed, and as of September 2017, it has distributed 172% of the contributed capital. Currently, this fund is in "sell down" mode. The expectation is that, in the next 12 – 24 months, the remaining portfolio assets (approximately \$94.6 million) will be sold, and the income received will be distributed to the limited partners. After some additional discussion with the board members regarding this fund, Mr. Andrew then turned his discussion to Lexington Capital Fund VII. Since 2014, this fund has been fully committed with total capital of \$7.05 billion. It has completed 56 secondary purchases with a total committed capital of \$6.85 billion. As of September 2017, \$7.08 billion or 116% of contributed capital has been distributed to the limited partners. He discussed the current portfolio construction including the transaction sourcing, the diversification, and the sponsor exposures. In addition, he discussed with the board members the investment performance of their funds. After some additional discussion with the board members, Mr. Andrew ended his call.

Next, Mr. Dwyer distributed to the board members the performance summary report for the month of August, and Mr. Fabrizio reviewed the plan results. Through the end of August, the plan's estimated market value was approximately \$139.8 million. Year-to-date, the plan is up 9.06% versus the policy benchmark which is up 7.37%. Compared to its policy benchmark, the domestic equity sector (up 7.99%) 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 22.59%) is ahead of its benchmark (up 18.02%) with all of the

portfolio's international equity managers doing very well. The domestic fixed income strategy (up 3.84%) is on par with its benchmark (up 3.82%) 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 10.59% versus its benchmark which is up 7.68%. The performance of the real estate sector, year-to-date, is up 5.75% versus a benchmark that is up 3.32%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and all are 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 11.30% versus a benchmark that is up 6.63%. 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. Both of these investments have reported a respectable performance. For the year, the P.R.I.T. absolute return fund is up 4.79% versus a benchmark that is up 5.14%. Lastly, the cash balance is approximately \$4.8 million. Wainwright Investment Counsel noted that "this portfolio continues to have a very strong year" and "we are very pleased with the performance of this portfolio."

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, the Chairman asked for a motion to leave the open session 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 moved to leave the open session 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. O'Malley seconded the motion. On roll call, the vote was as follows:

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

At approximately 2:40 p.m., the board members left the open session 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 session meeting.

At approximately 2:55 p.m., the board members reconvened their open session meeting, and 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 as well as *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677.

Next, the Assistant Director, Dommonique Domino, noted for the board members that she is expecting another baby. Her maternity leave is tentatively planned to begin on January 22, 2018. She asked that the board members support a maternity leave plan similar to the plan that she had received during her prior maternity leaves. After some discussion, the board members entertained a motion to approve six-weeks of paid maternity leave as well as six-weeks of unpaid maternity leave for Ms. Domino.

Ms. Philbin moved to approve six-weeks of paid maternity leave as well as six-weeks of unpaid maternity leave for Ms. Domino. Mr. O'Malley 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. Philbin moved to adjourn the open session meeting. Mr. O'Malley 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, November 16, 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

ABSENT

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