

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, April 19, 2018

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 Appointed Member (VACANT)

Staff members in attendance: Francis St. Germaine who recorded the minutes of the meeting

At approximately 2:00 p.m., with a quorum being 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 February. Through the end of February, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,457,641.86 and disbursements in the amount of \$1,319,550.25. She noted that the fund balance in this cash account is \$167,616.30. Also, it was noted that the check sequence for the month of February began with check #8702 and ended with check #8751. There are no checks in this sequence that have not been accounted for through the month of February. 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. Mr. O'Malley 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 March 22, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on March 22, 2018.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on March 22, 2018. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

Warrant #15/2018	\$ 6,158.00	Warrant #16/2018	\$948,649.82
Warrant #17/2018	\$ 1,912.80	Warrant #18/2018	\$ 77,318.32

The Chairman noted for the board members a change to the amount on Warrant #18/2018. The revised amount is \$87,445.73. After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #15/2018 through #18/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #15/2018 through #18/2018. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- Wainwright Investment Counsel, 1st QTR 2018 consultant fee \$ 25,000.00
- State Street Corporation, September 2017 custodial fee \$ 5,220.61
- State Street Corporation, October 2017 custodial fee \$ 5,321.55
- State Street Corporation, November 2017 custodial fee \$ 5,213.07
- State Street Corporation, December 2017 custodial fee \$ 5,427.82
- Earnest Partners, 1st QTR 2018 management fee \$ 45,189.53
- RhumbLine Advisers (Growth), 1st QTR 2018 management fee \$ 1,097.00
- RhumbLine Advisers (Value), 1st QTR 2018 management fee \$ 1,169.00
- Seizert Capital Partners, 1st QTR 2018 management fee \$ 11,068.00

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.

Next, the board members reviewed the following payment of capital calls to investment managers:

- Hamilton Lane Secondary Fund IV, a capital call payable on 3/29/2018 in the amount of \$12,625.00

After some discussion, the board members entertained a motion to approve the payment, as noted, 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:

- Siguler Guff & Company, a distribution received on 3/26/2018 in the amount of \$32,291.14
- Mesirov Financial, a distribution received on 3/28/2018 in the amount of \$15,000.00
- Hamilton Lane Secondary Fund IV, a distribution received on 3/29/2018 in the amount of \$286,982.00
- Lexington Capital Fund V, a distribution received on 3/29/2018 in the amount of \$5,040.00
- Lexington Capital Fund VII, a distribution received on 3/29/2018 in the amount of \$59,304.00
- Intercontinental Real Estate, a distribution received on 4/6/2018 in the amount of \$1,093.86

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

- Debra L. Rogers; amount of refund is \$5,893.45; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Mark A. Mancini; amount of transfer is \$48,441.94; resignation from service with the Town of Falmouth, Police Department (*with this transfer, the Falmouth Retirement System will accept 5 years and 9 months of 3(8)(c) liability on a 12-month basis*)

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 new members of the Falmouth Retirement System:

- Jeremiah Pearson; Superintendent, Town of Falmouth, D.P.W. Parks Division, Group One; DOM 3/19/2018, 9% + 2%
- Debra E. Campbell; Bus Driver, Town of Falmouth, Falmouth Public Schools, Group One; DOM 3/19/2018, 9% + 2%
- Debra L. Knott; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 3/20/2018, 9% + 2%
- Gregory B. Banwarth; Director, Town of Falmouth, Information Technology Department, Group One; DOM 3/26/2018, 9% + 2%
- Thomas M. Bott; Town Planner, Town of Falmouth, Planning Department, Group One; DOM 4/5/2018, 9% + 2%
- James M. Reynolds; Fleet Manager, Town of Falmouth, D.P.W. Administration Division, Group One; DOM 4/9/2018, 9% + 2%
- Walter C. Pinto; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 4/9/2018, 9% + 2%

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

- Melissa M. Martin; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a combative subject in custody, employee injured her left shoulder. Date of Injury 3/21/2018
- Brian D. Pecci; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while packing fire hose onto the truck, employee experienced pain to his left forearm. Date of Injury 3/26/2018

- Alyssa A. Marcoux; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while doing live fire training, employee experienced pain to her legs. Date of Injury 3/30/2018
- Nicholas J. Zimmerman; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while doing live fire training, employee fell and injured his left shoulder. Date of Injury 3/30/2018
- Michael C. Zuniga; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while doing live fire training, employee experienced smoke inhalation. Date of Injury 3/30/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #15/2018 Tobacco Company List
- PERAC memo #16/2018 Mandatory Retirement Board Member Training - 2nd Quarter 2018
- PERAC memo #17/2018 Implementation of the *Vernava* decision

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 February, and Mr. Fabrizio reviewed the plan results. Through the end of February, the plan's estimated market value was approximately \$142.4 million. Year-to-date, the plan is down 0.24% versus the policy benchmark which is down 0.34%. Compared to its policy benchmark, the domestic equity sector (up 0.21%) is doing fair. RhumbLine Growth and Seizert Capital Partners are the two funds in this sector with positive returns for the year. The international equity sector (up 1.24%) is ahead of its benchmark (up 0.50%) with HGK Trinity Street and LMCG Investments doing OK. The domestic fixed income strategy (down 1.82%) is on par with its benchmark (down 1.94%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is down 2.94% versus a benchmark that is 0.00%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and Principal is the sole real estate investment with a positive return. 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 1.82% versus a benchmark that is 0.00%. At this time, the Lexington Capital Fund VII is the largest investment for this sector within the portfolio. For the year, the P.R.I.T. Absolute Return Fund is up 0.37% versus a benchmark that is up 1.11%. Lastly, the cash balance is approximately \$1.0 million. Wainwright Investment Counsel noted that "this was a tough month in the financial markets with the expectation that we should prepare for another roller coaster ride this year."

With regards to the need to issue R.F.P.'s for many of the investment managers in the coming year, Wainwright Investment Counsel noted that R.F.P.'s have already been issued for the mid-cap equity asset class and the small-cap equity asset class. Today, it is their recommendation that R.F.P.'s for core and value real estate be issued. After some discussion, the board members entertained a motion to issue R.F.P.'s for core and value real estate asset classes.

Ms. Philbin moved to issue R.F.P.'s for core and value real estate asset classes.

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

Mr. Fabrizio then reviewed with the board members a proposed rebalancing of the investment portfolio which would provide \$3.0 million in cash to cover the retiree payroll through the end of June. The recommendation is that the Falmouth Retirement System rebalance the portfolio by liquidating to cash from the following:

- \$1 million from the RhumbLine Advisers Russell 1000 Growth Pooled Index Fund
- \$1 million from the Earnest Partners Small Cap Core Fund
- \$1 million from the Dimensional Fund Advisors International Small Core Equity Fund

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

Ms. Philbin moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

Then, the Director noted for the board members PERAC memo #03/2018 regarding the FY 2019 C.O.L.A. increase. After some discussion, the board members entertained a motion to send to the Board of Selectmen a letter notifying them of the Falmouth Retirement Board's intention to consider, at the May board meeting, increasing to 3.0% the FY 2019 cost-of-living adjustment on a retirement allowance.

Mr. O'Malley moved to send to the Board of Selectmen a letter notifying them of the Falmouth Retirement Board's intention to consider, at the May board meeting, increasing to 3.0% the FY 2019 cost-of-living adjustment on a retirement allowance. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the 2017 Annual Statement of the Falmouth Retirement System that is to be submitted to P.E.R.A.C. After some discussion, the board members entertained a motion to approve the 2017 Annual Statement of the Falmouth Retirement System that is to be submitted to P.E.R.A.C.

Ms. Philbin moved to approve the 2017 Annual Statement of the Falmouth Retirement System that is to be submitted to P.E.R.A.C. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

The Director then reminded the board members of the upcoming spring M.A.C.R.S. conference to be held in Hyannis, MA from June 4, 2018 through June 6, 2018. It was noted that, at this time, a draft agenda was available, and that certain sessions have been approved by P.E.R.A.C. for board

member C.E.U. training credits. After some discussion, the board members entertained a motion to approve the associated conference fees with travel for the board members as well as the two staff members to attend the spring M.A.C.R.S. conference.

Mr. O'Malley moved to approve the associated conference fees with travel for the board members as well as the two staff members to attend the spring M.A.C.R.S. conference. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the Director noted that the Falmouth Retirement System will have a table at the annual Town of Falmouth Health & Benefits Fair which is to be held on May 2nd at the recreation center.

Then, Attorney Poser provided the board members with an 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.

Additionally, Attorney Poser made the recommendation that, in light of PERAC memo #14/2018, the Falmouth Retirement Board adopt as a supplemental regulation the following language:

Correction of Error under M.G.L. Chapter 32, §20(5)(c)(2)

In all cases of correction of an underpayment or non-payment of a pension or benefit to a member or beneficiary of the Falmouth Retirement System which results in a onetime retroactive payment of benefits, such payment shall include interest for such period of underpayment or non-payment at the rate annually determined for such period by the Public Employee Retirement Administration Commission pursuant to M.G.L. Chapter 32, §22(6).

In all cases of correction of an overpayment of a pension or benefit to a member or beneficiary of the Falmouth Retirement System, the amount of overpayment shall be due from the member or beneficiary, along with interest for said period of overpayment at the rate annually determined by the Public Employee Retirement Administration Commission pursuant to M.G.L. Chapter 32, §22(6).

Pursuant to the judgment of the Supreme Judicial Court in *Herrick v. Essex Regional Retirement Board*, 465 Mass. 801 (2013) and PERAC Memorandum #32/2013, said interest shall be deemed to be the actuarial equivalent of the adjustment to the pension or benefit as required by M.G.L. Chapter 32, §20(5)(c).

After some additional discussion, the board members entertained a motion to accept the recommendation from Attorney Poser to adopt as a supplemental regulation the language as outlined.

Ms. Philbin moved to accept the recommendation from Attorney Poser to adopt as a supplemental regulation the language as outlined. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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. Philbin seconded the motion, all board members present voted in the affirmative.

At approximately 2:55 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, May 24, 2018 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

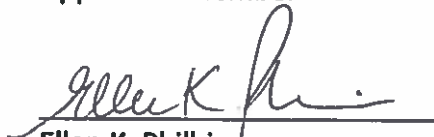
ATTEST:



Russell R. Ferreira
Chairman, Elected Member

VACANT

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