

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, February 15, 2018

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

Board members in absence: Appointed Member (VACANT)

Staff members in attendance: Francis St. Germaine who 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 being 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 cash account for the month of December. Through the end of December, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,117,073.81 and disbursements in the amount of \$1,039,172.95. She noted that the fund balance in this cash account is \$102,322.10. Also, it was noted that the check sequence for the month of December began with check #8622 and ended with check #8665. There are no checks in this sequence that are unaccounted for through the month of December. 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. On roll call, the vote was as follows:

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

The board members then reviewed the meeting minutes of the open session meeting that was held on January 17, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on January 17, 2018.

Ms. Petit moved to approve the meeting minutes of the open session meeting that was held on January 17, 2018. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Petit	YES

Craig B. O'Malley YES
Russell R. Ferreira, Chairman YES

The board members also reviewed the meeting minutes of the executive session meeting that was held on January 17, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the executive session meeting that was held on January 17, 2018.

Ms. Philbin moved to approve the meeting minutes of the executive session meeting that was held on January 17, 2018. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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

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

Warrant #04/2018	\$ 6,836.00	Warrant #05/2018	\$940,921.47
Warrant #06/2018	\$ 3,267.20	Warrant #07/2018	\$ 3,267.20
Warrant #08/2018	\$337,450.99		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #04/2018 through #08/2018.

Mr. O'Malley moved to approve the payments, as noted, of warrants #04/2018 through #08/2018. Ms. Petit seconded the motion. On roll call, the vote was as follows:

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

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

- Seizert Capital Partners, 4th QTR 2017 management fee \$ 10,910.00
- S.S.g.A. (CM3Y), 4th QTR 2017 management fee \$ 1,110.37
- S.S.g.A. (CME7), 4th QTR 2017 management fee \$ 305.40

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

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

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

- Metropolitan Real Estate, a distribution on 1/30/2018 in the amount of \$17,303.61
- Lexington Capital Fund V, a distribution on 1/31/2018 in the amount of \$1,007.00
- Lexington Capital Fund VII, a distribution on 1/31/2018 in the amount of \$29,854.00
- Siguler Guff & Company, a distribution on 2/8/2018 in the amount of \$84,639.04

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:

- Brian A. Currie; amount of refund is \$1,195.52; deductions taken in error by the Town of Falmouth, Planning Department
- Josephine M. Gomes; amount of refund is \$28.97; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Jessica O. Sweeney; amount of refund is \$1,843.48; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Jenna G. Orlando; amount of refund is \$619.32; resignation from service with the Town of Falmouth, Information Technology Department
- Michelle L. Lambert; amount of refund is \$45,375.10; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Anthony M. Scalisi; amount of transfer is \$40,458.28; resignation from service with the Town of Falmouth, Fire Rescue Department (*with this transfer, the Falmouth Retirement System will accept 6 years and 3 months of 3(8)(c) liability on a 12-month basis*)
- Gillian P. Brown; amount of transfer is \$12,467.83; resignation from service with the Town of Falmouth, Communications Department (*with this transfer, the Falmouth Retirement System will accept 3 years and 5 months of 3(8)(c) liability on a 12-month basis*)
- Carolyn A. Grasso; amount of rollover is \$31,134.34; resignation from service with the Town of Falmouth, Office of the Town Manager

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

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

Then, the board members noted the following members retiring from service with the Town of Falmouth:

- Ann Marie Silvia; date of retirement is 12/5/2017 from the Town of Falmouth, Falmouth Public Schools
- Norman G. Adamson Jr.; date of retirement is 12/10/2017 from the Town of Falmouth, Police Department
- David L. DeLuca; date of retirement is 12/30/2017 from the Town of Falmouth, Falmouth Public Schools
- Pamela A. Folan; date of retirement is 1/2/2018 from the Town of Falmouth, Falmouth Public Schools
- Brian A. Currie; date of retirement is 1/6/2018 from the Town of Falmouth, Planning Department

The board members then noted the following new members of the Falmouth Retirement System:

- Lisa M. Krause; Administrative Secretary, Town of Falmouth, Falmouth Public Schools, Group One; DOM 1/2/2018, 9% + 2%
- Jenna L. Correia; Animal Control Officer, Town of Falmouth, Marine and Environmental Services Department, Group One; DOM 1/22/2018, 9% + 2%
- Aaron M. Bannish; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 1/22/2018, 9% + 2%
- Alexander D. Connolly Jr.; Data Collector / Field Appraiser, Town of Falmouth, Finance Department, Group One; DOM 1/29/2018, 9% + 2%

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

- Roy Charles Martinsen III; Deputy Director, Town of Falmouth, Marine and Environmental Services Department, Group One; while wading through chest high cold water carrying two large wrenches, employee experienced a cardiac event. Date of Injury 12/14/2017
- Richard E. DallaCosta; Mechanic, Town of Falmouth, D.P.W. Parks and Forestry Division, Group One; while installing a plow frame, employee injured his neck and back. Date of Injury 1/8/2018
- Igol F. Campbell; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; while exiting the vehicle to empty trash barrels, employee fell and injured his left ankle, his left leg and his head. Date of Injury 1/23/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #05/2018 Mandatory Retirement Board Member Training – 1st Quarter 2018
- PERAC memo #06/2018 Buyback and Make-up Repayment Worksheets
- PERAC memo #07/2018 NCPERS 2018 State and Federal Legislation Webcast – Three Credits
- PERAC memo #08/2018 840 CMR 10:10(3) & 10:15(4) – Annual Review of Medical Testing Fee
- PERAC memo #09/2018 Actuarial Data
- PERAC memo #10/2018 2018 Interest Rate set at 0.1%
- PERAC memo #11/2018 Investment Related Issues and Concerns

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 December, and Mr. Fabrizio reviewed the plan results. Through the end of December, the plan’s estimated market value was approximately \$144.4 million. Year-to-date, the plan is up 15.17% versus the policy benchmark which is up 13.77%. Compared to its policy benchmark, the domestic equity sector (up 18.14%) is doing very well. RhumbLine Growth and Earnest Partners are having a very good year while both Seizert Capital Partners and LMCG Investments Mid Cap Core, although positive, have struggled this year. The international equity sector (up 31.30%) is ahead of its benchmark (up 26.60%) with all of the portfolio’s international equity managers doing very well. The domestic fixed income strategy (up 3.91%) is on par with its benchmark (up 3.88%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is up 8.60% versus a benchmark that is up 6.96%. 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 16.75% versus a benchmark that is up 15.12%. 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 positive performance. For the year, the P.R.I.T. Absolute Return Fund is up 8.16% versus a benchmark that is up 7.73%. Lastly, the cash balance is approximately \$5.0 million. Wainwright Investment Counsel noted that “this portfolio has had a very strong year in the financial markets.”

With regards to Seizert Capital Partners and LMCG Investments Mid Cap Core, it was noted that, although they have experienced positive returns for the year, they have both struggled and underperformed. Thus, with a need to issue R.F.P.’s for many of the investment managers due to the expiration of contracts in the coming year, it is the recommendation of Wainwright Investment Counsel that, to begin, an R.F.P. be issued for this mid-cap equity asset class. After some discussion, the board members entertained a motion to issue an R.F.P. for the mid-cap equity asset class.

Ms. Petit moved to issue an R.F.P. for the mid-cap equity asset class. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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

In addition, the board members entertained a motion to issue an R.F.P. for the large-cap equity asset class.

Ms. Petit moved to issue an R.F.P. for the large-cap equity asset class. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Petit	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 board members determined that currently there was nothing new to discuss with regards to Christopher H. Brown, and thus, there was no need to go into executive session.

Attorney Poser then outlined for consideration by the board members a proposed supplemental regulation with regards to M.G.L. Chapter 32 §23B. After some discussion, the board members entertained a motion to accept, as amended, the proposed supplemental regulation with regards to M.G.L. Chapter 32 §23B.

Ms. Philbin moved to accept, as amended, the proposed supplemental regulation with regards to M.G.L. Chapter 32 §23B. Ms. Petit seconded the motion. On roll call, the vote was as follows:

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

Then, 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.

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. On roll call, the vote was as follows:

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

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

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, March 22, 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