

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Wednesday, January 17, 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 November. Through the end of November, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,008,063.45 and disbursements in the amount of \$1,007,165.50. She noted that the fund balance in this cash account is \$24,421.24. Also, it was noted that the check sequence for the month of November began with check #8584 and ended with check #8621 including voided checks #8583 and #8598. Otherwise, there are no checks in this sequence that are unaccounted for through the month of November. 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. Petit moved to accept the report from the Office of the Treasurer. 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 then reviewed the meeting minutes of the open session meeting that was held on December 21, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on December 21, 2017.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on December 21, 2017. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
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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 #63/2017	\$ 3,477.40	Warrant #64/2017	\$985,738.59
Warrant #01/2018	\$ 3,267.20	Warrant #02/2018	\$ 3,267.20
Warrant #03/2018	\$ 16,922.94		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #63/2017 through #64/2017 and #01/2018 through #03/2018.

Ms. Petit moved to approve the payments, as noted, of warrants #63/2017 through #64/2017 and #01/2018 through #03/2018. 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

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

- Wainwright Investment Counsel, 4th QTR 2017 consultant fee \$ 25,000.00
- RhumbLine Advisers (Growth), 4th QTR 2017 management fee \$ 1,037.00
- RhumbLine Advisers (Value), 4th QTR 2017 management fee \$ 1,147.00
- Earnest Partners, 4th QTR 2017 management fee \$ 46,721.54

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

Ms. Petit moved to approve the payments, as noted, of the above-mentioned investment fees. 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 then reviewed the following cash distributions from investment managers:

- Metropolitan Real Estate, a distribution on 12/22/2017 in the amount of \$38,315.12

- Intercontinental Real Estate, a distribution on 12/28/2017 in the amount of \$5,228.42
- Lexington Capital Fund V, a distribution on 12/28/2017 in the amount of \$2,015.00
- Lexington Capital Fund VII, a distribution on 12/28/2017 in the amount of \$74,531.00
- Siguler Guff & Company, a distribution on 12/29/2017 in the amount of \$52,567.01
- Mesirov Financial, a distribution on 12/29/2017 in the amount of \$45,000.00

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

- Edwin P. Gomes Jr.; amount of refund is \$118,111.45; resignation from service with the Town of Falmouth, D.P.W. Parks & Forestry Division (ESTIMATED AMOUNT)

After some discussion, the board members entertained a motion to approve, as noted, the request of the above-mentioned former or current member of the Falmouth Retirement System for a return or transfer of his accumulated deductions.

Ms. Petit moved to approve, as noted, the request of the above-mentioned former or current member of the Falmouth Retirement System for a return or transfer of his 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
Craig B. O'Malley	YES
Russell R. Ferreira, Chairman	YES

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

- Susan P. Perkins; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/6/2017, 8% + 2%
- Deborah C. Packard; Administrative Assistant, Town of Falmouth, Office of the Town Clerk, Group One; DOM 12/18/2017, 9% + 2%

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

- Craig R. Norton; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; while on morning break, employee injured his left ankle and foot. Date of Injury 9/14/2017
- Daniel J. Donahue; Animal Control Officer, Town of Falmouth, Marine and Environmental Services Department, Group One; while returning to the town marina, employee was in a motor vehicle accident and injured his head, neck and back. Date of Injury 11/29/2017

- Christopher P. Anglin; Maintenance Worker, Town of Falmouth, Marine and Environmental Services Department, Group One; while returning to the town marina, employee was in a motor vehicle accident and injured his head, neck and back. Date of Injury 11/29/2017
- Wilfer Gomez; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; while using the floor buffer, employee injured his right shoulder and arm. Date of Injury 12/17/2017
- Thomas F. Maguire; Police Officer, Town of Falmouth, Police Department; Group Four; while entering his police cruiser, employee injured his right knee. Date of Injury 12/22/2017
- Jeffry H. Waggett; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while climbing a ladder, employee fell and injured his left knee. Date of Injury 12/23/2017

The board members then reviewed the following correspondence from PERAC:

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| • PERAC memo #01/2018 | 2018 Limits under Chapter 46 of the Acts of 2002 |
| • PERAC memo #02/2018 | 2018 Limits under Section 23 of Chapter 131 of the Acts of 2010 |
| • PERAC memo #03/2018 | COLA Notice |
| • PERAC memo #04/2018 | 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 distributed to the board members the performance summary report for the month of November, and Mr. Fabrizio reviewed the plan results. Through the end of November, the plan's estimated market value was approximately \$144.1 million. Year-to-date, the plan is up 14.32% versus the policy benchmark which is up 12.65%. Compared to its policy benchmark, the domestic equity sector (up 17.65%) is doing very well. RhumbLine Growth and Earnest Partners are having a very good year while Seizert Capital Partners, although positive, is struggling at the moment. The international equity sector (up 29.81%) is ahead of its benchmark (up 24.34%) with all of the portfolio's international equity managers doing very well. The domestic fixed income strategy (up 3.48%) is on par with its benchmark (up 3.44%) 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 9.81% versus its benchmark which is up 7.32%, but it is known that this fund is being liquidated. The performance of the real estate sector, year-to-date, is up 7.63% 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 14.11% 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 6.60% versus a benchmark that is up 6.89%. Lastly, the cash balance is approximately \$3.0 million. Wainwright Investment Counsel noted that “growth continues to outperform value” and “this portfolio continues to have a very, very strong performance for the year.”

With regards to Baring Asset Management, they have received a full redemption request from an investor in Fund F, the result of which would make the continued operation of Fund F not feasible. Thus, Baring Asset Management has made the decision to fully liquidate and terminate Fund F. At the board meeting last month, the board members accepted the recommendation of Wainwright Investment Counsel to invest in the S.S.g.A. Passive Bond Fund, for the near future, the funds received from this liquidation. At this time, it is the recommendation of Wainwright Investment Counsel to revisit this asset class in six months or so to determine whether or not it would make sense to issue an R.F.P. at that time. After some discussion, the board members entertained a motion to revisit this asset class in six months or so to determine whether or not it would make sense to issue an R.F.P. at that time.

Ms. Petit moved to accept the recommendation of Wainwright Investment Counsel to revisit this asset class in six months or so to determine whether or not it would make sense to issue an R.F.P. at that time. 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

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
Jennifer P. Petit	YES
Craig B. O’Malley	YES
Russell R. Ferreira, Chairman	YES

At approximately 2:20 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 meeting, as noted by the Chairman, the board members would reconvene their open session meeting.

At approximately 2:30 p.m., the board members reconvened their open session meeting, and Attorney Poser outlined for consideration by the board members a proposed supplemental regulation with regards to M.G.L. Chapter 32 §23B. However, this agenda item was tabled for discussion and consideration at a future board meeting.

Attorney Poser then 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 2:35 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, February 15, 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



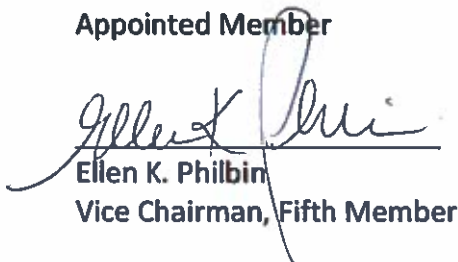
Jennifer P. Petit
Ex-Officio Member

VACANT

Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director