

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, June 21, 2018

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; 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 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 April. Through the end of April, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,057,486.60 and disbursements in the amount of \$1,030,736.88. She noted that the fund balance in this cash account is \$41,557.49. Also, it was noted that the check sequence for the month of April began with check #8797 and ended with check #8831. There are no checks in this sequence that have not been accounted for through the month of April. 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. Ms. Petit 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 May 24, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on May 24, 2018.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on May 24, 2018. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

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

Warrant #22/2018	\$ 82,473.18	Warrant #23/2018	\$952,298.34
Warrant #24/2018	\$ 6,784.40		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #22/2018 through #24/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #22/2018 through #24/2018. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- PRIT Private Equity Fund VY 2018, a capital call payable on 6/1/2018 in the amount of \$44,535.84
- Hamilton Lane Secondary Fund IV, a capital call payable on 6/21/2018 in the amount of \$562,899.00

After some discussion, the board members entertained a motion to approve the payment, as noted, of the above-mentioned capital calls.

Ms. Philbin moved to approve the payment, as noted, of the above-mentioned capital calls. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the following cash distributions from investment managers:

- Lexington Capital Fund V, a distribution received on 5/31/2018 in the amount of \$3,023.00
- Lexington Capital Fund VII, a distribution received on 5/31/2018 in the amount of \$30,006.00

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

- Wayne J. Rezendes; amount of rollover is \$14,116.99; resignation from service with the Town of Falmouth, D.P.W. Wastewater Division
- Karen E. Kraus; amount of refund is \$22,874.20; resignation from service with the Town of Falmouth, D.P.W. Highway Division
- Kathryn S. Andersen; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Jeffrey R. Wakefield; amount of refund is \$66,074.66; termination from service (death) with the Town of Falmouth, Recreation Department
- Felicia K. McGinty; amount of transfer is \$20,812.78; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Timothy A. McRae; amount of transfer is \$15,218.30; resignation from service with the Town of Falmouth, Recreation 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. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- Antonio I. Fernandes; date of retirement is 5/22/2018 from the Town of Falmouth, Falmouth Public Schools

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

- John K. Keleher; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 5/11/2018, 9% + 2%
- David A. Montalvo; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; DOM 5/21/2018, 9% + 2%
- Adriana P. Pantano; Systems Analyst, Town of Falmouth, Information Technology Department, Group One; DOM 6/13/2018, 9% + 2%
- Scott F. Payne; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 6/17/2018, 9% + 2%
- Eric M. Swartz; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 6/17/2018, 9% + 2%

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

- John K. Keleher; Custodian, Town of Falmouth, Falmouth Public Schools; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$6,129.85
- Kathryn S. Andersen; Teacher Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,586.64

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

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

- Jill E. Erickson; Reference Librarian, Town of Falmouth, Falmouth Public Library, Group One; while moving a book cart, employee injured her left leg. Date of Injury 5/25/2018
- Ryan P. Moore; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a resistant subject into custody, employee injured his right elbow and his right wrist. Date of Injury 5/28/2018
- Clifford T. Harris; Police Officer, Town of Falmouth, Police Department, Group Four; while driving his patrol car, employee was involved in a motor vehicle accident and sustained a neck injury and a concussion. Date of Injury 5/29/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC Report
- PERAC memo #18/2018
- 2017 Investment Report
- Vernava Follow-Up: Compliance with PERAC Memoranda

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 April, and Mr. Fabrizio reviewed the plan results. Through the end of April, the plan's estimated market value was approximately \$140.7 million. Year-to-date, the plan is down 0.15% versus a total plan policy that is up 0.34%. Compared to its policy benchmark, the domestic equity sector (down 0.55%) 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 1.01%) is ahead of its benchmark (up 0.90%) with Dimensional Fund Advisors and HGK Trinity Street both on the positive side. The domestic fixed income strategy (down 1.97%) is on par with its benchmark (down 1.99%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is down 0.21% versus a benchmark that is up 1.70%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and Principal and P.R.I.T. are the two real estate investments currently with a positive return. Due to the nature of the investments within the private equity sector, these returns are stated with a lag; however, the private equity sector is estimated to be up 7.12% versus a benchmark that is up 4.78%. At this time, the Lexington Capital Fund VII and the Hamilton Lane Secondary Fund IV are the largest investments for this sector within the portfolio with the Hamilton Lane Secondary Fund IV solidly ahead of its benchmark. For the year, the P.R.I.T. Absolute Return Fund is up 0.21% versus a benchmark that is up 0.47%. Lastly, the cash balance is approximately \$2.6 million. Wainwright Investment Counsel noted that "this monthly performance report seems to reflect the feeling of uncertainty that is widespread within the financial markets."

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 been issued for the small-cap equity asset class, the mid-cap equity asset class, the income oriented real estate asset class, and the value added real estate asset class.

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

Then, Terenzio Volpicelli from Roselli, Clark & Associates joined the meeting to discuss with the board members the 2017 financial statement provided as part of their annual audit. He reviewed the engagement letter and noted for the board members that their firm was tasked with conducting a financial audit which is different from a compliance audit. Their audit is designed to express an opinion on the financial records taken as a whole which they did find to present fairly. He noted that it was a very good audit, and they did not find any material deficiencies. Thus, there is not a need to issue a management letter. He highlighted the retirement system's strong investment performance with a return of nearly 15% versus a 9% return in 2016. This strong investment performance has resulted in an estimated funded ratio at December 31, 2017 of approximately 70%. After some discussion, Mr. Volpicelli exited the board meeting and the board members entertained a motion to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2017 which was conducted by the auditing firm of Roselli, Clark & Associates.

Mr. O'Malley moved to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2017 which was conducted by the auditing firm of Roselli, Clark & Associates. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the memorandum from the Personnel Director for the Town of Falmouth regarding the FY 2019 salary increases. It was noted that the retirement system salaries are not part of the classification plan for the Town of Falmouth, but historically, the board members have followed the TAM salary schedule as a guide to set the staff salaries of the retirement system. Being comfortable with this past practice, the board members determined that, effective July 1 of each year, the staff would receive an automatic step increase using the TAM salary schedule for that fiscal year as a guideline, and each year, the Chairman would sign letters to authorize this annual increase to staff salaries. After some discussion, the board members entertained a motion to increase, effective July 1, 2018, Ms. Domino's rate of pay to \$35.57 per hour (essentially an hourly rate of pay of an M-6, step 6 using the TAM 2019 salary schedule as a guideline) and Mr. St. Germaine's rate of pay to \$50.26 per hour (essentially an hourly rate of pay of an M-11, step 4 using the TAM 2019 salary schedule as a guideline). In addition, the board members determined that, effective July 1 of each year, the staff would receive an automatic step increase using the TAM salary schedule for that fiscal year as a guideline and the Chairman would sign letters to authorize this annual increase to staff salaries.

Ms. Petit moved to increase, effective July 1, 2018, Ms. Domino's rate of pay to \$35.57 per hour (essentially an hourly rate of pay of an M-6, step 6 using the TAM 2019 salary schedule as a guideline) and Mr. St. Germaine's rate of pay to \$50.26 per hour (essentially an hourly rate of pay of an M-11, step 4 using the TAM 2019 salary schedule as a guideline). In addition, the board members determined that, effective July 1 of each year, the staff would receive an automatic step increase using the TAM salary schedule for that fiscal year as a guideline and the Chairman would sign letters to authorize this annual

increase to staff salaries. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Attorney Poser then provided the board members with an update in the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In this case, a joint pre-hearing memorandum and exhibits have been submitted and currently the two parties are awaiting a hearing date.

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, all board members present voted in the affirmative.

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, July 19, 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