

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, March 22, 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

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 January. Through the end of January, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$898,417.40 and disbursements in the amount of \$971,214.81. She noted that the fund balance in this cash account is \$29,524.69. Also, it was noted that the check sequence for the month of January began with check #8666 and ended with check #8701. There are no checks in this sequence that have not been accounted for through the month of January. 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 February 15, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on February 15, 2018.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on February 15, 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 #09/2018	\$ 6,836.00	Warrant #10/2018	\$968,728.86
Warrant #11/2018	\$ 3,267.20	Warrant #12/2018	\$ 3,267.20
Warrant #13/2018	\$ 2,590.00	Warrant #14/2018	\$369,233.95

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #09/2018 through #14/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #09/2018 through #14/2018. 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:

- Hamilton Lane Secondary Fund IV, capital call due 3/8/2018 \$613,384.00

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

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

- Mesirow Financial, a distribution on 2/28/2018 in the amount of \$22,500.00
- Lexington Capital Fund VII, a distribution on 2/28/2018 in the amount of \$11,804.00
- Metropolitan Real Estate, a distribution on 3/1/2018 in the amount of \$19,775.55

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:

- Susan E. Stegeman; amount of transfer is \$5,812.68; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 2 years and 10 months of 3(8)(c) liability on a 12-month basis*)
- Sharon Belcher; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools

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:

- Virginia M. DeLuca; date of retirement is 1/29/2018 from the Town of Falmouth, Falmouth Public Schools

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

- Brendan K. Lynch; Conservation Agent, Town of Falmouth, Conservation Department, Group One; DOM 2/20/2018, 9% + 2%

Next, the board members considered the following requests to purchase prior service:

- Jennifer A. Woodward; Assistant Director, Town of Falmouth, Falmouth Public Library; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$2,071.25 (*upon completion of repayment, the Wellesley Retirement System will accept 9 months of 3(8)(c) liability*)
- John F. Doyle Jr.; Police Officer, Town of Falmouth, Police Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$198.63 (*upon completion of repayment, the Barnstable County Retirement System will accept 7 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.

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

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

- Patricia A. Favulli; Director of Assessing, Town of Falmouth, Finance Department, Group One; while reviewing paperwork, employee fell and injured her right shoulder, her back and her neck. Date of Injury 1/17/2018
- Gregory S. Geggatt; M.E.O. I, Town of Falmouth, D.P.W. Parks & Forestry Division, Group One; while getting out of the truck, employee injured his left shoulder. Date of Injury 1/19/2018
- Roy Charles Martinsen III; Deputy Director, Town of Falmouth, Marine & Environmental Services Department, Group One; while preparing to hold a press briefing, employee experienced a cardiac event due to the stress. Date of Injury 1/25/2018
- Nicholas O. McCavitt; Acquisitions Assistant, Town of Falmouth, Falmouth Public Library, Group One; while changing a toner cartridge, employee lost consciousness and fell. Date of Injury 1/27/2018
- Chad G. Pelletier; Crew Leader, Town of Falmouth, D.P.W. Parks & Forestry Division, Group One; while clearing brush with a bobcat, employee suffered blunt chest trauma. Date of Injury 2/15/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #12/2018 PERAC v. CRAB & others, SJC No. 12331 (February 13, 2018)
- PERAC memo #13/2018 Mandatory Ethics Training
- PERAC memo #14/2018 Interest Payments in Certain Situations

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of January, and he reviewed the plan results. Through the end of January, the plan's estimated market value was approximately \$147.5 million. Year-to-date, the plan is up 2.69% versus the policy benchmark which is up 2.18%. Compared to its policy benchmark, the domestic equity sector (up 4.13%) is doing well. RhumbLine Growth and Seizert Capital Partners are having a very good month. The international equity sector (up 5.38%) is ahead of its benchmark (up 5.04%) with all of the portfolio's international equity managers doing well. The domestic fixed income strategy (down 0.94%) is on par with its benchmark (down 0.96%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is down 0.08% 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 all are ahead of their benchmarks. 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 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 1.64% versus a benchmark that is up 2.23%. Lastly, the cash balance is approximately \$1.8 million. Wainwright Investment Counsel noted that "this is a decent beginning to a new year in the financial markets."

With regards to the need to issue R.F.P.'s for many of the investment managers due to the expiration of contracts in the coming year, the board members voted, last month, to issue R.F.P.'s for the mid-cap equity asset class and the large-cap equity asset class. Upon further review, it is the recommendation of Wainwright Investment Counsel to rescind the vote to issue an R.F.P. for the large-cap equity asset class and to issue an R.F.P. for the small-cap equity asset class. It was noted that the large-cap equity asset class is indexed and those contracts are valid for a few more years whereas the small-cap equity asset class is actively managed and the contracts will expire within the year. After some discussion, the board members entertained a motion to rescind the vote to issue an R.F.P. for the large-cap equity asset class and to issue an R.F.P. for the small-cap equity asset class.

Mr. O'Malley moved to rescind the vote to issue an R.F.P. for the large-cap equity asset class and to issue an R.F.P. for the small-cap equity asset class. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

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

Next, the Director 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.

Then, the Director noted for the board members some recent troubles with the office space. Due to the recent storms, the office was without power for three days during the week of March 12th. With the return of the power, a flood of the back storage area was soon discovered. The flood was quickly remediated, but a number of "bankers" boxes filled with documents as well as some other miscellaneous items have been damaged and will need to be disposed. After some discussion, the board members determined that the Director, with assistance from Attorney Poser, should send to the property owner a letter which outlines the various incidents to date and expresses the displeasure of the Falmouth Retirement Board.

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 2:30 p.m., the board members concluded the open session meeting.

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