

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, May 24, 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 March. Through the end of March, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,180,357.64 and disbursements in the amount of \$1,333,166.17. She noted that the fund balance in this cash account is \$14,807.77. Also, it was noted that the check sequence for the month of February began with check #8752 and ended with check #8796. There are no checks in this sequence that have not been accounted for through the month of March. In addition, the Director provided the board members with a review of the annual budget through Q1 2018 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. 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 April 19, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on April 19, 2018.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on April 19, 2018. Mr. O'Malley seconded the motion. Ms. Petit abstained, and all other board members present voted in the affirmative.

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

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|------------------|--------------|------------------|-------------|
| Warrant #19/2018 | \$941,378.35 | Warrant #20/2018 | \$ 6,534.40 |
| Warrant #21/2018 | \$ 6,534.40 | | |

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #19/2018 through #21/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #19/2018 through #21/2018. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- State Street Corporation, January 2018 custodial fee \$ 5,237.15
- State Street Corporation, February 2018 custodial fee \$ 5,101.93
- S.S.g.A. (CM3Y), 1st QTR 2018 management fee \$ 1,100.90
- S.S.g.A. (CME7), 1st QTR 2018 management fee \$ 178.59

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, all board members present voted in the affirmative.

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

- Metropolitan Real Estate, a distribution received on 4/24/2018 in the amount of \$27,191.38
- Lexington Capital Fund V, a distribution received on 4/27/2018 in the amount of \$19,152.00
- Lexington Capital Fund VII, a distribution received on 4/27/2018 in the amount of \$38,398.00
- Mesirow Financial, a distribution received on 5/10/2018 in the amount of \$15,000.00
- Siguler Guff & Company, a distribution received on 5/11/2018 in the amount of \$53,694.94

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:

- Deborah C. Packard; amount of refund is \$984.33; resignation from service with the Town of Falmouth, Office of the Town Manager
- Chad G. Pelletier; amount of refund is \$41,856.93; resignation from service with the Town of Falmouth, D.P.W. Parks & Forestry Division
- Chad J. Smith; amount of refund is \$9,023.69; resignation from service with the Town of Falmouth, Falmouth Public Schools
- William A. Hatch; amount of transfer is \$9,492.17; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 4 years and 2 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. 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:

- David W. Carignan; date of retirement is 4/7/2018 from the Town of Falmouth, Health Department

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

- Samantha L. Childs; Communications Officer, Town of Falmouth, Communications Department, Group One; DOM 5/7/2018, 9% + 2%
- Phyllis A. Downey; Administrative Assistant to the Town Manager, Town of Falmouth, Office of the Town Manager, Group One; DOM 5/16/2018, 9% + 2%

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

- Gregory B. Banwarth; Director, Town of Falmouth, Information Technology Department; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$52,100.58 (*upon completion of repayment, the State Board of Retirement will accept 3 years and 9 months of 3(8)(c) liability*)
- Lynn A. Richardson; Food Service Worker, 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 \$2,204.49
- Marjorie S. Sharpe; 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 \$923.33
- Daniel J. Murphy; Food Service Director, 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 \$141.67
- Daniel J. Murphy; Food Service Director, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$163,077.01 (*upon completion of repayment, the Falmouth Retirement System will accept 19 years and 7 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 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, 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 March, and Mr. Fabrizio reviewed the plan results. Through the end of March, the plan's estimated market value was approximately \$140.8 million. Year-to-date, the plan is down 0.71%. Compared to its policy benchmark, the domestic equity sector (down 1.08%) 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 0.01%) is ahead of its benchmark (down 1.18%) with HGK Trinity Street and LMCg Investments both on the positive side. The domestic fixed income strategy (down 1.38%) is on par with its benchmark (down 1.40%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is down 1.02% 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, 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 Hamilton Lane Secondary Fund IV are the largest investment for this sector within the portfolio. For the year, the P.R.I.T. Absolute Return Fund is up 0.11% versus a benchmark that is up 0.57%. Lastly, the cash balance is approximately \$0.5 million. Wainwright Investment Counsel noted that "this report continues to reflect a tough stretch in 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 had been issued for the mid-cap equity asset class and the small-cap equity asset class. However, an error was discovered and today, it is their recommendation that R.F.P.'s for the mid-cap equity asset class and the small-cap equity asset class be reissued. After some discussion, the board members entertained a motion to reissue the R.F.P.'s for the mid-cap equity asset class and the small-cap equity asset class.

Ms. Petit moved to reissue the R.F.P.'s for the mid-cap equity asset class and 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 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. This memo indicates that the C.O.L.A. that any system may grant for FY 2019

will be up to 3.0%. After some discussion, the board members entertained a motion to approve for FY 2019 a 3.0% cost-of-living adjustment on a retirement allowance. The C.O.L.A. will be calculated using a \$14,000.00 base.

Ms. Philbin moved to approve for FY 2019 a 3.0% cost-of-living adjustment on a retirement allowance. The C.O.L.A. will be calculated using a \$14,000.00 base. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then discussed the appointment of the Fifth Member to the Falmouth Retirement Board. Ellen K. Philbin is the only nominee to submit qualifications to the board members to fulfill a three-year term as the Fifth Member to the Falmouth Retirement Board. Thus, the board members entertained a motion to re-appoint Ellen K. Philbin to the position of the Fifth Member to the Falmouth Retirement Board. Her term will commence on July 1, 2018 and run through the date of expiration on June 30, 2021.

Mr. O'Malley moved to re-appoint Ellen K. Philbin to the position of the Fifth Member to the Falmouth Retirement Board. Her term will commence on July 1, 2018 and run through the date of expiration on June 30, 2021. Ms. Petit seconded the motion. Ms. Philbin abstained, and all other board members present voted in the affirmative.

Next, 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. In case CR-15-677, *Kevin Murphy v. Falmouth Retirement Board*, a joint pre-hearing memorandum and exhibits have been submitted and the two parties are awaiting a hearing date. With regards to CR-16-288, *Karen Kraus v. Falmouth Retirement System*, the Division of Administrative Law Appeals (D.A.L.A.) affirmed the decision of the Falmouth Retirement Board. Ms. Kraus did timely file an appeal to the Contributory Retirement Appeal Board (C.R.A.B.); however, she has withdrawn her appeal and has since requested an *Application for Withdrawal of Accumulated Total Deductions*.

Then, the Director 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. In addition, he distributed to the board members the latest preliminary agenda. It was noted that certain sessions have been approved by P.E.R.A.C. for board member C.E.U. training credits.

Lastly, the board members reviewed other relative correspondence.

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.

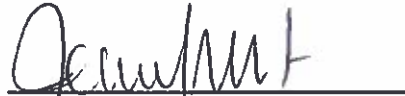
At approximately 2:30 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, June 21, 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