

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

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; Craig B. O'Malley and Paul J. Slivinski

Board members in absence: Jennifer P. Petit

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. It was noted that the Town Treasurer, Patricia O'Connell, was not able to join the meeting so the monthly report from the Office of the Town Treasurer was tabled.

The board members then reviewed the meeting minutes of the open session meeting that was held on September 20, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on September 20, 2018.

Mr. Slivinski moved to approve the meeting minutes of the open session meeting that was held on September 20, 2018. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the meeting minutes of the open session meeting that was held on October 18, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on October 18, 2018.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on October 18, 2018. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

Warrant #38/2018	\$968,762.81	Warrant #39/2018	\$ 6,866.40
Warrant #40/2018	\$100,514.33		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #38/2018 through #40/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #38/2018 through #40/2018. Mr. Slivinski seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the payments of the following investment fees:

- S.S.g.A. (CM3Y), 3rd QTR 2018 management fee \$ 1,121.63
- S.S.g.A. (CME7), 3rd QTR 2018 management fee \$ 580.83

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. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- Hamilton Lane Secondary Fund IV, a capital call payable on 9/28/2018 in the amount of \$5,885.00
- Hamilton Lane Secondary Fund IV, a capital call payable on 11/1/2018 in the amount of \$104,571.00
- PRIT Private Equity Fund VY 2018, a capital call payable on 11/1/2018 in the amount of \$72,031.16

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

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

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

- Hamilton Lane Secondary Fund IV, a distribution received on 9/28/2018 in the amount of \$5,885.00
- Mesirow Financial Partnership Fund IV, a distribution received on 10/30/2018 in the amount of \$37,500.00
- Lexington Capital Partners Fund V, a distribution received on 10/31/2018 in the amount of \$4,033.00
- Lexington Capital Partners Fund VII, a distribution received on 10/31/2018 in the amount of \$26,945.00

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:

- Norman G. Adamson Jr.; amount of refund is \$17.47; deductions taken in error by the Town of Falmouth, Police Department

- Allison V. Van de Graaf; amount of refund is \$540.44; resignation from service with the Town of Falmouth, Inspectional Services Department
- Casey F. Skaggs; amount of transfer is \$36,533.31; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Rachel J. Bento-Cunha; amount of transfer is \$47,792.04; resignation from service with 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. Mr. Slivinski 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:

- Richard B. Perkins Jr.; date of retirement is 9/25/2018 from the Town of Falmouth, D.P.W. Water Division; Group One

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

- Darlene M. DeLancey; Administrative Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/1/2018, 9% + 2%
- Ella J. Amaral Lavoie; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/15/2018, 9% + 2%
- Marisol C. Diou; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/15/2018, 9% + 2%
- Diane Delauter; Clinical Social Worker, Town of Falmouth, Human Services Department, Group One; DOM 10/24/2018, 9% + 2%
- Lauren N. Boffoli; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/30/2018, 9% + 2%
- Patrick J. Scrima; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; DOM 11/5/2018, 9% + 2%
- Devin G. Massarsky; Wastewater Plant Operator II, Town of Falmouth, D.P.W. Wastewater Division, Group One; DOM 11/5/2018, 9% + 2%
- Daniel J. Leonard; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; DOM 11/6/2018, 9% + 2%

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

- Cynthia L. Crista; 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 \$1,743.66
- Heather M. Colbath; 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 \$657.50
- Joseph R. Foley; Communications Officer, Town of Falmouth, Communications Department; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$685.78
- Nicole F. Licciardi; 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 \$1,080.49
- Robin J. Provost; Teacher Aide, 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 \$1,953.68
- John T. Damiano; Maintenance Worker, Town of Falmouth, Falmouth Housing Authority; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$2,113.51
- Mathew T. Vezina; Water Plant Operator, Town of Falmouth, D.P.W. Wastewater Division; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$12,582.79 *(upon completion of repayment, the Taunton Retirement System will accept 1 year and 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.
Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- Kathleen A. Kelley; Teacher Aide, Town of Falmouth, Falmouth Public Schools, Group One; while sitting on the floor and working with a child, employee was stepped on and injured. Date of Injury 9/13/2018
- Sandra J. Licciardi; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; while using the deli slicer, employee was injured. Date of Injury 9/17/2018
- Valerie A. Saffron; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while working with a student, employee was struck and injured. Date of Injury 10/4/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #31/2018
- PERAC memo #32/2018

Disclosure of Compensation
Procurement

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer introduced Francesco Daniele of the P.R.I.M. Board so that he could give a brief presentation on their hedge fund portfolio, their core real estate portfolio and their private equity portfolio as part of P.E.R.A.C.'s annual investment manager review. Mr. Daniele began with some market commentary. He noted that the recent U.S. elections do not appear to have slowed the administration and its protectionist measures. The administration has not openly discussed infrastructure spending, but rather, continues to talk about the rising chance of a government shutdown. Additionally, the Fed has "penciled in" one more rate increase for 2018, and it is looking at three increases for 2019. The most recent volatility data had spiked to 28% in October which, since the global financial crisis, was the third worst month. On the positive side, the U.S. GDP has increased at an annual rate of 3.5% with rising inflation and increased wages. All in all, the U.S. economy seems to be strong and showing some signs that the tax plan has provided some stimulus. Some believe that current spending has increased out of fear that future prices will rise due to the escalating global trade tensions. Tariffs will be an added pressure on global growth. Then, he discussed their current asset allocation, their oversight & staffing, their core fund facts, and their key P.R.I.M. initiatives. He reviewed their board membership and their committee membership. In addition, he provided a brief organizational update. He discussed at length their hedge fund portfolio, their core real estate portfolio and their private equity portfolio. As of September 30, 2018, the Falmouth Retirement System had a total investment in the P.R.I.T. funds with a market value of approximately \$18.9 million. After some additional discussion with the board members, Mr. Daniele exited the meeting.

Next, Andrew Jacobs of Metropolitan Real Estate Partners joined the meeting by telephone so that he could give a brief presentation on their Distressed Co-Investment Fund as part of the required P.E.R.A.C. annual review of investment managers. Mr. Jacobs began by reminding the board members that now they are part of the Carlyle Solutions Group, a segment of the Carlyle Group, which is a multi-manager platform of different alternative asset classes. His firm is the private real estate component of that platform. Metropolitan Real Estate Partners is able to make independent investment decisions with the benefit of access to the many resources of the Carlyle Group. He noted for the board members that their senior investment team has, for the most part, remained the same, and that they will continue to act autonomously. He noted some global real estate market trends and discussed some investment themes or strategies that they believe will benefit from these market trends. In terms of this fund, 97% of the capital has been called while 139% in cumulative distributions have been returned to their investors through the end of Q2 2018. He provided the board members with a partnership summary of the fund including the performance and the projected net cash flow timing. In closing, it was noted that the fund seems to be doing very well, and that they expect to liquidate the fund in the next 12 months. After some additional discussion with the board members, Mr. Jacobs ended his telephone call with the board members.

Mr. Dwyer then distributed to the board members the performance summary report for the month of September, and Mr. Fabrizio reviewed the plan results. Through the end of September, the plan's estimated market value was approximately \$149.2 million. Year-to-date, the plan is up 2.87% versus a total plan policy that is up 4.66%. Compared to its policy benchmark, the domestic equity sector (up 6.98%) is doing OK. All of the funds in this sector have positive returns for the year. The international equity sector (down 3.74%) is behind its benchmark (down 1.58%) with none of the international equity funds on the positive side of the benchmark. The domestic fixed income strategy (down 1.15%) is on par with its benchmark (down 1.17%) which is to be expected as these investments are indexed. Year-to-date, the performance of the real estate sector is up 4.15% versus a benchmark that is up 5.27%. 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 ahead of their benchmarks. Due to the nature of the investments within the private equity sector which are stated with a lag, this sector is estimated to be up 8.68% versus a benchmark that is up 11.62%. At this time, the Lexington Capital Fund VII and the Hamilton Lane Secondary Fund IV are the two largest investments for the private equity sector within this portfolio. Hamilton Lane Secondary Fund IV is the only private equity fund ahead of its benchmark. For the year, the P.R.I.T. Absolute Return Fund is up 2.04% versus a benchmark that is up 0.99%. Lastly, the cash balance is approximately \$6.4 million. Wainwright Investment Counsel noted that "this monthly performance report reflects a positive performance from both the domestic equity and real estate sectors" and that they are "comfortable with this portfolio."

Then, Mr. Dwyer noted that an R.F.P. for the fixed income asset class has been posted, and depending on the number of responses, they hope to have the initial evaluations completed for the December or January board meeting.

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

The Director then outlined for the board members the planned timeline to liquidate existing investment manager relationships and fund new investment manager relationships as well as to convert the custodial banking relationship from State Street Bank to People's United Bank. After some additional discussion, the board members entertained a motion to utilize a corporate STIF account through People's United Bank.

Mr. Slivinski moved to utilize a corporate STIF account through People's United Bank.

Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

Next, Attorney Poser 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 a hearing was held on October 16, 2018. Written closing arguments are expected to be submitted in the December or January timeframe.

Then, the Director reviewed with the board members the "highly advantageous" R.F.P. response from Attorney Nicholas Poser to provide legal services on behalf of the Falmouth Retirement

Board. It was noted that, at their last board meeting, the board members had voted to invite to this board meeting Attorney Poser, the incumbent, so that he could present his law practice to them. The board members then proceeded to ask a number of questions of Attorney Poser. Upon the completion of their interview, Mr. Poser exited the board meeting. After some additional discussion, the board members entertained a motion to rehire the Law Office of Nicholas Poser to attend all of the board meetings and to provide legal services on behalf of the Falmouth Retirement Board.

Mr. Slivinski moved to rehire the Law Office of Nicholas Poser to attend all of the board meetings and to provide legal services on behalf of the Falmouth Retirement Board. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

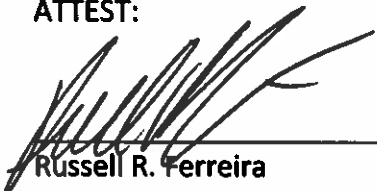
Finally, having no additional business to discuss, the Chairman asked for a motion to adjourn the open session meeting.

Mr. O'Malley moved to adjourn the open session meeting. Mr. Slivinski seconded the motion, all board members present voted in the affirmative.

At approximately 3:20 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 11:00 a.m. on Tuesday, December 18, 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



Paul J. Slivinski
Appointed Member



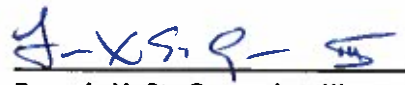
Ellen K. Philbin
Vice Chairman, Fifth Member

ABSENT

Jennifer P. Petit
Ex-Officio Member



Craig B. O'Malley
Elected Member



Francis X. St. Germaine III
Director