

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, February 21, 2019

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

Board members in absence: Jennifer P. Petit and Paul J. Slivinski

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 December. Through the end of December, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,060,288.87 and disbursements in the amount of \$809,663.47. She noted that the fund balance in this cash account is \$288,678.33. Also, it was noted that the check sequence for the month of December began with check #9163 and ended with check #9199. There are no checks in this sequence that have not been accounted for through the month of December. 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.

Mr. O'Malley moved to accept the report from the Office of the Treasurer. Ms. Philbin 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 January 24, 2019. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on January 24, 2019.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on January 24, 2019. Mr. Ferreira seconded the motion. Ms. Philbin abstained, all other board members present voted in the affirmative.

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

Warrant #03/2019	\$980,434.47	Warrant #04/2019	\$ 6,866.40
Warrant #05/2019	\$215,649.66		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #03/2019 through #05/2019.

Ms. Philbin moved to approve the payments, as noted, of warrants #03/2019 through #05/2019. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- People's United Bank, December 2018 custodial fee \$ 3,904.10
- Earnest Partners, 4th QTR 2018 management fee \$ 39,225.89
- S.S.g.A. (CM3Y), 4th QTR 2018 management fee \$ 1,093.06
- S.S.g.A. (CME7), 4th QTR 2018 management fee \$ 950.62

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 payment of capital calls to investment managers:

- PRIT Private Equity Fund VY 2018, a capital call payable on 2/1/2019 in the amount of \$54,388.14

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. 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 Partners Fund V, a distribution received on 1/31/2019 in the amount of \$1,008.00
- Lexington Capital Partners Fund VII, a distribution received on 1/31/2019 in the amount of \$32,790.00

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:

- Diane A. Duarte; amount of refund is \$67.22; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Ryan J. Brasil; amount of refund is \$10,033.78; resignation from service with the Town of Falmouth, Falmouth Public Schools

- Jennifer M. Plasse; amount of refund is \$369.83; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Jay T. Konyn; amount of refund is \$7,495.64; resignation from service with the Town of Falmouth, Police 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. Mr. O'Malley 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:

- Paul R. Forsberg; date of retirement is 1/26/2019 from the Town of Falmouth, Fire Rescue Department; Group Four

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

- Zona M. Anderson; Bus Driver, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/9/2018, 9% + 2%
- Sharon A. Melghem; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/26/2018, 9% + 2%
- Bridget M. Parece; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 1/2/2019, 9% + 2%
- Caitlin E. Sterner; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 1/2/2019, 9% + 2%
- Lindsey E. Demers; Senior Assistant Manager, Town of Falmouth, Recreation Department, Group One; DOM 1/7/2019, 9% + 2%
- Noreen H. Stockman; Zoning Administrator, Town of Falmouth, Zoning Board of Appeals, Group One; DOM 1/7/2019, 9% + 2%
- Alan M. Hoover; Property Lister, Town of Falmouth, Finance Department, Group One; DOM 1/12/2019, 9% + 2%
- Anthony J. Bennett; Program Director, Town of Falmouth, Recreation Department, Group One; DOM 1/22/2019, 9% + 2%
- Faith B. Marion; Administrative Clerk, Town of Falmouth, Inspectional Services Department, Group One; DOM 2/4/2019, 9% + 2%

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

- Julie A. Matta; Special Education 1:1 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 \$1,354.64
- Sharon A. Melghem; Bus 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 \$2,325.09
- Zona M. Anderson; Bus Driver, 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 \$491.38
- Lisa H. Donovan; Library Assistant, Town of Falmouth, Falmouth Public Library; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,302.72
- Debra A. Anderson; Bus Aide, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$39,029.17

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:

- Michael C. Zuniga; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while lifting the stretcher with a patient into the ambulance, employee was injured. Date of Injury 1/4/2019
- Steven P. Bush; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while lifting a patient, employee was injured. Date of Injury 1/9/2019
- Ursala G. Bohnenberger; Special Education Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while using safety care on a student, employee was injured. Date of Injury 1/28/2019
- Chad A. Leighton; Police Officer, Town of Falmouth, Police Department, Group Four; while checking on a suspicious person at Teaticket Park, employee was injured. Date of Injury 2/5/2019
- Brandon M. Freitas; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while transferring a patient from a stair chair to a stretcher, employee was injured. Date of Injury 2/9/2019

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #7/2019 Buyback and Make-up Repayment Worksheets

- PERAC memo #8/2019
 - PERAC memo #9/2019
 - PERAC memo #10/2019
 - PERAC memo #11/2019
- 2019 Interest Rate set at 0.1%
 - Accounting Changes
 - Administrative Reminders
 - Workers' Compensation Date Match in PROSPER

Also, the board members reviewed other relative correspondence.

Next, the Director reminded the board members that three R.F.P. responses to provide investment consultant services on behalf of the Falmouth Retirement Board had been received and that, currently, there is a "quiet period". The responses received were from Dahab Associates, Fiduciary Investment Advisors, and Wainwright Investment Counsel. All three responses were determined to be "highly advantageous" and the board members had voted to invite to their February board meeting all three of the respondents so that they could present their firm and their services to the Falmouth Retirement Board. Today, both Fiduciary Investment Advisors and Wainwright Investment Counsel are here to present. Dahab Associates is unable to send a representative to today's meeting but they did provide a "hand-out" which was provided to the board members.

The first investment consultant to join the meeting and present was Anthony Tranghese of Fiduciary Investment Advisors. To begin, Mr. Tranghese verified their understanding of the structure of the Falmouth Retirement System. He then provided the board members with an overview of their firm. FIA is an employee-owned, fee-only fiduciary advisor with approximately \$80 billion in assets under management. He noted that the firm is completely independent with zero conflicts of interest....there are no product sales or ancillary business lines. Their firm has significant experience with pension sponsors across a variety of risk profiles and client satisfaction is the primary focus of their firm. As reference, he noted the Massachusetts public retirement systems with which they are currently working. In some detail, he discussed their dedicated service team and their consulting services / process. Lastly, he discussed their investment consulting fees. After some additional discussion with the board members, Mr. Tranghese exited the board meeting.

Next to join the meeting and present was the incumbent, Michael Dwyer and Jeffrey Fabrizio, of Wainwright Investment Counsel. Mr. Dwyer began with a brief discussion about Wainwright Investment Counsel and their history. He noted that their roots date back to 1868 when they were a division of H.C. Wainwright. Today, they are an independent, privately held and employee-controlled SEC registered investment advisory firm with approximately \$3.6 billion in assets under management for both individual and institutional clients. He highlighted the depth of experience of their team. Mr. Fabrizio discussed their investment advisory services including their philosophy and their due diligence. In detail, he reviewed their client service process. After some additional discussion with the board members, Mr. Dwyer and Mr. Fabrizio concluded their presentation with regards to their R.F.P. response for investment consulting services.

Then, Mr. Dwyer distributed to the board members the performance summary report for the month of December, and Mr. Fabrizio reviewed the plan results. Through the end of December,

the plan's estimated market value was approximately \$133.7 million. Year-to-date, the plan is down 6.34% versus a total plan policy that is down 4.85%. Compared to its policy benchmark, the domestic equity sector (down 10.30%) has been hit pretty hard. The RhumbLine Russell 1000 Growth seems to be the strength of this sector for the year. The international equity sector (down 17.01%) is below its benchmark (down 14.61%) with not one of the funds providing a better performance than its benchmark. The domestic fixed income strategy (down 0.22%) is on par with its benchmark (down 0.41%) which is to be expected as these investments are indexed. Year-to-date, the performance of the real estate sector is up 2.31% versus a benchmark that is up 6.72%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and Principal is the only real estate investment currently ahead of its benchmark. 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 12.21% versus a benchmark that is up 8.22%. 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. Both investments appear to be well ahead of their benchmark. For the year, the P.R.I.T. Absolute Return Fund is down 1.56% versus a benchmark that is down 4.09%. Lastly, the cash balance is approximately \$3.7 million. Wainwright Investment Counsel noted that "this has been a very poor performing month and a tough way for the markets to end the year, but in 2019, we will watch for areas of improvement within the markets."

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

Once Mr. Dwyer and Mr. Fabrizio had exited the board meeting, the board members considered the two presentations from these "highly advantageous" respondents that were just discussed. After some discussion, the board members entertained a motion to renew the existing relationship with Wainwright Investment Counsel to provide their investment consulting services.

Ms. Philbin moved to renew the existing relationship with Wainwright Investment Counsel to provide their investment consulting services. 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 were submitted and a hearing was held on October 16, 2018. He noted that, earlier this week, the written closing argument had been submitted on behalf of the Falmouth Retirement Board.


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

At approximately 3:15 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, March 28, 2019 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

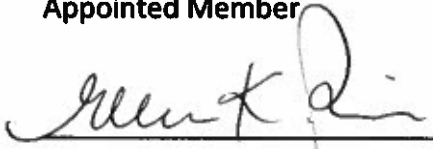
ATTEST:



Russell R. Ferreira
Chairman, Elected Member

ABSENT

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