

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, July 18, 2019

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; Jennifer P. Mullen (formerly Petit); and Craig B. O'Malley

Board members in absence: Paul J. Slivinski

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 May. Through the end of May, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,123,174.67 and a statement balance in the amount of \$106,776.36. She noted that the month-end fund balance is \$21,018.35 with outstanding checks for the month in the amount of \$85,758.01. In addition, it was noted that the check sequence for the month of May began with check #9366 and ended with check #9411. There are no checks in this sequence that have not been accounted for through the month of May. 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. Mullen 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 June 20, 2019. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on June 20, 2019.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on June 20, 2019. 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 #21/2019	\$ 7,116.40	Warrant #22/2019	\$1,002,630.78
Warrant #23/2019	\$ 7,039.60	Warrant #24/2019	\$ 63,055.11

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #21/2019 through #24/2019.

Ms. Philbin moved to approve the payments, as noted, of warrants #21/2019 through #24/2019. Mr. O'Malley seconded the motion, all board members present voted in the affirmative.

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

- People’s United Bank, May 2019 custodial fee \$ 3,476.09
- Wainwright Investment Counsel, 2nd QTR 2019 consultant fee \$ 27,500.00
- Seizert Capital Partners, 1st QTR 2019 management fee \$ 5,457.00
- RhumbLine Advisers (Growth), 2nd QTR 2019 management fee \$ 871.00
- RhumbLine Advisers (S&P 400), 2nd QTR 2019 management fee \$ 496.00
- RhumbLine Advisers (Value), 2nd QTR 2019 management fee \$ 975.00
- RhumbLine Advisers (S&P 600), 2nd QTR 2019 management fee \$ 478.00
- S.S.g.A. (CM3Y), 2nd QTR 2019 management fee \$ 1,180.54
- S.S.g.A. (CME7), 2nd QTR 2019 management fee \$ 1,175.62

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

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

The board members then reviewed the following payments of capital calls to investment managers:

- PRIT Private Equity Fund VY2018, a capital call payable on 7/1/2019 in the amount of \$96,582.14
- Hamilton Lane Secondary Fund IV, a capital call payable on 7/2/2019 in the amount of \$504,296.00
- TerraCap Partners Fund IV, a capital call payable on 7/3/2019 in the amount of \$5,353,627.30

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

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

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

- Mesirow Financial Fund IV, a distribution on 6/25/2019 in the amount of \$16,500.00
- Metropolitan Real Estate, a distribution on 7/2/2019 in the amount of \$8,432.89

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:

- Carole J. Cantwell; amount of refund is \$1,156.71; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth Retirement System will accept 5 months of 3(8)(c) liability on a 12-month basis*)
- William R. Lamb; amount of refund is \$11,760.48; resignation from service with the Town of Falmouth, Planning Department (*with this refund, the Falmouth Retirement System will accept 4 years and 4 months of 3(8)(c) liability on a 12-month basis*)
- Alyssa A. Marcoux; amount of transfer is \$8,379.10; resignation from service with the Town of Falmouth, Fire Rescue Department (*with this transfer, the Falmouth Retirement System will accept 1 year and 5 months of 3(8)(c) liability on a 12-month basis*)
- Olive J. Fitzpatrick; amount of rollover is \$36,040.81; resignation from service with the Town of Falmouth, Inspectional Services Department (*with this rollover, the Falmouth Retirement System will accept 7 years and 1 month 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. Mullen seconded the motion, all board members present voted in the affirmative.

The board members then noted the following members retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Kathleen M. Barrett; date of retirement is 5/1/2019 from the Town of Falmouth, Council on Aging; Group One
- Kathryn S. Andersen; date of retirement is 6/18/2019 from the Town of Falmouth, Falmouth Public Schools; Group One
- Marjorie S. Sharpe; date of retirement is 6/18/2019 from the Town of Falmouth, Falmouth Public Schools; Group One
- Sharon Belcher; date of retirement is 6/18/2019 from the Town of Falmouth, Falmouth Public Schools; Group One

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

- Christopher A. Campbell; Communications Administrator, Town of Falmouth, Communications Center, Group One; DOM 6/24/2019, 9% + 2%
- Bethany L. Gay; Coordinated Family & Community Engagement Coordinator, Town of Falmouth, Falmouth Public Schools, Group One; DOM 7/1/2019, 8% + 2%
- Leigh-Ellen Ferreira; Community School Coordinator, Town of Falmouth, Falmouth Public Schools, Group One; DOM 7/1/2019, 9% + 2%

- Lauren E. Haddad; Outreach Coordinator, Town of Falmouth, Council on Aging, Group One; DOM 7/8/2019, 9% + 2%
- Christopher E. Alves; Police Officer, Town of Falmouth, Police Department, Group Four; DOM 7/8/2019, 9% + 2%

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

- Beth E. Juare; 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 \$1,454.27

After some discussion, the board members entertained a motion to approve, as noted, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System.

Ms. Philbin moved to approve, as noted, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System.

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

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

- Allen Rivera; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while treating a patient in the ambulance, employee was injured.
Date of Injury 6/7/2019
- Jeffrey A. Meau Jr.; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while treating a patient from an accident scene, employee was injured.
Date of Injury 6/7/2019
- Damian D. Boyar; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while treating a patient from an accident scene, employee was injured.
Date of Injury 6/7/2019
- Patrick W. Friel; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while treating a patient from an accident scene, employee was injured.
Date of Injury 6/7/2019
- Michael C. Rogers; Police Officer, Town of Falmouth, Police Department, Group Four; while ascending the stairwell at the rear of the police station, employee fell and was injured. Date of Injury 6/14/2019
- Casey D. Ferraira; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while carrying a patient down an exterior stairway, employee was injured.
Date of Injury 6/16/2019
- Thomas J. Gallagher; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while putting stripper on a waxed floor, employee was injured.
Date of Injury 6/24/2019

Next, the board members reviewed the following correspondence from PERAC:

- PERAC memo #18/2019
- PERAC memo #19/2019

Audits
Mandatory Retirement Board Member
Training – 3rd Quarter 2019

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 May, and Mr. Fabrizio reviewed the plan results. Through the end of May, the plan's estimated market value was approximately \$138.7 million. Year-to-date, the plan is up 6.70% versus the policy benchmark which is up 6.60%. Compared to its policy benchmark (up 9.84%), the domestic equity sector (up 8.63%) is behind. Still, many of the funds in this sector are having a solid year. The international equity sector (up 7.20%) is a bit behind its benchmark (up 7.71%) with HGK Trinity Street being the only fund in this sector to be ahead of its benchmark. The domestic fixed income strategy (up 5.07%) is relatively on par with its benchmark (up 5.13%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is up 7.87% versus a benchmark that is up 1.80%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio with Dimensional Fund Advisors being the one fund to produce double digit returns. 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 2.24% versus a benchmark that is at 0.00%. At this time, Lexington Capital Fund VII and Hamilton Lane Secondary Fund IV 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 3.57% versus a benchmark that is up 4.50%. Lastly, the cash balance is approximately \$1.9 million. Wainwright Investment Counsel noted that "it has been a difficult month with the markets, but they are still very pleased with the portfolio."

Mr. Dwyer next provided the board members with two items for their review and consideration at the next board meeting:

- a proposed rebalancing of the investment portfolio
- a proposed draft of the investment policy statement

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 by telephone to discuss with the board members the 2018 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 good audit, and they did not find any material deficiencies. Still, he did note a sharp drop from the system's prior year actuarial funded status. This decrease was attributed to a number of factors including a 0.25% decrease in the system's investment

return assumption as well as a \$10.7 million decrease in the system's year-over-year fiduciary net position. However, he did emphasize that the system's investment losses occurred in the fourth calendar quarter, and that prior to Q4 2018, the markets were on track to meet or exceed the system's targeted annual investment return. Additionally, it was noted that, by March 31, 2019, the system had recouped all of its prior calendar year investment losses. After some discussion, Mr. Volpicelli ended his telephone call and the board members entertained a motion to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2018 that was conducted by the auditing firm of Roselli, Clark and Associates.

Ms. Mullen moved to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2018 that was conducted by the auditing firm of Roselli, Clark and Associates. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

The Director then noted that there is nothing new to report in the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. The written closing argument has been submitted on behalf of the Falmouth Retirement Board, and now, we are awaiting the decision from the magistrate.

Next, the Director provided the board members with two recent newspaper articles. Both articles were about the Board of Selectmen supporting special legislation to be filed by the Governor for "fast-tracked early disability retirement" of the two Falmouth police officers who were shot while responding to a call last July.

Then, the board members discussed the need to change due to conflicts the current dates for both the September and the October board meetings. The proposed dates for these two board meetings are Thursday, September 19th and Thursday, October 17th. After some discussion, the board members entertained a motion to change the upcoming board meeting dates to September 19th and October 17th.

Ms. Mullen moved to change the upcoming board meeting dates to September 19th and October 17th. Mr. O'Malley 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. Ms. Mullen seconded the motion, all board members present voted in the affirmative.

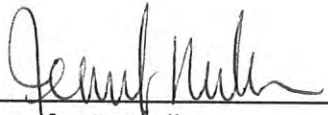
At approximately 2:55 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, August 22, 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




Jennifer P. Mullen
Ex-Officio Member

ABSENT


Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director