

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, October 17, 2019

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman (by telephone); Jennifer P. Mullen; Craig B. O'Malley and 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 he noted for all that Ms. Philbin's current geographic location makes her physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that her remote participation is permissible. Then, the Town Treasurer, Patricia O'Connell, joined the meeting, and she reviewed for the board members the monthly reconciliation of the cash account for the month of August. Through the end of August, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,038,645.68 and a statement balance in the amount of \$175,988.60. She noted that the month-end fund balance is \$133,521.44 with outstanding checks for the month in the amount of \$42,467.16. In addition, it was noted that the check sequence for the month of August began with check #9486 and ended with check #9530. There are no checks in this sequence that have not been accounted for through the month of August. 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. Slivinski moved to accept the report from the Office of the Treasurer. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

The board members then reviewed the payments of the following warrants:

Warrant #32/2019	\$1,014,358.36	Warrant #33/2019	\$ 5,718.80
Warrant #34/2019	\$ 10,656.47		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #32/2019 through #34/2019.

Mr. O'Malley moved to approve the payments, as noted, of warrants #32/2019 through #34/2019. Ms. Philbin seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
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Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

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

- Wainwright Investment Counsel, 3rd QTR 2019 consultant fee \$ 27,500.00
- People's United Bank, August 2019 custodial fee \$ 3,653.95
- RhumbLine Advisers (Growth), 3rd QTR 2019 management fee \$ 906.00
- RhumbLine Advisers (S&P 400), 3rd QTR 2019 management fee \$ 503.00
- RhumbLine Advisers (Value), 3rd QTR 2019 management fee \$ 998.00
- RhumbLine Advisers (S&P 600), 3rd QTR 2019 management fee \$ 482.00

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. Mullen seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

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

- Hamilton Lane Secondary Fund IV, a capital call payable on 10/24/2019 in the amount of \$450,887.00

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

Mr. O'Malley moved to approve the payment, as noted, of the above-mentioned capital call. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

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

- Mesirow Financial Fund IV, a distribution received on 9/25/2019 in the amount of \$22,500.00
- PRIT Private Equity Fund VY 2018, a distribution received on 10/1/2019 in the amount of \$3,134.40

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

- Pedro L. Morales-Alvarez; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/9/2019, 9% + 2%
- Christine R. Tirrell; Senior Records Clerk, Town of Falmouth, Police Department, Group One; DOM 9/16/2019, 9% + 2%
- Kevin M. Newton; Conservation Agent, Town of Falmouth, Conservation Department, Group One; DOM 9/23/2019, 9% + 2%

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

- Shaughnessy F. Aiyelari; 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 \$817.29
- Leigh-Ellen Ferreira; Community School Coordinator, 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 \$2,027.49
- Emily M. Schlesinger; 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 \$378.54
- Miguel A. Braga; Custodian, 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 \$496.80
- Kevin M. Newton; Conservation Agent, Town of Falmouth, Conservation Department; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,679.05

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

Ms. Mullen seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES

Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

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

- Edward A. Dunne; Chief of Police, Town of Falmouth, Police Department, Group Four; while responding to an emergency at the department, employee was injured. Date of Injury 9/4/2019
- Eryn N. Lokerson; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while exiting the door of A32, employee fell and was injured. Date of Injury 9/22/2019
- Roger S. Dutra Jr.; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while loading a table onto a metal cart, employee was injured. Date of Injury 9/30/2019
- Sean B. Buckley; M.E.O. III, Town of Falmouth, D.P.W. Water Division, Group One; while going down some basement stairs to replace a meter, employee was injured. Date of Injury 10/1/2019
- Michael D. Darmon; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; while vacuuming the floor, employee tripped and was injured. Date of Injury 10/2/2019
- Michael J. Andrews; Laborer, Town of Falmouth, D.P.W. Parks and Forestry Division, Group One; while holding a wrench with a co-worker, employee was injured. Date of Injury 10/8/2019

The board members then reviewed the following correspondence from PERAC:

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| • PERAC memo #22/2019 | Tobacco Company List |
| • PERAC memo #23/2019 | Mandatory Retirement Board Member Training – 4 th Quarter 2019 |
| • PERAC memo #24/2019 | Appropriation Data Due October 31, 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 August, and Mr. Fabrizio reviewed the plan results. Through the end of August, the plan's estimated market value was approximately \$149.3 million. Year-to-date, the plan is up 10.11% versus the policy benchmark which is up 10.26%. Compared to its policy benchmark (up 14.49%), the domestic equity sector (up 13.12%) is behind. Still, all of the funds in this sector are having a very respectable year. The international equity sector (up 7.83%) is trailing its benchmark (up 9.53%) with all of the funds in this sector not quite able to keep pace with their respective benchmarks. The domestic fixed income strategy (up 9.33%) is relatively on par with its benchmark (up 9.35%) which is to be expected as the majority of these investments are indexed. The performance of the real estate sector, year-to-date, is up 10.84% versus a

benchmark that is up 3.34%. At the moment, Principal, P.R.I.T. and TerraCap Partners are the largest real estate investments within the portfolio while Dimensional Fund Advisors is the one investment that seems to be providing the highest positive return. Due to the nature of the investments within the private equity sector, these returns are stated with a lag; however, the private equity sector is estimated to be up 4.07% versus a benchmark that is up 5.54%. At this time, Lexington Capital Fund VII and Hamilton Lane Secondary Fund IV are the two largest investments for this sector within the portfolio. But, Mesirow Financial and Hamilton Lane are the two private equity funds within the portfolio with the best positive returns for the period. For the year, the P.R.I.T. Absolute Return Fund is up 6.50% versus a benchmark that is up 5.85%. Lastly, the cash balance is approximately \$6.9 million. Wainwright Investment Counsel noted that "they are pleased with the performance of the portfolio for the year, but we would all like to see four strong months of performance to finish the year."

Mr. Dwyer and Mr. Fabrizio then discussed with the board members a proposed rebalance of the investment portfolio which would provide approximately \$2.3 million in cash to cover the retiree payroll through the end of the year. The recommendation is that the Falmouth Retirement System rebalance the portfolio by liquidating to cash from the following:

- \$400,000.00 from the RhumbLine Advisers Russell 1000 Value Pooled Index Fund
- \$910,000.00 from the RhumbLine Advisers Russell 1000 Growth Pooled Index Fund
- \$990,000.00 or the remaining balance from the D.F.A. Global Real Estate Fund

After some discussion, the board members entertained a motion to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined.

Mr. Slivinski moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

Next, Radhika Cobb of Metropolitan Real Estate Partners joined the meeting by telephone so that she 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. Ms. Cobb 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. Her 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. She noted for the board members that their team has a deep bench of investment professionals that continue to act autonomously. She noted their consistent track record of outperforming the benchmarks across all strategies. In terms of their Distressed Co-Investment

Fund, 97% of the capital has been called while, through the end of Q2 2019, 139% in cumulative distributions have been returned to their investors. She 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. Minor exposures remain, and this fund is nearing the end of its program. They expect to fully liquidate the fund sometime during Q1 2020. After some additional discussion with the board members, Ms. Cobb ended her telephone call with the board members.

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

The Director then provided each of the board members with a hard copy of the Summary of the Conflict of Interest Law for Municipal Employees. The Director had each of them provide written acknowledgement that this document had been received.

Next, the Director 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.

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. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman	YES
Jennifer P. Mullen	YES
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

At approximately 2:35 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, November 21, 2019 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

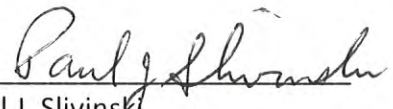
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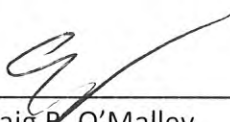
Russell R. Ferreira
Chairman, Elected Member



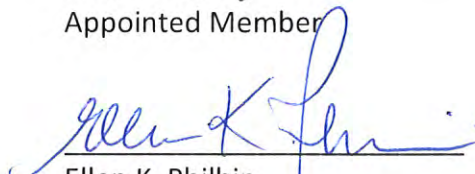
Jennifer P. Mullen
Ex-Officio Member



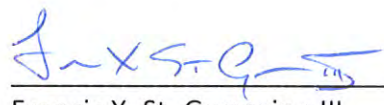
Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director