

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, April 23, 2020

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman (by telephone); Jennifer P. Mullen (by telephone); Paul J. Slivinski (by telephone) and Craig B. O'Malley

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 (by telephone)

At approximately 2:00 p.m., with a quorum being present, Chairman Ferreira called the meeting to order, and he noted for all that, due to the Governor's current state of emergency declared for the COVID-19 pandemic, it has been determined that remote participation is permissible for those that choose to teleconference.

Then, the Town Treasurer, Patricia O'Connell, joined the meeting by telephone. She reviewed for the board members the monthly reconciliation of the cash account for the month of February. Through the end of February, it was noted that the account with Rockland Trust has receipts in the amount of \$1,247,776.06 and a statement balance in the amount of \$66,822.49. She noted that the month-end fund balance is \$24,148.87 with outstanding checks for the month in the amount of \$42,673.62. In addition, it was noted that the check sequence for the month of February began with check #9721 and ended with check #9769. There are no checks in this sequence that have not been accounted for through the end of the month. After some discussion, 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. 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 meeting minutes of the open session meeting that was held on March 19, 2020. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on March 19, 2020.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on March 19, 2020. 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

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

Warrant #09/2020	\$1,021,520.16	Warrant #10/2020	\$ 7,212.80
Warrant #11/2020	\$ 7,212.80	Warrant #12/2020	\$ 87,664.56

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #09/2020 through #12/2020.

Mr. O'Malley moved to approve the payment, as noted, of warrants #09/2020 through #12/2020. Ms. Philbin 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 payment of the following investment management fees:

- Wainwright Investment Counsel, 1st QTR 2020 consultant fee \$27,500.00
- People's United Bank, February 2020 custodial fee \$ 3,624.29
- RhumbLine Advisers (Growth), 1st QTR 2020 management fee \$ 851.00
- RhumbLine Advisers (S&P 400), 1st QTR 2020 management fee \$ 462.00
- RhumbLine Advisers (Value), 1st QTR 2020 management fee \$ 903.00
- RhumbLine Advisers (S&P 600), 1st QTR 2020 management fee \$ 438.00

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

Ms. Philbin moved to approve the payment, as noted, of the above-mentioned investment management fees. 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

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

- PRIT Private Equity Fund VY 2018, a capital call payable on 4/1/2020 in the amount of \$114,364.53
- PRIT Private Equity Fund VY 2020, a capital call payable on 4/1/2020 in the amount of \$0.17

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

Mr. Slivinski moved to approve the payment, as noted, of the above-mentioned capital calls. Ms. Philbin 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 cash distribution from investment managers:

- Siguler Guff & Company, a distribution received on 3/30/2020 in the amount of \$31,800.15

Then, the board members considered the request of the following former or current member of the Falmouth Retirement System for a return or transfer of his accumulated deductions:

- Richard G. Rogers; amount of transfer is \$20,268.64, resignation from service with the Town of Falmouth, D.P.W. Water and Wastewater Division (*with this refund, the Falmouth Retirement System will accept 5 years of 3(8)(c) liability on a 12-month basis*)

After some discussion, the board members entertained a motion to approve, as noted, the request of the above-mentioned former or current member of the Falmouth Retirement System for a return or transfer of his accumulated deductions.

Ms. Philbin moved to approve, as noted, the request of the above-mentioned former or current member of the Falmouth Retirement System for a return or transfer of his accumulated deductions. 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, the board members noted the following new members of the Falmouth Retirement System:

- Kathreen Mahoney; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; DOM 3/16/2020, 9% + 2%
- Thomas M. Cox; I.T. Support Specialist, Town of Falmouth, Information Technology Department, Group One; DOM 3/30/2020, 9% + 2%
- Martin R. Potter; Crew Leader - Forestry, Town of Falmouth, D.P.W. Parks Division, Group One; DOM 4/6/2020, 9% + 2%

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

- Ruben Ferrer; Police Officer, Town of Falmouth, Police Department, Group Four; while attempting to subdue a subject, employee was injured.
Date of Injury 3/15/2020
- Eryn N. Lokerson; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while stair-chairing a patient, employee was injured.
Date of Injury 4/1/2020

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #17/2020 Coronavirus Impact
- PERAC memo #18/2020 Mandatory Retirement Board Member Training – 2nd Quarter 2020
- PERAC memo #19/2020 Tobacco Company List
- PERAC memo #20/2020 Coronavirus Update
- PERAC memo #21/2020 Post Retirement Restrictions During the State of Emergency

Also, the board members reviewed other relative correspondence.

Next, Jeffrey Fabrizio (by telephone) and Michael Dwyer of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of February, and Mr. Fabrizio reviewed the plan results. Through the end of February, the plan's estimated market value was approximately \$146.6 million. Year-to-date, the plan is down 5.30% versus the policy benchmark which is down 5.39%. Compared to its policy benchmark (down 10.72%), the domestic equity sector (down 10.88%) is slightly behind, and all of the funds in this sector, other than RhumbLine Large Cap Growth and LMCG Mid Cap Core, are trending negative with double-digit declines. The international equity sector (down 11.36%) is just behind its benchmark (down 11.24%) with all of the funds in this sector, except HGK Trinity Street, trailing their respective benchmarks. The domestic fixed income strategy (up 2.65%) is relatively on par with its benchmark (up 3.14%); however, this is to be expected as the majority of these investments are indexed. The performance of the real estate sector, year-to-date, is up

3.10% versus a benchmark that is 0.00%. At the moment, Principal, P.R.I.T. and TerraCap Partners are the largest real estate investments within the portfolio. Due to the nature of the investments within the private equity sector, the returns are stated with as much as a two quarter lag. Still, this sector is estimated to be up 2.50% versus a benchmark that is 0.00%. At this time, Hamilton Lane Secondary Fund IV is the largest investment for the private equity sleeve of the portfolio. Also, Siguler Guff & Company and Hamilton Lane are the two private equity funds within the portfolio with positive returns for the period. For the year, the P.R.I.T. Absolute Return Fund is down 1.06% versus a benchmark that is down 1.30%. Lastly, the cash balance is approximately \$1.0 million. Wainwright Investment Counsel noted that "February experienced a steady downturn in the markets, but March will see an even more dramatic negative reaction in the markets due to the COVID-19 pandemic."

Mr. Dwyer then noted for the board members that the remainder of their time today would focus on interviews of finalist with "highly advantageous" responses to the R.F.P.'s for the Passive Large Cap Growth and the Passive Large Cap Value asset classes.

Denise D'Entremont of RhumbLine Advisers was the first investment manager to join the meeting and present, by telephone, their Russell 1000 Value Pooled Index Fund and their Russell 1000 Growth Pooled Index Fund. To begin, she thanked the board members for the long and valued relationship that we have shared. She noted that their firm is 100% employee-owned with loyal and responsive service. In addition, the proposed funds have daily liquidity which, in these unprecedented times, could be a valuable necessity for the retirement system. She reviewed their current profile, their organization chart, a breakdown of their strategies, their investment process, and the characteristics of their two funds proposed in response to the R.F.P.'s. Lastly, she discussed their proposed management fees. After some additional discussion with the board members, Ms. D'Entremont ended her telephone call with the board members.

Next to call into the meeting and present their proposed products were Richard Travers and Stephanie Hill from BNY Mellon Investment Management. Their two proposed products are their Large Cap Value Stock Index Strategy and their Large Cap Growth Stock Index Strategy. Mr. Travers started with an overview of their firm. He noted their indexing capabilities, their indexing expertise, and their commitment to indexing. Ms. Hill then reviewed their team, their philosophy, their investment process, their risk management, and their transaction costs. She noted the characteristics and the performance of the two funds. In closing, Mr. Travers and Ms. Hill thanked the board members for their consideration and ended their telephone call.

For the final presentation of the afternoon, Patrick Hearne and Arman Palian from S.S.g.A. joined the call to present their Russell 1000 Value Index Strategy and their Russell 1000 Growth Index Strategy. To begin, Mr. Hearne and Mr. Palian provided the board members with a current overview of their firm. S.S.g.A. is the investment management arm of State Street Corporation which is a global leader in financial services responsible for 10% of the world's assets. S.S.g.A. is entrusted with over \$3.12 trillion in assets under management. Their investment team seeks to offer active and index capabilities that cover the risk-reward spectrum. They discussed with the board members the team's investment philosophy, their investment process, and their effective implementation. Lastly, they reviewed their two proposed strategies, including their

management fees. After some additional discussion with the board members, Mr. Hearne and Mr. Palian ended their telephone call with the board members.

Then, it was suggested that the board members table to the next board meeting their discussion on the presentations from the three "highly advantageous" investment managers, and both Mr. Dwyer and Mr. Fabrizio ended their interaction with the board members.

Next, the Director noted for the board members PERAC memo #07/2020 regarding the FY 2021 C.O.L.A. increase. This memo indicates that the C.O.L.A. that any system may grant for FY 2021 will be up to 3.0%. After some discussion, the board members entertained a motion to approve for FY 2021 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.

Mr. O'Malley moved to approve for FY 2021 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.

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 discussed the Election of the Second Elected Member. As the nominee in this election, Mr. O'Malley recused himself from participation in this matter. The other board members then determined that Craig B. O'Malley was the only candidate to be nominated for the position of the Second Elected Member to the Falmouth Retirement Board. Thus, the board members entertained a motion to declare Craig B. O'Malley to be elected to the position of the Second Elected Member to the Falmouth Retirement Board. His term will commence on May 26, 2020 and run through the date of expiration which will be on May 25, 2023.

Mr. Slivinski moved to declare Craig B. O'Malley to be elected to the position of the Second Elected Member to the Falmouth Retirement Board. His term will commence on May 26, 2020 and run through the date of expiration which will be on May 25, 2023.

Ms. Philbin 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	RECUSED
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

Next, Attorney Poser 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.

In closing, the Director noted for the board members that both the upcoming spring M.A.C.R.S. conference and the upcoming Town of Falmouth Health & Benefits Fair had been cancelled due to the COVID-19 pandemic.

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


Ms. Mullen moved to adjourn the open session meeting. Ms. Philbin 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

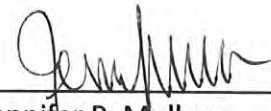
At approximately 3:20 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, May 21, 2020 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

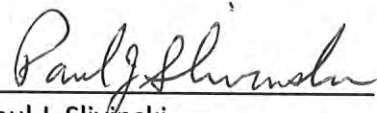
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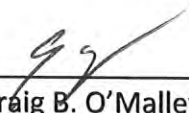
Russell R. Ferreira
Chairman, Elected Member



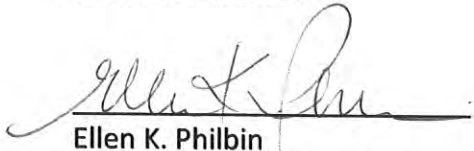
Jennifer P. Mullen
Ex-Officio Member



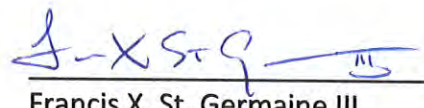
Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director