

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, February 20, 2020

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

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. He noted for all that Mr. Slivinski's current geographic location makes his physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that his remote participation is permissible.

Then, it was noted that the Town Treasurer would not be able to join the meeting, but she did submit the monthly reconciliation. So, the Director reviewed for the board members the monthly reconciliation of the cash account for the month of December. Through the end of December, it was noted that the account with Rockland Trust has receipts in the amount of \$1,081,262.96 and a statement balance in the amount of \$280,068.13. He noted that the month-end fund balance is \$69,826.94 with outstanding checks for the month in the amount of \$210,241.19. In addition, it was noted that the check sequence for the month of December began with check #9648 and ended with check #9688. There are no checks in this sequence that have not been accounted for through the end of the month. In addition, the Director provided the board members with a review of the annual budget through Q4 2019 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. After some discussion, 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. 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

Then, the board members reviewed the meeting minutes of the open session meeting that was held on January 23, 2020. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on January 23, 2020.

Ms. Philbin moved to approve the meeting minutes of the open session meeting that was held on January 23, 2020. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

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

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

Warrant #03/2020	\$1,006,590.63	Warrant #04/2020	\$ 7,212.80
Warrant #05/2020	\$ 210,121.64		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #03/2020 through #05/2020.

Mr. Slivinski moved to approve the payments, as noted, of warrants #03/2020 through #05/2020. 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 payments of the following investment management fees:

- People's United Bank, December 2019 custodial fee \$ 3,825.09
- S.S.g.A. (CM3Y), 4th QTR 2019 management fee \$ 1,233.05
- S.S.g.A. (CME7), 4th QTR 2019 management fee \$ 484.86
- Aristotle Capital (Small Cap), 4th QTR 2019 management fee \$ 28,717.80
- LMCG Investments (Mid Cap), 4th QTR 2019 management fee \$ 28,218.00
- DFA International Equity, 4th QTR 2019 management fee \$ 6,531.66
- LMCG Investments (Small Cap), 4th QTR 2019 management fee \$ 8,514.00
- Lexington Capital Fund VII, 4th QTR 2019 management fee \$ 2,768.00
- Principal U.S. Property, 4th QTR 2019 management fee \$ 18,594.92

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

Ms. Philbin moved to approve the payments, as noted, of the above-mentioned investment management fees. 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 following payment of capital calls to investment managers:

- PRIT Private Equity Fund VY 2018, a capital call payable on 2/3/2020 in the amount of \$173,439.37

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. 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 distributions from investment managers:

- TerraCap Partners Fund IV, a distribution received on 1/22/2020 in the amount of \$325,966.17
- Siguler Guff & Company, a distribution received on 1/22/2020 in the amount of \$22,361.54
- Lexington Capital Fund VII, a distribution received on 1/30/2020 in the amount of \$29,717.00
- TerraCap Partners Fund IV, a distribution received on 2/12/2020 in the amount of \$26,527.34

Then, 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:

- Brendan K. Lynch; amount of transfer is \$6,351.69; resignation from service with the Town of Falmouth, Conservation 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*)
- Roxanne L. Webb; amount of transfer is \$4,653.58; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth Retirement System will accept 1 year and 6 months of 3(8)(c) liability on a 12-month basis*)
- Jill G. Koontz; amount of rollover is \$43,596.52; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth*

Retirement System will accept 9 years and 8 months of 3(8)(c) liability on a 12-month basis)

- Daniel J. O'Brien Jr.; amount of refund is \$6,951.59; resignation from service with the Town of Falmouth, D.P.W. Parks and Forestry Division *(with this refund, the Falmouth Retirement System will accept 2 years and 2 months of 3(8)(c) liability on a 12-month basis)*
- James M. Marks; amount of refund is \$30,575.75; resignation from service with the Town of Falmouth, D.P.W. Water and Wastewater Division *(with this refund, the Falmouth Retirement System will accept 6 years and 9 months of 3(8)(c) liability on a 12-month basis)*
- Thalia K. Jimenez; amount of refund is \$894.20; termination from service with the Town of Falmouth, Falmouth Public Schools *(with this refund, the Falmouth Retirement System will accept 4 months 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. 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 noted the following new members of the Falmouth Retirement System:

- Matthew Blomberg; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 1/6/2020, 9% + 2%
- Tamra L. Cunniff; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 1/6/2020, 9% + 2%
- Erica M. Andrews; Special Education Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 2/3/2020, 9% + 2%
- Magalie A. Chbarbi; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; DOM 2/3/2020, 9% + 2%
- Heather L. Cesero; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 2/4/2020, 9% + 2%

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

- Valerie J. Thomas; Teacher Aide, Town of Falmouth, Falmouth Public Schools, Group One; while sitting with students in the cafeteria, employee was injured. Date of Injury 11/20/2019
- Sean K. Ellis; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while removing equipment from the upper cabinet of the truck, employee was injured. Date of Injury 1/16/2020
- Shawn M. Speroni; Field Supervisor, Town of Falmouth, D.P.W. Parks and Forestry Division, Group One; while carrying brush to the chipper, employee was injured. Date of Injury 1/30/2020
- Michael C. Zuniga; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while pulling walls and flooring during overhaul of a fire, employee was injured. Date of Injury 2/9/2020

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

- PERAC memo #8/2020 Actuarial Data
- PERAC memo #9/2020 Buyback and Make-up Repayment Worksheets
- PERAC memo #10/2020 2020 Interest Rate set at 0.1%
- PERAC memo #11/2020 Payment Required for Service Credited under G.L. c.32, §4(2)(b)

Also, the board members reviewed other relative correspondence.

Next, 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 December, and Mr. Fabrizio reviewed the plan results. Through the end of December, the plan's estimated market value was approximately \$156.5 million. Year-to-date, the plan is up 17.62% versus the policy benchmark which is up 17.61%. Compared to its policy benchmark (up 27.34%), the domestic equity sector (up 25.39%) is behind. Still, all of the funds in this sector are having a very solid year of performance. The international equity sector (up 23.81%) is ahead of its benchmark (up 22.61%) with HGK Trinity being the only fund in this sector to outperform its respective benchmark. The domestic fixed income strategy (up 9.92%) is relatively on par with its benchmark (up 9.40%) 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 13.26% versus a benchmark that is up 4.80%. 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, these returns are stated with as much as a two quarter lag; however, the private equity sector is estimated to be up 5.44% versus a benchmark that is up 13.00%. At this time, Hamilton Lane Secondary Fund IV is the largest investment for this sector within the portfolio. Mesirow Financial 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 up 7.70% versus a benchmark that is up 8.34%. Lastly, the cash balance is approximately \$1.4 million. Wainwright Investment Counsel noted that "it has been a very strong year of performance with all sectors of the portfolio seeming to perform well."

Mr. Dwyer and Mr. Fabrizio then discussed with the board members a proposed rebalance of the investment portfolio which would provide approximately \$2.5 million in cash to cover the retiree payroll and expenses. The recommendation is that the Falmouth Retirement System rebalance the portfolio by liquidating to cash from the following:

- \$1.5 million from the H.G.K. Trinity Street International Equity Fund
- \$1.0 million from the S.S.g.A. Passive Bond Index Fund

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

Mr. O'Malley moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined above. 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

In addition, it was then noted that R.F.P.'s had been issued for the large-cap value and large-cap growth asset classes. After some additional discussion with the board members, Mr. Dwyer and Mr. Fabrizio exited the board meeting.

Then, the board members discussed the need to hold an election for the 2nd Elected Member to the Falmouth Retirement Board. The current term of the 2nd Elected Member is set to expire on May 25, 2020. After some discussion, the board members entertained a motion to designate Paul J. Slivinski to serve as the Election Officer for the election of the 2nd Elected Member to the Falmouth Retirement Board.

Ms. Philbin moved to designate Paul J. Slivinski to serve as the Election Officer for the election of the 2nd Elected Member to the Falmouth Retirement Board. 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 proposed timeline for the election of the 2nd Elected Member to the Falmouth Retirement Board. After some discussion, the board members entertained a motion to approve the proposed timeline for the election of the 2nd Elected Member to the Falmouth Retirement Board

Ms. Mullen moved to approve the proposed timeline for the election of the 2nd Elected Member to the Falmouth Retirement Board. 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

Attorney Poser 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.

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. 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

At approximately 2:30 p.m., the board members concluded the open session meeting.

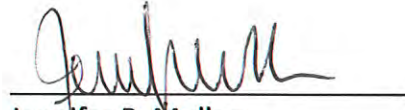
The next scheduled board meeting will begin at 2:00 p.m. on Thursday, March 19, 2020 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

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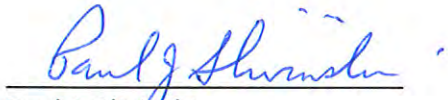
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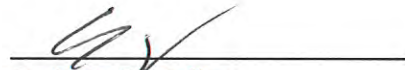
Russell R. Ferreira
Chairman, Elected Member



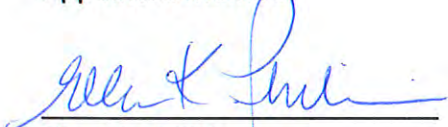
Jennifer P. Mullen
Ex-Officio Member



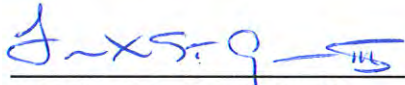
Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director