

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

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

Board members in absence: Ellen K. Philbin, Vice Chairman

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 video)

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 May. Through the end of May, it was noted that the account with Rockland Trust has receipts in the amount of \$978,424.61 and a statement balance in the amount of \$89,810.60. She noted that the month-end fund balance is \$49,119.06 with outstanding checks for the month in the amount of \$40,691.54. In addition, it was noted that the check sequence for the month of May began with check #9843 and ended with check #9881. 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. Mullen seconded the motion. On roll call, the vote was as follows:

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 June 18, 2020. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on June 18, 2020.

Mr. Slivinski moved to approve the meeting minutes of the open session meeting that was held on June 18, 2020. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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 #21/2020	\$7,462.80	Warrant #22/2020	\$1,047,191.74
Warrant #23/2020	\$7,322.24	Warrant #24/2020	\$ 211,500.28

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #21/2020 through #24/2020.

Mr. O'Malley moved to approve the payment, as noted, of warrants #21/2020 through #24/2020. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

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, 2nd QTR 2020 consultant fee \$ 27,500.00
- People's United Bank, May 2020 custodial fee \$ 3,514.90
- RhumbLine Advisers (Growth), 2nd QTR 2020 management fee \$ 943.00
- RhumbLine Advisers (S&P 400), 2nd QTR 2020 management fee \$ 458.00
- RhumbLine Advisers (Value), 2nd QTR 2020 management fee \$ 868.00
- RhumbLine Advisers (S&P 600), 2nd QTR 2020 management fee \$ 416.00

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

Mr. O'Malley moved to approve the payment, as noted, of the above-mentioned investment management fees. Ms. Mullen seconded the motion. On roll call, the vote was as follows:

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 7/1/2020 in the amount of \$8,375.77
- PRIT Private Equity Fund VY 2020, a capital call payable on 7/1/2020 in the amount of \$13.42

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. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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:

- Siguler Guff & Company, a distribution received on 6/24/2020 in the amount of \$10,000.00
- Mesirow Financial Fund IV, a distribution received on 6/25/2020 in the amount of \$37,500.00
- Lexington Capital Fund VII, a distribution received on 6/29/2020 in the amount of \$11,804.00
- TerraCap Partners Fund IV, a distribution received on 6/30/2020 in the amount of \$61,268.78

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 his/her accumulated deductions:

- Donna M. Burgess; amount of refund is \$456.49; deductions taken in error with the Town of Falmouth, Falmouth Public Library
- Robert P. Curtis Jr.; amount of refund is \$16.36; deductions taken in error with the Town of Falmouth, Police Department
- Debra L. Knott; amount of refund is \$2,616.97; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Diane C. Adler; amount of rollover is \$63,057.70; resignation from service with the Falmouth Housing Authority
- Faith B. Marion; amount of rollover is \$5,701.29; resignation from service with the Town of Falmouth, Inspectional Services Department
- Andreo L. Fernandez; amount of transfer is \$45,203.85; resignation from service with the Town of Falmouth, D.P.W. Parks Department (*with this transfer, the Falmouth Retirement System will accept 10 years and 2 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 his/her accumulated deductions.

Mr. O'Malley 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 his/her accumulated deductions. Ms. Mullen seconded the motion. On roll call, the vote was as follows:

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 members retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Donna M. Burgess; date of retirement is 6/19/2020 from the Town of Falmouth, Falmouth Public Library; Group One
- Melvin E. Trott; date of retirement is 6/20/2020 from the Town of Falmouth, Fire Rescue Department; Group Four
- Michael A. O'Donnell Sr.; date of retirement is 6/20/2020 from the Falmouth Housing Authority; Group One

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

- Kelsey M. O'Connor; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; DOM 6/8/2020, 9% + 2%
- James R. Crocker; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; DOM 7/20/2020, 9% + 2%
- Edwin Rivera; Fleet Services Manager, Town of Falmouth, D.P.W. Fleet Services Division, Group One; DOM 7/20/2020, 9% + 2%

Then, the board members considered the following requests to purchase prior service:

- Shardell A. Newton; Facilities Maintenance Manager, Town of Falmouth, D.P.W. Facilities Maintenance Division; deny request to purchase prior military service, prior to membership with the Falmouth Retirement System (*member has not provided needed information to prove eligibility*)
- Rachel P. White; Program Coordinator, Town of Falmouth, Senior Center; request to purchase refunded service with the MA Teacher's Retirement System, prior to membership with the Falmouth Retirement System; principle amount due is \$23,632.14 (*upon completion of this service purchase, the MA Teacher's Retirement System will accept 4 years and 5 months of 3(8)(c) liability on a 12-month basis*)

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

Mr. Slivinski moved to deny/approve, as noted, the requests 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:

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 first reports of injury:

- Mackenzie W. Wyman; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while on duty, employee presented with possible exposure.
Date of Injury 5/10/2020
- Tyler M. Silva; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while fighting a car fire, employee fell and was injured.
Date of Injury 6/2/2020
- Igol F. Campbell; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; while lifting a heavy trash bag from a trash barrel, employee was injured.
Date of Injury 6/4/2020
- Douglas M. Potter; M.E.O. III, Town of Falmouth, D.P.W. Highway Division, Group One; while spraying diesel fuel into a hot asphalt hopper, employee was injured.
Date of Injury 6/17/2020

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

- PERAC memo #23/2020 Tobacco Company List
- PERAC memo #24/2020 PROSPER Security Memo
- PERAC memo #25/2020 Mandatory Retirement Board Member Training - 3rd Quarter 2020
- PERAC memo #26/2020 Reinstatement to Service under G.L. c. 32 §105

Also, the board members reviewed other relative correspondence.

Then, Jeffrey Fabrizio and Michael Dwyer (both by teleconference) of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer directed the board members to 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 \$141.5 million. Year-to-date, the plan is down 7.08% versus the policy benchmark which is down 6.04%. Compared to its policy benchmark (down 12.57%), the domestic equity sector (down 11.59%) is slightly ahead with all of the funds in this sector, other than RhumbLine Large Cap Growth,

trending negative with declines of 8.5% or more. The international equity sector (down 15.44%) is behind its benchmark (down 14.24%) with all of the funds in this sector, other than HGK Trinity Street, trailing their respective benchmarks. The domestic fixed income strategy (up 3.08%) is slightly behind its benchmark (up 4.28%). This is not unexpected as the majority of these investments, with the exception of Lord Abbett High Yield, are indexed. The performance of the real estate sector, year-to-date, is up 1.19% versus a benchmark that is up 0.71%. At the moment, Principal, P.R.I.T. and TerraCap Partners are the largest real estate investments within the portfolio, but only TerraCap Partners is showing a positive return for the year. 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 2.51% 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. Siguler Guff & Company and Hamilton Lane are the two private equity funds within the portfolio with any notable positive returns for the period. For the year, the P.R.I.T. Absolute Return Fund is down 7.99% versus a benchmark that is down 3.24%. Lastly, the cash balance is approximately \$2.0 million. Wainwright Investment Counsel noted that "May continued to show some rebound in the financial markets, but the COVID-19 pandemic continues to be very serious and could have additional negative effect on the markets."

Mr. Dwyer and Mr. Fabrizio then discussed with the board members a proposed rebalance of the portfolio. Their recommendation is to use \$5.2 million of the cash from the recent appropriation payment and invest these funds as follows:

- invest an additional \$2.2 million in the Aristotle Small Cap Equity Fund
- invest an additional \$500K in the RhumbLine Advisers S&P600 Index Fund
- invest an additional \$1.0 million in the DFA International Core Equity Fund
- invest an additional \$500K in the HGK Trinity Street International Equity Fund
- invest an additional \$1.0 million in the S.S.g.A. Passive Bond 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:

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

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

Then, Terenzio Volpicelli from Roselli, Clark & Associates joined the meeting by video to discuss with the board members the 2019 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. The current year increase in fiduciary net position of more than \$23.0 million was far more favorable than the prior years reported decrease. The system's investment performance, net of management fees, was nearly 17.5% which far exceeded its long-term expected discount rate. However, he did note that the 2020 equity and bond indices are down significantly due primarily to the existing COVID-19 pandemic. Additionally, declining worldwide oil prices have further exacerbated the situation. If these global market corrections continue, the system may be pressured to reduce their current discount rate. Still, the system's positive investment performance for the year ended December 31, 2019 permitted it to maintain an approximately 68% funded ratio. After some additional discussion, Mr. Volpicelli ended his video call and the board members entertained a motion to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2019 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, 2019 that was conducted by the auditing firm of Roselli, Clark and Associates. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

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

Next, the Chairman asked for a motion to leave the open session meeting and to move into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual.

Mr. O'Malley moved to leave the open session meeting and to move into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

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

At approximately 2:40 p.m., the board members left the open session meeting and moved into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. At the conclusion of the executive session meeting, as noted by the Chairman, the board members would reconvene their open session meeting.

At approximately 3:10 p.m., the board members reconvened their open session meeting, and Attorney Poser noted for the board members that the magistrate had rendered a decision in the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In summary, the Board's decision to deny Mr. Murphy's request to re-establish active membership is reversed, and the Falmouth Retirement Board shall correct its errors in accordance with this decision. The Director noted that, due to the timing of the receipt of the decision, he had had Attorney Poser file an appeal to preserve the option. Needing some time to understand the decision, the board members tabled to their August board meeting this pending legal matter.

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


Mr. Slivinski moved to adjourn the open session meeting. Ms. Mullen seconded the motion. On roll call, the vote was as follows:

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

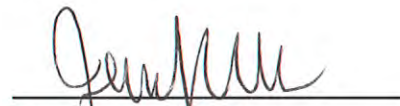
At approximately 3:25 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, August 20, 2020 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

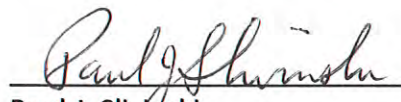
ATTEST:



Russell R. Ferreira
Chairman, Elected Member



Jennifer P. Mullen
Ex-Officio Member



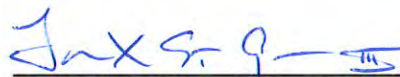
Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member

ABSENT

Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director