

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, November 19, 2020

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

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 Zoom)

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 Zoom, and she reviewed for the board members the monthly reconciliation of the cash account for the month of September. Through the end of September, it was noted that the account with Rockland Trust has receipts in the amount of \$1,148,651.39 and a statement balance in the amount of \$258,498.76. She noted that the month-end fund balance is \$53,521.22 with outstanding checks for the month in the amount of \$204,977.54. In addition, it was noted that the check sequence for the month of September began with check #9995 and ended with check #10037. There are no checks in this sequence that have not been accounted for through the end of the month. In addition, the board members were provided with the annual budget through Q3 2020 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.

Mr. Slivinski 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 October 22, 2020. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on October 22, 2020.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on October 22, 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

In addition, the board members reviewed the meeting minutes of the executive session meeting that was held on October 22, 2020. After some discussion, the board members entertained a motion to approve the meeting minutes of the executive session meeting that was held on October 22, 2020.

Ms. Philbin moved to approve the meeting minutes of the executive session meeting that was held on October 22, 2020. 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 payment of the following warrants:

Warrant #37/2020	\$7,827.60	Warrant #38/2020	\$1,080,865.21
Warrant #39/2020	\$7,577.60	Warrant #40/2020	\$ 30,824.10

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #37/2020 through #40/2020.

Mr. Slivinski moved to approve the payment, as noted, of warrants #37/2020 through #40/2020. 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 payment of the following investment management fees:

- People's United Bank, September 2020 custodial fee \$ 3,794.03

- S.S.g.A. (CM3Y), Q3 2020 management fee \$ 1,256.02
- S.S.g.A. (CME7), Q3 2020 management fee \$ 498.24
- LMCg Investments (Mid Cap), Q3 2020 management fee \$ 28,288.00
- Aristotle Capital (Small Cap), Q3 2020 management fee \$ 29,741.66
- DFA International Equity, Q3 2020 management fee \$ 6,435.31
- LMCg Investments (Small Cap), Q3 2020 management fee \$ 7,615.00
- Lord Abbett High Yield Core; Q3 2020 management fee \$ 3,757.85
- Lexington Capital Fund VII, Q3 2020 management fee \$ 2,199.00
- Principal U.S. Property, Q3 2020 management fee \$ 18,467.18

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

Mr. Slivinski moved to approve the payment, 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 11/2/2020 in the amount of \$256,893.44
- PRIT Private Equity Fund VY 2020, a capital call payable on 11/2/2020 in the amount of \$1,196.19

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:

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:

- Mesirow Financial Fund IV, a distribution received on 10/28/2020 in the amount of \$22,500.00
- Lexington Capital Fund VII, a distribution received on 10/29/2020 in the amount of \$19,674.00
- PRIT Private Equity VY 2018, a distribution received on 11/2/2020 in the amount of \$5,149.60

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:

- Sandra M. Hussey; amount of refund is \$175.39; deductions taken in error with the Town of Falmouth, Falmouth Public Library
- Tracey E.P. Cecil; amount of refund is \$3.72; deductions taken in error with the Town of Falmouth, Finance Department
- Sawyer G. Fallin-Hornsberg; amount of refund is \$11,712.09; resignation from service with the Town of Falmouth, D.P.W. Water and Sewer Division
- Brendan W. Smith; amount of transfer is \$2,608.02; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this transfer, the Falmouth Retirement System will accept 11 months of 3(8)(c) liability on a 12-month basis)*
- Laura L. Taylor; amount of transfer is \$5,989.87; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this transfer, the Falmouth Retirement System will accept 2 years and 11 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.

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

- Richard E. DallaCosta; date of retirement is 9/16/2020 from the Town of Falmouth, D.P.W. Parks and Forestry Division; Group One

- Sandra M. Hussey; date of retirement is 10/1/2020 from the Town of Falmouth, Falmouth Public Library; Group One
- Keith J. Benedetti; date of retirement is 10/4/2020 from the Town of Falmouth, Police Department; Group Four
- Tracey E.P. Cecil; date of retirement is 10/17/2020 from the Town of Falmouth, Finance Department; Group One

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

- James M. Joyce; Property Lister, Town of Falmouth, Finance Department, Group One; DOM 9/28/2020, 9% + 2%
- Napoleon McCall Jr.; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/13/2020, 9% + 2%
- Elena M. Miglorino; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/26/2020, 9% + 2%
- Jennifer S. Rossiter; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/26/2020, 9% + 2%
- Robert C. Goydas; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/28/2020, 9% + 2%
- Joan Schofield; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/29/2020, 9% + 2%
- Lynn F. Gruneiro; Bus Driver, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/29/2020, 9% + 2%
- Robert R. Beary; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 11/1/2020, 9% + 2%
- Erin C. Caswell; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/2/2020, 9% + 2%

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

- Bruce C. Cabral; Assistant Assessor, Town of Falmouth, Finance Department; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$17,832.23 (*upon completion of this service purchase, the Woburn Retirement System will accept 2 years of 3(8)(c) liability on a 12-month basis*)
- Holli L. Belain; School Monitor, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service with the State Board of Retirement, prior to membership with the Falmouth Retirement System; principle amount due is \$6,063.04 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 years and 9 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 request of the above-mentioned members to purchase his/her refunded service prior to membership with the Falmouth Retirement System.

Ms. Mullen moved to approve, as noted, the request of the above-mentioned members to purchase his/her refunded service prior to membership with the Falmouth Retirement System. 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 noted the following first reports of injury:

- Angela T. Woodward; Staff Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while leaving the building for the day, employee fell and was injured. Date of Injury 9/10/2020
- Nicolas O. McCavitt; Acquisitions Assistant, Town of Falmouth, Falmouth Public Library, Group One; while walking to his car late in the afternoon, employee fell and was injured. Date of Injury 9/24/2020
- Jennifer A. Woodward; Assistant Director, Town of Falmouth, Falmouth Public Library, Group One; while walking across the floor after entering the building, employee slipped and was injured. Date of Injury 9/28/2020
- Jindaii I. Barbel; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; while playing outside with a student, employee was injured. Date of Injury 10/1/2020

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

- PERAC memo #32/2020 Allowable Earnings Determination, pursuant to G.L. c. 32 §91A
- PERAC memo #33/2020 PROSPER Benefit Calculation Submission

Also, the board members reviewed other relative correspondence.

Then, Jeffrey Fabrizio and Michael Dwyer of Wainwright Investment Counsel both joined the meeting by Zoom. To begin, Mr. Dwyer directed the board members to the performance summary report for the month of September, and Mr. Fabrizio reviewed the plan results. Through the end of September, the plan's estimated market value was approximately \$154.1 million. Year-to-date, the plan is down 2.54% versus the policy benchmark which is down 1.57%. Compared to its policy benchmark (down 5.23%), the domestic equity sector (down 5.57%) is slightly behind with all of the funds in this sector, other than RhumbLine Large Cap Growth, showing negative returns. The international equity sector (down 7.25%) is behind its benchmark (down 6.48%) with all of the funds in this sector, other than HGK Trinity Street, trailing their respective benchmarks. The domestic fixed income strategy (up 5.58%) is slightly behind its benchmark (up 6.13%). This is not unexpected as the majority of these investments, with the exception of Lord Abbett High Yield, are indexed. Year-to-date, the performance of the real

estate sector is up 1.08% versus a benchmark that is down 0.29%. 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 6.82% versus a benchmark that is up 1.62%. At the moment, Hamilton Lane Secondary Fund IV and P.R.I.T. Private Equity VY2018 are the two largest investments for the private equity sleeve of the portfolio. All of the private equity funds within the portfolio, other than the two funds with Lexington Capital, are able to demonstrate positive returns for the period. For the year, the P.R.I.T. Absolute Return Fund is down 4.45% versus a benchmark that is up 2.44%. Lastly, the cash balance is approximately \$6.9 million. Wainwright Investment Counsel noted that "growth continues to outperform value by a very significant margin and the real estate sector surprisingly seems to be adding to the yearly returns. Still, while the COVID-19 pandemic continues to be very serious and coupled with the U.S. political environment, we should expect continued uncertainty within the markets."

Next, Mr. Dwyer reviewed the proposed structure changes to the Principal U.S. Property Separate Account as well as the withdrawal limitations to be implemented. After some discussion, the board members determined that they would like to hear, in December, a presentation from Principal with regards to their proposed structure changes as well as their withdrawal limitations.

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

Next, John Boorack from P.E.R.A.C. joined the meeting by Zoom and he reviewed with the board members the draft results of their January 1, 2020 actuarial valuation study. He noted for the board members that, as of January 1, 2020, the unfunded liability of the Falmouth Retirement System is \$74.6 million versus the previous unfunded liability of \$75.1 million. He noted that the system's total actuarial accrued liability had increased to about \$226.3 million. The actuarial value of assets is approximately \$151.7 million, and the system's funded ratio (actuarial value) is at 67.1%. He noted some of the assumptions to their valuation process: an investment return assumption of 7.25% (the same assumption used in the prior valuation study...however, he did caution that P.E.R.A.C. may recommend a further reduction as part of the next actuarial valuation) and a revised mortality assumption reflecting a fully generational table (revised) as people appear to be living longer. As before, the provisions of Chapter 176 of the Acts of 2011 need to be considered in this and future actuarial valuations. Ultimately, all of these factors will have some impact on the amortization schedule for the retirement system. Also, it was noted that P.E.R.A.C. will continue to suggest that retirement systems consider an approach which will fund their unfunded liability as aggressively as is manageable. The board members reviewed the proposed appropriation funding schedule with total cost increases of 6.31% per year and an appropriation payment made on July 1st with a final amortization payment made in FY 2033. After some discussion, the board members entertained a motion to adopt the proposed appropriation funding schedule.

Mr. Slivinski moved to adopt the proposed appropriation funding schedule. 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

Then, Attorney Poser noted for the board members that Kevin Murphy had timely filed to D.A.L.A. a new appeal with regards to the board member's decision to deny him creditable service.

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

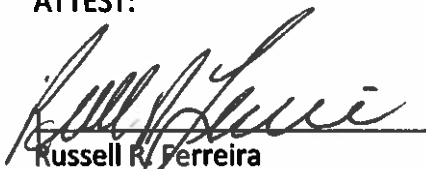
Mr. O'Malley moved to adjourn the open session meeting. Ms. Mullen seconded the motion. On roll call, the vote was as follows:


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

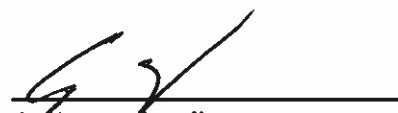
The next board meeting is scheduled to begin at 2:00 p.m. on Tuesday, December 15, 2020 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.


ATTEST:

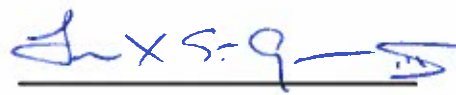

 Russell R. Ferreira
 Chairman, Elected Member


 Jennifer P. Mullen
 Ex-Officio Member


 Paul J. Slivinski
 Appointed Member


 Craig B. O'Malley
 Elected Member


 Ellen K. Philbin
 Vice Chairman, Fifth Member


 Francis X. St. Germaine III
 Director