

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, February 18, 2021

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman (by Zoom); 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 December. Through the end of December, it was noted that the account with Rockland Trust has receipts in the amount of \$1,119,680.65 and a statement balance in the amount of \$73,064.92. She noted that the month-end fund balance is \$54,918.09 with outstanding checks for the month in the amount of \$18,146.83. In addition, it was noted that the check sequence for the month of December began with check #10120 and ended with check #10160. 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 Q4 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. 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 January 21, 2021. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on January 21, 2021.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on January 21, 2021. 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, the board members reviewed the meeting minutes of the executive session meeting that was held on January 21, 2021. After some discussion, the board members entertained a motion to approve the meeting minutes of the executive session meeting that was held on January 21, 2021.

Ms. Philbin moved to approve the meeting minutes of the executive session meeting that was held on January 21, 2021. 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 payment of the following warrants:

Warrant #03/2021	\$1,079,160.07	Warrant #04/2021	\$ 7,577.60
Warrant #05/2021	\$ 275,126.83		

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #03/2021 through #05/2021.

Mr. Slivinski moved to approve the payment, as noted, of warrants #03/2021 through #05/2021. 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, December 2020 custodial fee \$ 4,095.98
- S.S.g.A. (CM3Y), Q4 2020 management fee \$ 1,285.68
- S.S.g.A. (CME7), Q4 2020 management fee \$ 1,711.23
- LMCG Investments (Mid Cap), Q4 2020 management fee \$ 24,873.00
- Aristotle Capital (Small Cap), Q4 2020 management fee \$ 34,114.01

- DFA International Equity, Q4 2020 management fee \$ 7,013.10
- Lord Abbett High Yield Core; Q4 2020 management fee \$ 3,921.83
- Lexington Capital Fund VII, Q4 2020 management fee \$ 2,130.00
- Principal U.S. Property, Q4 2020 management fee \$ 18,578.09

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. 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 2/1/2021 in the amount of \$81,725.51
- PRIT Private Equity Fund VY 2020, a capital call payable on 2/1/2021 in the amount of \$44,923.18

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

Mr. O'Malley moved to approve the payment, as noted, of the above-mentioned capital calls. 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 cash distributions from investment managers:

- Mesirow Financial Fund IV, a distribution received on 1/27/2021 in the amount of \$18,000.00
- TA Realty Fund XII, a distribution received on 2/24/2021 in the amount of \$63,129.00

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:

- Jamie D. Karl; amount of rollover is \$110,516.31; resignation from service with the Town of Falmouth, Police Department *(with this rollover, the Falmouth Retirement System will accept 17 years and 9 months of 3(8)(c) liability on a 12-month basis)*
- Christopher R. Franklin; amount of refund is \$667.63; resignation from service with the Town of Falmouth, D.P.W. Water and Sewer Division *(with this refund, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis)*
- Stephen D. Rafferty; amount of refund is \$65,978.09; resignation from service with the Town of Falmouth, D.P.W. Water and Sewer Division *(with this refund, the Falmouth Retirement System will accept 5 years and 7 months of 3(8)(c) liability on a 12-month basis)*
- Joseph A. Nereu; amount of refund is \$914.41; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this refund, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis)*
- Tara M. Way; amount of transfer is \$3,589.94; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this transfer, the Falmouth Retirement System will accept 6 months of 3(8)(c) liability on a 12-month basis)*
- Caroline N. Merrick; amount of transfer is \$9,359.39; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this transfer, the Falmouth Retirement System will accept 3 years and 10 months of 3(8)(c) liability on a 12-month basis)*
- Eric M. Swartz; amount of transfer is \$19,336.24; resignation from service with the Town of Falmouth, Fire Rescue Department *(with this transfer, the Falmouth Retirement System will accept 2 years and 5 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. 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 noted the following new member of the Falmouth Retirement System:

- Paul G. Aslanian; Assistant to the Branch Librarian, Town of Falmouth, Falmouth Public Library, Group One; DOM 1/18/2021, 9% + 2%

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

- Mackenzie W. Wyman; Firefighter, Town of Falmouth, Fire Rescue Department; request to purchase military service, prior to membership with the Falmouth Retirement System; principle amount due is \$24,227.07 (*upon completion of this military service purchase, the Falmouth Retirement System will accept 4 years of 3(8)(c) liability on a 12-month basis*)
- Mandy L. Robinson; State Certification Clerk, Falmouth Housing Authority; request to purchase refunded service with the Barnstable County Retirement System, prior to membership with the Falmouth Retirement System; principle amount due is \$19,569.27 (*upon completion of this service purchase, the Barnstable County Retirement System will accept 5 years and 8 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 members to purchase his/her service prior to membership with the Falmouth Retirement System.

Mr. O'Malley moved to approve, as noted, the requests of the above-mentioned members to purchase his/her service prior to membership with the Falmouth Retirement System.

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 noted the following first reports of injury:

- Wayne M. King; Electrician, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group Two; while running overhead conduit, employee was injured. Date of Injury 1/22/2021
- Brendon M. Freitas; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while carrying a patient down the stairs in a stair chair, employee was injured. Date of Injury 1/23/2021
- Joshua R. Oliver; Police Officer, Town of Falmouth, Police Department, Group Four; while placing a person under arrest, employee fell on ice and was injured. Date of Injury 2/2/2021

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

- PERAC memo #5/2021
 - PERAC memo #6/2021
 - PERAC memo #7/2021
 - PERAC memo #8/2021
 - PERAC memo #9/2021
 - PERAC memo #10/2021
- PROSPER SFI Online Submission
 - 2021 Interest Rate set at 0.1%
 - Buyback and Make-up Repayment Worksheets
 - Required Minimum Distribution: Now Age 72 For This Year's Notifications
 - Actuarial Data
 - Forfeiture of Retirement Allowance for Dereliction of Duty by Members

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 December, and Mr. Fabrizio reviewed the plan results. Through the end of December, the plan's estimated market value was approximately \$171.0 million. Year-to-date, the plan is up 9.70% versus the policy benchmark which is up 12.79%. Compared to its policy benchmark (up 17.37%), the domestic equity sector (up 15.42%) is behind, but all the funds in this sector are showing positive returns. Still, the one exception of note is that Aristotle Small Cap continues to be exceedingly under-performing its benchmark. The international equity sector (up 8.31%) is a bit behind its benchmark (up 8.76%) with HGK Trinity Street being the only fund in this sector to outperform its respective benchmark. The domestic fixed income strategy (up 7.81%) is slightly behind its benchmark (up 7.99%). 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 3.59% versus a benchmark that is up 1.60%. 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 solid 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 14.96% versus a benchmark that is up 13.59%. 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 up 1.27% versus a benchmark that is up 10.71%. Lastly, the cash balance is approximately \$3.2 million. Wainwright Investment Counsel noted that "despite the COVID-19 pandemic, the markets have rebounded for the year, and other than the performance of Aristotle Small Cap and the P.R.I.T. Hedge Fund, they are pleased with the overall performance of the portfolio."

To follow-up, Mr. Dwyer reminded the board members that Aristotle Capital has been placed on the "watch list" due to their lack of performance. Today, Keri Hepburn, Brandon Lopez and Jack McPherson from Aristotle Capital Management joined the meeting by Zoom to discuss their Small Cap Equity Collective Investment Trust. This is a relatively new investment for the retirement system, but the fund has struggled with its performance. Ms. Hepburn began by providing the board members with some quick introductions and a brief overview of their firm. Mr. Lopez touched on the market environment. Then, Mr. McPherson reviewed in some detail their small

cap equity portfolio. He discussed the portfolio's avoidance of money-losing companies and its valuation discipline which were relative performance headwinds, given the market's preference for more speculatively valued and unprofitable businesses over the past year. He noted that they are frustrated with the recent market environment and the strategy's underperformance, but they strongly believe that their focus on businesses with strong fundamentals and attractive valuations will be rewarded as markets return to more normalized levels. After some additional discussion with the board members, Ms. Hepburn, Mr. Lopez and Mr. McPherson ended their meeting with the board members, and the board members entertained a motion to terminate the relationship with Aristotle Capital Small Cap Equity Collective Investment Trust and to allocate the funds to the existing RhumbLine Advisers S&P 600 Small Cap Pooled Index Fund.

Mr. Slivinski moved to terminate the relationship with Aristotle Capital Small Cap Equity Collective Investment Trust and to allocate the funds to the existing RhumbLine Advisers S&P 600 Small Cap Pooled Index Fund. 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

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

Next, the Director reminded the board members that they will need to complete the on-line training program about the Conflict of Interest law.

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:

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

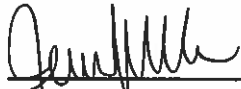
At approximately 2:55 p.m., the board members concluded the open session meeting.

The next board meeting is scheduled to begin at 2:00 p.m. on Thursday, March 18, 2021 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. Sliwinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director