

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, May 20, 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

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 March. Through the end of March, it was noted that the account with Rockland Trust has receipts in the amount of \$1,332,953.24 and a statement balance in the amount of \$183,450.93. She noted that the month-end fund balance is \$61,809.62 with outstanding checks for the month in the amount of \$121,641.31. In addition, it was noted that the check sequence for the month of March began with check #10245 and ended with check #10286. There are no checks in this sequence that have not been accounted for through the end of the month. Also, the board members were provided with the annual budget through Q1 2021 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 April 22, 2021. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on April 22, 2021.

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

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

Warrant #13/2020	\$ 7,827.60	Warrant #14/2021	\$1,101,764.88
Warrant #15/2021	\$ 7,577.60	Warrant #16/2021	\$ 7,548.47

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #13/2021 through #16/2021.

Mr. O'Malley moved to approve the payment, as noted, of warrants #13/2021 through #16/2021. 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 reviewed the payment of the following investment management fees:

- People's United Bank, March 2021 custodial fee \$ 4,234.93
- LMCG Investments (Mid Cap), Q1 2021 management fee \$ 28,409.00
- Aristotle Capital (Small Cap), Q1 2021 management fee \$ 23,151.91
- DFA International Equity, Q1 2021 management fee \$ 7,231.74
- Lord Abbett High Yield Core; Q1 2021 management fee \$ 4,079.11
- Lexington Capital Fund VII, Q1 2021 management fee \$ 1,915.00
- Principal U.S. Property, Q1 2021 management fee \$ 13,230.93

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 5/3/2021 in the amount of \$46,890.88
- PRIT Private Equity Fund VY 2020, a capital call payable on 5/3/2021 in the amount of \$75,017.47

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

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

- Lexington Capital Fund VII, a distribution received on 4/29/2021 in the amount of \$16,396.00
- Principal U.S. Property Account, a distribution received on 5/7/2021 in the amount of \$1,346,170.07

The board members then noted the following member retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Philip G. Lang; date of retirement is 4/1/2021 from the Town of Falmouth, Marine and Environmental Services Department; Group One

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

- Jennifer E. Reissfelder; Public Health Nurse, Town of Falmouth, Falmouth Public Schools, Group One; DOM 3/15/2021, 9% + 2%

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

- Cheryl L. Steele; Computer Technician, Town of Falmouth, Falmouth Public Schools; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$2,151.06 (*upon completion of this service purchase, the Falmouth Retirement System will accept 3 months of 3(8)(c) liability on a 12-month basis*)

- Cheryl L. Steele; Computer Technician, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$15,376.65 (*upon completion of this service purchase, the Falmouth Retirement System will accept 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 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. 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

The board members then noted the following first reports of injury:

- Gregory P. Powers; Assistant Water Utilities Supervisor, Town of Falmouth, D.P.W. Water and Wastewater Division, Group One; while installing a water main, employee was injured.
Date of Injury 3/9/2021
- Janet E. Gardner; Acquisitions Assistant, Town of Falmouth, Falmouth Public Library, Group One; while sitting at her desk, employee was injured.
Date of Injury 3/17/2021
- Elizabeth A. Farland; Administrative Assistant, Town of Falmouth, Falmouth Public Library, Group One; while bringing in the library recycling bins, employee fell and was injured.
Date of Injury 4/5/2021
- Laura J. McBride; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while stepping out of the ambulance, employee was injured.
Date of Injury 4/14/2021

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

- PERAC Pension News #57

Also, the board members reviewed other relative correspondence.

Then, Jeffrey Fabrizio and Michael Dwyer of Wainwright Investment Counsel both joined the meeting via Zoom. To begin, Mr. Dwyer directed the board members to the performance

summary report for the month of March, and Mr. Fabrizio reviewed the plan results. Through the end of March, the plan's estimated market value was approximately \$178.8 million. Year-to-date, the plan is up 6.21% versus the policy benchmark which is up 4.41%. Compared to its policy benchmark (up 11.20%), the domestic equity sector (up 9.56%) is behind. Still, it seems that value is beginning to make a comeback while growth appears to be stagnant. The international equity sector (up 5.37%) is ahead of its benchmark (up 3.68%) with both Dimensional Fund Advisors and HGK Trinity Street outperforming their respective benchmarks. The domestic fixed income strategy (down 2.35%) is slightly ahead of its benchmark (down 2.87%). As interest rates increase, fixed income will decline. The performance of these funds is not unexpected as most of these investments, apart from Lord Abbett High Yield, are indexed. Year-to-date, the performance of the real estate sector is up 3.46% versus a benchmark that is up 1.72%. At present, Principal, P.R.I.T., TerraCap Partners and TA Realty are the largest real estate investments within the portfolio, and all are ahead of the benchmark. Due to the nature of the investments within the private equity sector, these returns are stated with as much as a two-quarter lag. Yet, this sector is estimated to be up 8.25% versus a benchmark that is presently at 0.00%. Currently, Hamilton Lane Secondary Fund IV and P.R.I.T. Private Equity VY2018 are the two largest private equity investments within this portfolio, and Hamilton Lane Secondary Fund IV, Lexington Capital Fund VII and P.R.I.T. Private Equity VY2018 are the funds that have demonstrated a solid positive return for the period. For the year, the P.R.I.T. Absolute Return Fund is up 5.16% versus a benchmark that is up 1.77%. Lastly, the cash balance is approximately \$6.6 million. Wainwright Investment Counsel noted that they are "pleased with this performance report" and "with more people getting vaccinated, life is returning to "normal"...the economy is opening, and the markets are responding."

Mr. Dwyer and Mr. Fabrizio then discussed with the board members a proposed rebalance of the investment portfolio which would invest approximately \$2.5 million of available cash to 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. Slivinski moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined above. 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

Mr. Dwyer then noted for the board members that the remainder of their time today would focus on interviews with two of the finalists with "highly advantageous" responses to the R.F.P. for the Foreign Developed Market Equity asset class.

Denise D'Entremont and Jeff Kusmierz of RhumbLine Advisers were the first investment managers to join the meeting and present, by Zoom, their MSCI EAFE Pooled Index Fund. To begin, Ms. D'Entremont 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 fund has daily liquidity which, in these unprecedented times, could be a valuable necessity for the retirement system. She reviewed their current profile, their organization chart, and a breakdown of their strategies. Mr. Kusmierz then discussed their investment process, their trading approach and the characteristics of their proposed fund. Lastly, Ms. D'Entremont discussed their proposed management fee. After some additional discussion with the board members, Ms. D'Entremont and Mr. Kusmierz ended their Zoom meeting with the board members.

Next to join the meeting via Zoom and present their proposed product were Edward Hwang and Chris Sunderland from MFS Investment Management. Their proposed product is the MFS Institutional International Equity Fund. Mr. Hwang started with an overview of their firm. He emphasized their commitment to alignment...noting their integrated research, their conviction and longer time horizons as well as their risk-aware culture. He reviewed their business profile with a well-diversified business across clients, regions and investment strategies. He discussed their consistency of historical relative outperformance over rolling periods. Mr. Sunderland then talked about their experienced international equity team. He discussed their investment approach, their global research platform, their investment process including their portfolio construction, sector weights, regional exposure and the characteristics of the proposed fund. In closing, Mr. Hwang and Mr. Sunderland thanked the board members for their consideration and ended their Zoom meeting.

Then, Mr. Fabrizio provided the board members with some observations from each of the two presentations and noted the style difference between the two funds. Mr. Dwyer then reminded the board members that the two incumbents, Dimensional Fund Advisors and HGK Asset Management, would be presenting their proposed international equity funds at the June board meeting. After some further discussion with the board members, Mr. Fabrizio and Mr. Dwyer ended their meeting with the board members.

Next, the board members discussed the appointment of the Fifth Member to the Falmouth Retirement Board. After conducting a public application process, Ellen K. Philbin is the only nominee to submit qualifications to fulfill a three-year term as the Fifth Member to the Falmouth Retirement Board. Thus, the board members entertained a motion to re-appoint Ellen K. Philbin to the position of the Fifth Member to the Falmouth Retirement Board. Her next term will commence on July 1, 2021 and run through the date of expiration on June 30, 2024.

Mr. Slivinski moved to re-appoint Ellen K. Philbin to the position of the Fifth Member to the Falmouth Retirement Board. Her next term will commence on July 1, 2021 and run through the date of expiration on June 30, 2024. Ms. Mullen seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Vice Chairman

ABSTAIN

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

After the vote for the Fifth Member, Ms. Mullen exited the board meeting.

The Director then reminded the board members of the upcoming spring M.A.C.R.S. virtual conference to be held on June 7th and June 8th. It was noted that, at this time, a draft agenda was available, and that certain sessions have been approved by P.E.R.A.C. for board member C.E.U. training credits. After some discussion, the board members entertained a motion to approve the associated conference fee for the board members as well as the two staff members to attend the spring M.A.C.R.S. virtual conference.

Ms. Philbin moved to approve the associated conference fee for the board members as well as the two staff members to attend the spring M.A.C.R.S. virtual conference.

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

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

Next, Attorney Poser noted that there is no new information to report in either of the pending legal matters....*Kevin Murphy v. Falmouth Retirement Board*, CR-20-0453 or *Daniel Donahue v. Falmouth Retirement Board*, CR-21-0048.

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

Ms. Philbin 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	ABSENT
Craig B. O'Malley	YES
Paul J. Slivinski	YES
Russell R. Ferreira, Chairman	YES

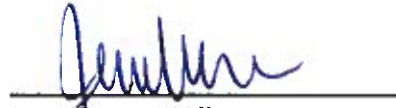
At approximately 3:15 p.m., the board members concluded the open session meeting.

The next board meeting is scheduled to begin at 2:00 p.m. on Thursday, June 17, 2021 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

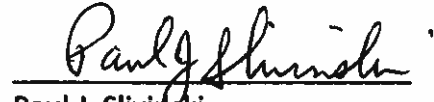
ATTEST:



Russell R. Ferreira
Chairman, Elected Member



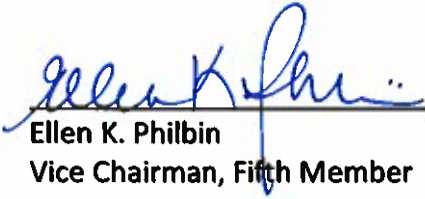
Jennifer P. Mullen
Ex-Officio Member



Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director