

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, October 21, 2021

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

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 physically present, Chairman Ferreira called the meeting to order, and he noted for all that, in accordance with Chapter 20 of the Acts of 2021, relating to 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 August. Through the end of August, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,250,281.21 and a statement balance in the amount of \$43,064.69. She noted that the month-end fund balance is \$39,333.82 with outstanding checks for the month in the amount of \$3,730.87 as well as two stopped checks in the amount of \$6,391.79 and \$4.46 and a voided check in the amount of \$1,191.14. In addition, it was noted that the check sequence for the month of August began with check #10448 and ended with check #10483. 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 monthly reconciliation submitted by the Town Treasurer.

Mr. O'Malley moved to accept the monthly reconciliation submitted by the Town Treasurer. 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 reviewed the meeting minutes of the open session meeting that was held on September 23, 2021. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on September 23, 2021.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on September 23, 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	ABSTAIN
Russell R. Ferreira, Chairman	YES

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

Warrant #31/2021	\$ 34,435.69	Warrant #32/2021	\$1,146,217.16
Warrant #33/2021	\$ 774.09	Warrant #34/2021	\$ 7,962.40
Warrant #35/2021	\$ 76,384.44		

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #31/2021 through #35/2021.

Ms. Philbin moved to approve the payment, as noted, of warrants #31/2021 through #35/2021. 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 fees:

- Wainwright Investment Counsel, Q3 2021 consultant fee \$ 27,500.00
- People's United Bank, August 2021 custodial fee \$ 4,590.11
- RhumbLine Advisers (Growth), Q3 2021 management fee \$ 1,214.00
- RhumbLine Advisers (S&P 400), Q3 2021 management fee \$ 726.00
- RhumbLine Advisers (Value), Q3 2021 management fee \$ 1,266.00
- RhumbLine Advisers (S&P 600), Q3 2021 management fee \$ 2,634.00
- RhumbLine Advisers (MSCI EAFE), Q3 2021 management fee \$ 325.00

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

Mr. O'Malley moved to approve the payment, as noted, of the above-mentioned investment fees. 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 reviewed the following payment of capital calls to investment managers:

- PRIT Private Equity Fund VY2018, a capital call payable on 10/1/2021 in the amount of \$37,982.32
- PRIT Private Equity Fund VY2020, a capital call payable on 10/1/2021 in the amount of \$73,202.29

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. 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:

- Mesirow Financial Fund IV, a distribution received on 9/24/2021 in the amount of \$70,500.00
- Lexington Capital Fund VII, a distribution received on 9/29/2021 in the amount of \$33,447.00

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:

- Stephen H. Parsons; amount of refund is \$58.23; deductions taken in error by the Town of Falmouth, D.P.W. Wastewater Division
- Irie E. Mullin; amount of transfer is \$64,324.49; resignation from service with the Town of Falmouth, Office of the Town Counsel *(with this transfer, the Falmouth Retirement System will accept 2 years 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. 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 members retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Stephen H. Parsons; date of retirement is 8/5/2021 from the Town of Falmouth, D.P.W. Wastewater Division; Group One
- Alfred J. Bettencourt; date of retirement is 8/8/2021 from the Town of Falmouth, Police Department; Group Four
- Theresa E. Foley; date of retirement is 8/31/2021 from the Town of Falmouth, Falmouth Public Schools; Group One

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

- Catherine L. Bombara; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/1/2021, 9% + 2%
- Afsaneh Afshar; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/6/2021, 9% + 2%
- Joseph E. Kenney; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/9/2021, 9% + 2%
- Aja Gonzales; COVID Contact Tracer, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/17/2021, 9% + 2%
- Maureen A. Thomas, Administrative Coordinator, Town of Falmouth, Community Preservation Committee, Group One; DOM 9/20/2021, 9% + 2%
- Stephanie A. Silva; School Monitor, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/4/2021, 9% + 2%
- Alison M. Moorhouse; Certified Nursing Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/4/2021, 9% + 2%
- Donna T. Mello; Certified Nursing Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/4/2021, 9% + 2%
- Jacquelyn C. Hartman; Diversity, Equity & Inclusion Officer, Town of Falmouth, Office of the Town Manager, Group One; DOM 10/4/2021, 9% + 2%
- Nathan D. Desrochers; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 10/12/2021, 9% + 2%
- Bradley J. Tolbert; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 10/12/2021, 9% + 2%

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

- PERAC memo #25/2021 Tobacco Company List

- PERAC memo #26/2021 Mandatory Retirement Board Member Training – 4th Quarter 2021
- PERAC memo #27/2021 Appropriation Data Due October 31, 2021

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting both via Zoom. To begin, Mr. Dwyer directed the board members to the performance summary report for the month of August, and Mr. Fabrizio reviewed the plan results. Through the end of August, the plan’s estimated market value was approximately \$197.0 million. Year-to-date, the plan is up 13.53% versus the policy benchmark which is up 10.57%. Compared to its policy benchmark (up 18.90%), the domestic equity sector (up 17.85%) is a bit behind. The international equity sector (up 14.00%) is ahead of its benchmark (up 12.09%). The equity managers continue to drive the portfolio’s returns with some very strong performance. The domestic fixed income strategy (up 0.60%) is slightly ahead of its benchmark (down 0.08%). As interest rates rise, fixed income will decline. Yet, the performance of the fixed income 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 13.35% versus a benchmark that is up 5.37%. At present, the real estate funds, except for Metropolitan Real Estate which is in the process of winding down their fund, are ahead of the benchmark. Due to the nature of the investments held within the private equity sector, their performance returns are stated with as much as a two-quarter lag. Still, this sector is estimated to be up 28.67% versus a benchmark that is presently at 10.41%. Currently, Hamilton Lane Secondary Fund IV and P.R.I.T. Private Equity VY2018 are the two largest private equity investments within this portfolio. Siguler Guff Fund III and Lexington Capital Fund VII are the two funds within the private equity sector that are not providing double digit positive returns for the year. For the year, the P.R.I.T. Absolute Return Fund is up 8.44% versus a benchmark that is up 5.31%. Lastly, the cash balance is approximately \$5.9 million at the end of August. Wainwright Investment Counsel noted that they are “extremely happy with the performance of this portfolio year-to-date”.

The Director then noted for the board members that additional funds would be needed to cover the retiree payroll and operational expenses through the end of the year. After some discussion and at the suggestion of Wainwright Investment Counsel, the board members entertained a motion to liquidate \$2.0 million to the cash account with People’s United Bank from the RhumbLine Advisers Russell 1000 Growth Pooled Index Fund.

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

With regards to the issued R.F.P. for the U.S. Small Cap Core Equity asset class, it was noted that the U.S. Small Cap Core Equity R.F.P. had generated thirteen responses, and that Wainwright Investment Counsel has completed their analysis of the submitted proposals. Each of the responses have been reviewed and categorized as either “highly advantageous”, “advantageous”, “not advantageous” or “not acceptable”. Of the “highly advantageous” responses received, Earnest Partners, Penn Capital and Segall Bryant & Hamill will present today, for further due diligence, their proposed U.S. small cap core equity products.

Trey Greer and Aaron Kirchoff of EARNEST Partners were the first investment managers to join the meeting and present, by Zoom, their U.S. Small Cap Core Equity Fund. To begin, Mr. Greer thanked the board members for their consideration and reminded them of the relationship that we had shared. With over \$25 billion in assets under management globally, he noted that their firm is 100% employee-owned with consistent and experienced practitioners. In addition, the proposed fund has daily liquidity which, in these unprecedented times, could be a valuable necessity for the retirement system. Mr. Kirchoff then discussed in some detail their investment process. He noted that they will start with some 2000 possible companies. After they screen and research (a process in which they will assess the competitive framework, scrutinize the financials and evaluate the management) these companies, they will construct a portfolio that consist of approximately 60 companies that fit within their risk/reward profile. After some additional discussion with the board members, Mr. Greer and Mr. Kirchoff ended their Zoom meeting with the board members.

Then, Liz Veilleux, Brain Haskin and Eric Green representing Penn Capital joined the meeting via Zoom to present their U.S. Small Cap Core Equity Fund. Ms. Veilleux started with an overview of their firm. She noted their investment driven culture, their specialists in capital structure investing, and their investment philosophy. Mr. Haskins highlighted their investment team. He noted their targeting of optimal capital structure catalysts, and he discussed the life cycle of a leveraged equity. Then, Mr. Green reviewed their investment process and risk management. He noted their security selection process...their quantitative review, their qualitative review, their security selection, and their maintenance. He also discussed their buy discipline and their sell discipline. To close, they provided some performance data and discussed their proposed fee schedule. After some additional discussion with the board members, Ms. Veilleux, Mr. Haskin and Mr. Green thanked the board members for their consideration and ended their Zoom meeting.

Next to join the board meeting via Zoom to present their U.S. Small Cap Core Equity strategy were Daniel McCormack and Jeffrey Paulis from Segall Bryant & Hamill. Mr. McCormack provided a brief introduction to their firm. He noted that they offer active niche investment strategies designed to deliver alpha in many of the most inefficient areas of the market. They have a consistent, autonomous team-oriented investment approach focused on high quality, proprietary research. He emphasized their vision statement and discussed their guiding principles. Mr. Paulis then discussed their team, their investment philosophy and their rigorous investment process...noting their screening/idea generation, their due diligence, their risk mitigation, and their portfolio construction. He reviewed some composite performance data and some risk/return data. In closing, Mr. McCormack and Mr. Paulis thanked the board members for their consideration and ended their Zoom meeting with the board members.

Mr. Fabrizio then reviewed with the board members the three presentations from the “highly advantageous” investment managers that are being considered. He offered that all three would be a very good choice, but that all three offer something different. So, the decision will come down to the board member’s preference. After some discussion and on the recommendation of Wainwright Investment Counsel, the board members entertained a motion to accept the recommendation of Wainwright Investment Counsel to rebalance the portfolio in order to hire and fund a new investment with EARNEST Partners. The source and amount of the funds will be determined at the next board meeting.

Ms. Mullen moved to accept the recommendation of Wainwright Investment Counsel to rebalance the portfolio in order to hire and fund a new investment with EARNEST Partners. The source and amount of the funds is to be determined at the next board meeting. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

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

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

Then, Attorney Poser noted the following activity in the pending legal matters:

- *Kevin Murphy v. Falmouth Retirement Board*, CR-20-0453; a joint pre-hearing memorandum has been filed with D.A.L.A. with no hearing date scheduled yet.
- *Daniel Donahue v. Falmouth Retirement Board*, CR-21-0048; a joint pre-hearing memorandum has been filed with D.A.L.A. and Attorney Poser has filed a Motion for Summary Decision.

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

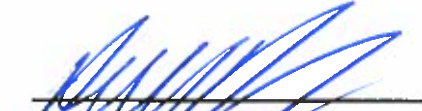
Mr. O’Malley moved to adjourn the open session meeting. Ms. Mullen seconded the motion. On roll call, the vote was as follows:

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

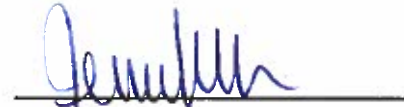
At approximately 3:40 p.m., the board members concluded the open session meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, November 18, 2021 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



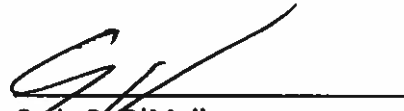
Russell R. Ferreira
Chairman, Elected Member



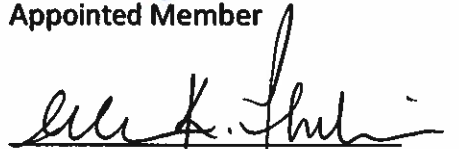
Jennifer P. Mullen
Ex-Officio Member




Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director