

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, July 21, 2022

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman (by Zoom); 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 and subsequent legislation 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, and she reviewed for the board members the monthly reconciliation of the cash account for the month of May. Through the end of May, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,225,293.52 and a statement balance in the amount of \$406,770.73. She noted that the month-end fund balance is \$178,995.49 with outstanding checks for the month in the amount of \$227,775.24. In addition, it was noted that the check sequence for the month of May began with check #10748 and ended with check #10784. It was noted that check #10718 in the amount of \$25.00 and check #10730 in the amount of \$2,245.86 cleared as withdrawals on the bank statement but are still listed on the outstanding checks list. All the checks in this sequence have 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. Slivinski moved to accept the monthly reconciliation submitted by the Town Treasurer. 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 meeting minutes of the open session meeting that was held on June 23, 2022. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on June 23, 2022.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on June 23, 2022. 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 #23/2022	\$1,176,109.12	Warrant #24/2022	\$ 8,002.80
Warrant #25/2022	\$ 78,619.44		

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #23/2022 through #25/2022.

Mr. O'Malley moved to approve the payment, as noted, of warrants #23/2022 through #25/2022. 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, the board members reviewed the payment of the following investment fees:

- Wainwright Investment Counsel, Q2 2022 consultant fee \$ 30,000.00
- People's United Bank, May 2022 custodial fee \$ 4,614.50
- EARNEST Partners, Q2 2022 management fee \$ 31,482.75
- RhumbLine Advisers (Growth), Q2 2022 management fee \$ 695.00
- RhumbLine Advisers (S&P 400), Q2 2022 management fee \$ 660.00
- RhumbLine Advisers (Value), Q2 2022 management fee \$ 1,140.00
- RhumbLine Advisers (S&P 600), Q2 2022 management fee \$ 676.00
- RhumbLine Advisers (MSCI EAFE), Q2 2022 management fee \$ 657.00

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

Mr. Slivinski 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:

- Lexington Capital Fund VII, a capital call payable on 6/1/2022 in the amount of \$1,487.00

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

Mr. O'Malley moved to approve the payment, as noted, of the above-mentioned capital call. 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:

- TerraCap Partners Fund IV, a distribution received on 6/21/2022 in the amount of \$177,874.66
- Lexington Capital Fund VII, a distribution received on 6/29/2022 in the amount of \$17,883.00

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:

- Seamus P. Murray; amount of transfer is \$43.48; deductions taken in error by the Town of Falmouth, Police Department
- Anthony J. Bennett; amount of transfer is \$23,027.77; resignation from service with the Town of Falmouth, Recreation Department (*with this transfer, the Falmouth Retirement System will accept 3 years and 1 month of 3(8)(c) liability on a 12-month basis*)
- Erin L. Bradbury; amount of transfer is \$4,602.85; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 2 years and 5 months of 3(8)(c) liability on a 12-month basis*)
- James M. Carley; amount of refund is \$22,340.86; resignation from service with the Town of Falmouth, D.P.W. Facilities Maintenance Division (*with this refund, the Falmouth Retirement System will accept 5 years of 3(8)(c) liability on a 12-month basis*)

- Senitra D. Bogan; amount of refund is \$882.36; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth Retirement System will accept 4 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. 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 considered the following request for 3(8)(c) liability:

- Amy Kaye-Peterson; accept 3(8)(c) liability request from the MA Teachers' Retirement System (*upon repayment of this refunded service, the Falmouth Retirement System will accept 3 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 above-mentioned request for 3(8)(c) liability.

Mr. O'Malley moved to approve, as noted, the above-mentioned request for 3(8)(c) liability. 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 noted the following members retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Robert J. Shea; date of retirement is 6/18/2022 from the Town of Falmouth, Information Technology Department; Group One
- Paul W. Stefanelli Jr.; date of retirement is 6/30/2022 from the Town of Falmouth, Police Department; Group Four

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

- Valerie A. Arroyo; Children’s Librarian, Town of Falmouth, Falmouth Public Library, Group One; DOM 6/22/2022, 9% + 2%
- Nathan S. Remillard; Wastewater Operator II, Town of Falmouth, D.P.W. Water and Wastewater Division, Group One; DOM 6/27/2022, 9% + 2%
- Collin J. Buckner; Field Supervisor, Town of Falmouth, Marine & Environmental Services Department, Group One; DOM 7/5/2022, 9% + 2%
- Mark T. Mrowka; I.T. Technician, Town of Falmouth, Information Technology Department, Group One; DOM 7/12/2022, 9% + 2%
- Stacey A. Waid; G.I.S. Coordinator, Town of Falmouth, Information Technology Department, Group One; DOM 7/18/2022, 9% + 2%

The board members then considered the following request to purchase prior service:

- Christopher J. Livingston; Police Officer, Town of Falmouth, Police Department; request to purchase military service, prior to membership with the Falmouth Retirement System; principle amount due is \$4,478.65 *(upon completion of this military 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 request of the above-mentioned member to purchase his/her service prior to membership with the Falmouth Retirement System.

Mr. Slivinski moved to approve, as noted, the request of the above-mentioned member to purchase his/her 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

Next, the board members reviewed the following first reports of injury:

- Kyle W. Moy; Police Officer, Town of Falmouth, Police Department, Group Four; while attempting to restrain and handcuff a combative suspect, employee was injured. Date of Injury 5/30/2022
- John T. Dacey; Police Officer, Town of Falmouth, Police Department, Group Four; while attempting to restrain and handcuff a combative suspect, employee was injured. Date of Injury 5/30/2022

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

- PERAC memo #17/2022 Mandatory Retirement Board Member Training – 3rd Quarter 2022
- PERAC memo #18/2022 Expiration of Open Meeting Law Waiver

Also, the board members reviewed other relative correspondence.

Next, Michael Dwyer and Jeffrey Fabrizio 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 \$186.0 million. Year-to-date, the plan is down 4.85% versus the policy benchmark which is down 8.93%. Compared to its policy benchmark (down 13.51%), the domestic equity sector (down 9.76%) is slightly ahead. The international equity sector (down 8.77%) is ahead of its benchmark (down 12.17%). In the current environment of rising interest rates, value should outperform growth. Still, the equity managers continue to experience negative returns which is a primary driver for this portfolio's decline in value. The domestic fixed income strategy (down 8.68%) is just ahead of its benchmark (down 8.81%). Also, as interest rates rise, the fixed income performance will decline. Still, the performance of the fixed income funds is expected 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 14.08% versus a benchmark that is up 5.33%. At present, the real estate funds, except for Metropolitan Real Estate, are ahead of their benchmark. Due to the nature of the investments held within the private equity sector, these performance returns are stated with as much as a two-quarter lag. At present, this sector is estimated to be up 5.91% 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. Year-to-date, the P.R.I.T. Absolute Return Fund is down 0.83% versus a benchmark that is down 5.60%. Lastly, the cash balance is approximately \$1.5 million at the end of May. Wainwright Investment Counsel noted that "the economy is very turbulent. Both the equity and bond markets are down in tandem which is very unusual. Typically, when one is down the other is up. However, they remain comfortable with this portfolio and its performance...overall it is negative, but it is protecting well to the downside."

Mr. Dwyer and Mr. Fabrizio then discussed with the board members a proposed rebalance of the investment portfolio which would liquidate \$5.5 million from cash and invest the cash in the following funds:

- \$1.5 million to the RhumbLine Russell 1000 Growth Pooled Index Fund
- \$1.0 million to the EARNEST Partners Small Core Equity Fund
- \$3.0 million 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

Next, Terenzio Volpicelli from Roselli, Clark & Associates joined the meeting by Zoom to discuss with the board members the 2021 financial statement provided as part of their annual financial 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 was approximately \$14.9 million greater than the prior year. The system's investment performance, net of management fees, was nearly 17.3% versus 9.7% in 2020, and the 2021 net investment return exceeded its long-term expected discount rate which is 7.25%. The System's actuary estimates that the retirement system is over 82% funded on December 31, 2021. He did note that although the system has been successful in garnering the yields necessary to achieve fully funded status in the required timeframe, the system (like so many other institutional investors) has experienced a great deal of volatility in its investments. The belief is that the volatility in the worldwide markets may continue for the foreseeable future. After some additional discussion, Mr. Volpicelli ended his presentation and the board members entertained a motion to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2021 that was conducted by the auditing firm of Roselli, Clark and Associates.

Ms. Philbin moved to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2021 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:

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

Next, it was noted that the solicitation of proposals to either lease or purchase real property within the Town of Falmouth has been posted. Responses are due no later than 2:00 p.m. ET on Friday, August 5, 2022.

Next, 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 was filed with D.A.L.A. and Attorney Poser filed a Motion for Summary Decision. The motion was denied, and a hearing on this matter was scheduled to be held at D.A.L.A. on Wednesday, July 13, 2022. Mr. Donahue withdrew, and the Magistrate subsequently dismissed the appeal.

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 2:45 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 25, 2022 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.


ATTEST:



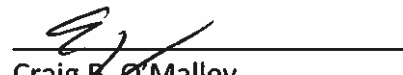
 Russell R. Ferreira
 Chairman, Elected Member



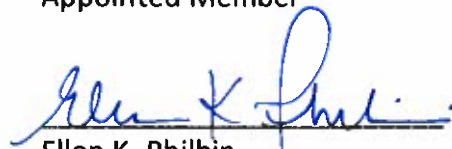
 Jennifer P. Mullen
 Ex-Officio Member



 Paul J. Slivinski
 Appointed Member



 Craig B. O'Malley
 Elected Member



 Ellen K. Philbin
 Vice Chairman, Fifth Member



 Francis X. St. Germaine III
 Director