

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, November 17, 2022

Board members in attendance: Ellen K. Philbin, Chair; Craig B. O'Malley, Vice Chair; Paul J. Slivinski and Scott T. Starbard

Board members in absence: Ex-Officio (vacant)

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 at the office of the Falmouth Retirement System, Chair Philbin called the meeting to order, and she noted for all that, in accordance with Chapter 107 of the Acts of 2022 relating to the COVID – 19 pandemic and the Open Meeting Law waiver, 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 September. Through the end of September, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,467,414.48 and a statement balance in the amount of \$200,268.17. She noted that the month-end fund balance is \$153,542.06 with outstanding checks for the month in the amount of \$46,726.11. In addition, it was noted that the check sequence for the month of September began with check #10898 and ended with check #10937. All the checks in this sequence have been accounted for through the end of the month. Also, the board members were provided with the annual budget through Q3 2022 including the cash receipts, the cash disbursements, the adjusting entries, the general ledger, and the trial balance. 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; all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of the open session meeting that was held on October 20, 2022. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on October 20, 2022.

Mr. Slivinski moved to approve the meeting minutes of the open session meeting that was held on October 20, 2022. Mr. O'Malley seconded the motion; all board members present voted in the affirmative.

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

Warrant #38/2022	\$ 8,491.40	Warrant #39/2022	\$1,204,337.47
Warrant #40/2022	\$ 8,366.40	Warrant #41/2022	\$ 53,919.36
Warrant #41/2022DD	\$ 33,728.14		

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #38/2022 through #41DD/2022.

Mr. Slivinski moved to approve the payment, as noted, of warrants #38/2022 through #41DD/2022. Mr. O'Malley seconded the motion; all board members present voted in the affirmative.

Then, the board members reviewed the payment of the following investment fees:

- M&T Bank (People's United Bank), September 2022 custodial fee \$ 4,468.78
- S.S.g.A. (CM3Y), Q3 2022 management fee \$ 1,264.09
- S.S.g.A. (CME7), Q3 2022 management fee \$ 1,754.66
- LMCG Investments (Mid Cap Core), Q3 2022 management fee \$ 26,184.00
- DFA International Equity, Q3 2022 management fee \$ 5,972.07
- Lord Abbett High Yield Core; Q3 2022 management fee \$ 3,713.24

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. Mr. Slivinski seconded the motion; all board members present voted in the affirmative.

The board members then reviewed the following payment of capital calls to investment managers:

- PRIT Private Equity Fund VY2018, a capital call payable on 11/1/2022 in the amount of \$30,119.44
- PRIT Private Equity Fund VY2020, a capital call payable on 11/1/2022 in the amount of \$41,861.39
- PRIT Private Equity Fund VY2022, a capital call payable on 11/1/2022 in the amount of \$80,244.24

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; all board members present voted in the affirmative.

Next, the board members reviewed the following cash distributions from investment managers:

- Lexington Capital Fund VII, a distribution received on 10/28/2022 in the amount of \$3,936.00
- Hamilton Lane Secondary Fund IV, a distribution received on 11/10/2022 in the amount of \$116,296.00
- TA Realty Fund XII, a distribution received on 11/16/2022 in the amount of \$20,717.00

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:

- Casey D. Ferreira; amount of refund is \$121.00; deductions taken in error by the Town of Falmouth, Fire Rescue Department
- Judith D. Foley; amount of refund is \$10.49; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Alysia N. Davies; amount of refund is \$27,926.05; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth Retirement System will accept 9 years and 11 months of 3(8)(c) liability on a 12-month basis*)
- David A. Diogo; amount of refund is \$50,597.47; resignation from service with the Town of Falmouth, Emergency Communications Center (*with this refund, the Falmouth Retirement System will accept 7 years and 1 month of 3(8)(c) liability on a 12-month basis*)
- Alexa M. Scribner; amount of transfer is \$1,960.51; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 10 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. Slivinski 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; all board members present voted in the affirmative.

The board members then considered the following request for 3(8)(c) liability:

- Suzanne Rapoza; deny 3(8)(c) liability request from the State Board of Retirement; non-membership service with the Town of Falmouth

After some discussion, the board members entertained a motion to deny, as noted, the above-mentioned request for 3(8)(c) liability.

Mr. Slivinski moved to deny, as noted, the above-mentioned request for 3(8)(c) liability. Mr. O'Malley seconded the motion; all board members present voted in the affirmative.

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

- Melissa M. Santos; Receptionist, Falmouth Housing Authority, Group One; DOM 9/19/2022, 9% + 2%
- Erica M. James; Federal Housing Program Specialist, Falmouth Housing Authority, Group One; DOM 9/19/2022, 9% + 2%
- Brandon P. Higgins; Police Officer, Town of Falmouth, Police Department, Group Four; DOM 10/16/2022, 9% + 2%
- Paula E. Gerry; Administrative Clerk, Town of Falmouth, Inspectional Services Department, Group One; DOM 10/17/2022, 9% + 2%
- Danielle M. Hazleton; State Certification Clerk, Falmouth Housing Authority, Group One; DOM 10/18/2022, 9% + 2%
- Jessica L. Baldeck; Assistant to the Children's Librarian, Town of Falmouth, Falmouth Public Library, Group One; DOM 10/24/2022, 9% + 2%
- Joseph M. Cabral; Laborer, Town of Falmouth, D.P.W. Highway Division, Group One; DOM 11/7/2022, 9% + 2%
- Susan P. Lumpkin; Human Resource Director, Town of Falmouth, Personnel Department, Group One; DOM 11/7/2022, 9% + 2%
- Amanda S. Roman; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/7/2022, 9% + 2%
- Francesca T. Weiss; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/7/2022, 9% + 2%
- Shawna N. Ranney; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 11/15/2022, 9% + 2%

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

- Kathleen Karchner; Teacher Assistant, 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 \$2,308.29 (*upon completion of this service purchase, the Falmouth Retirement System will accept 8 months of 3(8)(c) liability on a 12-month basis*)
- Jessica J. Salsman; Bus Driver, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$13,299.91 (*upon completion of this service purchase, the Falmouth Retirement System will accept 3 years and 4 months of 3(8)(c) liability on a 12-month basis*)
- Noel V. Martin; Teacher Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$16,316.75 (*upon completion of this service purchase, the Barnstable County Retirement System will accept 6 years and 2 months of 3(8)(c) liability on a 12-month basis*)

- Gabriela J. Loudes; Bus Aide, 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 \$6,431.94 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 years and 1 month of 3(8)(c) liability on a 12-month basis*)
- Samantha Espinoza; Police Officer, Town of Falmouth, Police Department; request to purchase military service, prior to membership with the Falmouth Retirement System; principle amount due is \$19,872.03 (*upon completion of this service purchase, the Falmouth Retirement System will accept 4 years of 3(8)(c) liability on a 12-month basis*)
- Shawna N. Ranney; Teacher Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$210.84 (*upon completion of this service purchase, the Falmouth Retirement System will accept 1 month 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. Mr. Slivinski seconded the motion; all board members present voted in the affirmative.

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

- Stephen P. Senior Jr.; Police Officer, Town of Falmouth, Police Department, Group Four; while assisting a distressed subject, employee was injured.
Date of Injury 9/30/2022
- David M. Massi; Police Officer, Town of Falmouth, Police Department, Group Four; while assisting a distressed subject, employee was injured.
Date of Injury 9/30/2022
- Daniel J. Desmarais; Police Officer, Town of Falmouth, Police Department, Group Four; while assisting a distressed subject, employee was injured.
Date of Injury 9/30/2022
- Eryn N. Lokerson; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while assisting a distressed patient, employee was injured.
Date of Injury 9/30/2022
- Jay A. Frisbee; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while uncoupling a supply line, employee was injured.
Date of Injury 10/4/2022
- Michael Duarte Jr.; M.E.O. II, Town of Falmouth, D.P.W. Forestry and Parks Division, Group One; while mowing, employee was injured.
Date of Injury 10/11/2022

- John T. Dacey; Police Officer, Town of Falmouth, Police Department, Group Four; while attending to an injured victim, employee was injured.
Date of Injury 10/24/2022
- Newton J. Cardoso; Police Officer, Town of Falmouth, Police Department, Group Four; while attending to an injured victim, employee was injured.
Date of Injury 10/24/2022

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

- PERAC memo #27/2022 Free State-sponsored Cybersecurity Training
- PERAC memo #28/2022 840 CMR 28.00 Electronic Signatures

Also, the board members reviewed other relative correspondence.

Then, 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 September, and Mr. Fabrizio reviewed the plan results. Through the end of September, the plan's estimated gross market value was approximately \$174.9 million. Year-to-date, the plan is down 13.62% versus the policy benchmark which is down 17.09%. Compared to its policy benchmark (down 23.44%), the domestic equity sector (down 21.20%) is ahead with LMCG Investments and EARNEST Partners protecting very well during the decline. The international equity sector (down 25.18%) is ahead of its benchmark (down 28.11%). In the current environment of rising interest rates, equities are down with growth stocks affected more than value stocks. Still, all the equity managers continue to experience negative returns which continues to be a primary driver for this portfolio's decline in value. The domestic fixed income strategy (down 14.70%) is slightly behind its benchmark (down 14.61%). The performance of the fixed income funds is not unexpected as most of these investments, apart from Lord Abbeatt High Yield, are indexed. Year-to-date, the performance of the real estate sector is up 15.51% versus a benchmark that is up 5.93%. At present, the real estate asset class is working quite well with TA Realty providing some very strong returns. 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. Yet, this sector is estimated to be down 1.55% versus a benchmark that is presently down 5.29%. Currently, Hamilton Lane Secondary Fund IV, P.R.I.T. Private Equity VY2018 and P.R.I.T. Private Equity VY2020 are the three largest private equity investments within this portfolio. For the year, the P.R.I.T. Absolute Return Fund is down 3.46% versus a benchmark that is down 6.98%. Lastly, the cash balance is approximately \$2.5 million. Wainwright Investment Counsel noted that "the economy continues to be very turbulent. Both the equity and bond markets continue to be down in tandem which is very unusual. Typically, when one is down the other is up. However, the portfolio does seem to be protecting well during a period of underperforming markets."

Mr. Dwyer then discussed with the board members a proposed rebalance of the investment portfolio which would liquidate to cash \$4.0 million from the P.R.I.T. Core Real Estate 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; all board members present voted in the affirmative.

Mr. Fabrizio next provided the board members with a proposed draft of the *Custodian Capital and Distribution Best Practices* policy statement for their review. After some discussion, the board members entertained a motion to adopt the *Custodian Capital and Distribution Best Practices* policy statement provided by Wainwright Investment Counsel.

Mr. Slivinski moved to adopt the *Custodian Capital and Distribution Best Practices* policy statement provided by Wainwright Investment Counsel. Mr. O'Malley seconded the motion; all board members present voted in the affirmative.

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

Attorney Poser then 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.

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

Mr. O'Malley moved to adjourn the open session meeting. Mr. Slivinski seconded the motion; all board members present voted in the affirmative.

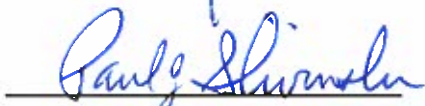
At approximately 2:45 p.m., the board members concluded the open session meeting. The next scheduled board meeting will begin at noon on Thursday, December 22, 2022 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

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ATTEST:



Ellen K. Philbin
Chair, Fifth Member



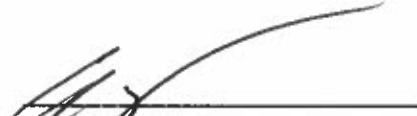
Paul J. Slivinski
Appointed Member



Scott T. Starbard
Elected Member

VACANT

Ex-Officio Member



Craig B. O'Malley
Vice Chair, Elected Member



Francis X. St. Germaine III
Director