

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, October 20, 2022

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

Board members in absence: Ex-Officio (vacant)

Staff members in attendance: Francis St. Germaine who recorded the minutes of the meeting

At approximately 2:00 p.m., with a quorum being physically present at the office of the Falmouth Retirement System, Chairman Ferreira called the meeting to order, and he 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 August. Through the end of August, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,536,155.10 and a statement balance in the amount of \$59,796.27. She noted that the month-end fund balance is \$179,640.03 with outstanding checks for the month in the amount of \$119,843.76. In addition, it was noted that the check sequence for the month of August began with check #10859 and ended with check #10897. All of 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. O'Malley moved to accept the monthly reconciliation submitted by the Town Treasurer. Ms. Philbin seconded the motion; all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on September 22, 2022. After some discussion, the board members entertained a motion to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on September 22, 2022.

Mr. O'Malley moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on September 22, 2022. Ms. Philbin seconded the motion; all board members present voted in the affirmative.

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

Warrant #34/2022	\$	\$8,616.40	Warrant #35/2022	\$	\$1,202,882.36
Warrant #36/2022	\$	8,366.40	Warrant #37/2022	\$	79,450.43
Warrant #37/2022DD	\$	1,438.45			

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #34/2022 through #37DD/2022.

Ms. Philbin moved to approve the payment, as noted, of warrants #34/2022 through #37DD/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:

- Wainwright Investment Counsel, Q3 2022 consultant fee \$ 30,000.00
- M&T Bank (People's United Bank), August 2022 custodial fee \$ 4,906.74
- EARNEST Partners, Q3 2022 management fee \$ 32,442.36
- RhumbLine Advisers (Growth), Q3 2022 management fee \$ 772.00
- RhumbLine Advisers (S&P 400), Q3 2022 management fee \$ 650.00
- RhumbLine Advisers (Value), Q3 2022 management fee \$ 1,095.00
- RhumbLine Advisers (S&P 600), Q3 2022 management fee \$ 662.00
- RhumbLine Advisers (MSCI EAFE), Q3 2022 management fee \$ 608.00

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

Ms. Philbin 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:

- Lexington Capital Fund VII, a capital call payable on 9/29/2022 in the amount of \$2,033.00
- PRIT Private Equity Fund VY2018, a capital call payable on 10/3/2022 in the amount of \$26,991.56
- PRIT Private Equity Fund VY2020, a capital call payable on 10/3/2022 in the amount of \$71,924.82
- PRIT Private Equity Fund VY2022, a capital call payable on 10/3/2022 in the amount of \$36,077.53

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. Philbin 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 9/29/2022 in the amount of \$2,033.00
- Hamilton Lane Secondary Fund IV, a distribution received on 9/29/2022 in the amount of \$380,933.00
- Mesriow Financial Fund IV, a distribution received on 9/29/2022 in the amount of \$15,000.00
- TerraCap Partners Fund IV, a distribution received on 9/29/2022 in the amount of \$80,385.85

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:

- Laura E.S. Ford; amount of transfer is \$30.24; retro-payment by the Town of Falmouth, Falmouth Public Library; no additional service credit
- Susan S. Hens; amount of transfer is \$55,252.52; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 8 months of 3(8)(c) liability on a 12-month basis*)
- Amy E. Coughlin; amount of transfer is \$17,617.58; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 3 years and 11 months of 3(8)(c) liability on a 12-month basis*)
- Gregory A. Kennedy; amount of refund is \$197.25; deductions taken in error by the Town of Falmouth, Falmouth Public Schools

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

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

- Kenneth J. Buckland; accept 3(8)(c) liability request from the Plymouth County Retirement System (*upon repayment of this refunded service, the Falmouth Retirement System will accept 2 years and 7 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.

Ms. Philbin moved to approve, 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 member retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Gregory A. Kennedy; date of retirement is 9/10/2022 from the Town of Falmouth, Falmouth Public Schools; Group One

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

- Justin C. Newman; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/30/2022, 9% + 2%
- Michael M. Hyland Jr.; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/30/2022, 9% + 2%
- Sabrina M. Gillis; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/30/2022, 9% + 2%
- Kevin J. Huelsman; School Safety Monitor, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/6/2022, 9% + 2%
- Noel V. Martin; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/19/2022, 9% + 2%
- Brian J. Stokes; Assistant Director, Town of Falmouth, Falmouth Public Library, Group One; DOM 9/19/2022, 9% + 2%
- Chelsea T. Bourne; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One; DOM 9/26/2022, 9% + 2%
- Casey L. O'Loughlin; Communications Officer, Town of Falmouth, Emergency Communications Center, Group One; DOM 9/26/2022, 9% + 2%
- Laurie A. Brown; Principal Office Assistant, Town of Falmouth, Conservation Department, Group One; DOM 9/26/2022, 9% + 2%
- Gabriela J. Loudes; Bus Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/26/2022, 9% + 2%
- Maureen R. McGoldrick; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/27/2022, 9% + 2%
- Nancy Fauteux; School Safety Monitor, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/11/2022, 9% + 2%

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

- Patricia M. Bexon; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools; request to purchase less than part-time service with the Worcester Regional Retirement System, prior to membership with the Falmouth Retirement System; principle amount due is \$3,886.98 (*upon completion of this service purchase, the Worcester Regional Retirement System will accept 1 year of 3(8)(c) liability on a 10-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. O'Malley 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. Ms. Philbin seconded the motion; all board members present voted in the affirmative.

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

- Joshua R. Oliver; Police Officer, Town of Falmouth, Police Department, Group Four; while working a police detail, employee was injured. Date of Injury 9/12/2022

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #24/2022 Mandatory Retirement Board Member Training – 4th Quarter, 2022
- PERAC memo #25/2022 Tobacco Company List
- PERAC memo #26/2022 Appropriation Data Due October 31, 2022

Also, the board members reviewed other relative correspondence.

Then, Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To begin, he directed the board members to the performance summary report for the month of August, and he reviewed the plan results. Through the end of August, the plan's estimated gross market value was approximately \$186.7 million. Year-to-date, the plan is down 8.28% versus the policy benchmark which is down 11.45%. Compared to its policy benchmark (down 15.56%), the domestic equity sector (down 13.19%) is ahead with LMCG Investments and EARNEST Partners protecting very well during the decline. The international equity sector (down 17.45%) is ahead of its benchmark (down 20.32%). In the current environment of rising interest rates, value should outperform growth. Still, all 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 10.94%) is slightly behind its benchmark (down 10.79%). As interest rates rise, fixed income will decline. 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 16.06% versus a benchmark that is up 5.33%. At present, the real estate funds are ahead of the benchmark 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 up 0.21% versus a benchmark that is presently down 0.35%. 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 1.71% versus a benchmark that is down 5.53%. Lastly, the cash balance is approximately \$3.2 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."

Next, the Director noted for the board members that, currently, the Town Treasurer is compensated by the retirement system a monthly stipend of \$125.00 or \$1,500.00 per year for services rendered as custodian of the funds for the retirement system; however, this monthly stipend can and should be increased to \$250.00 or \$3,000.00 per year. After some discussion, the board members entertained a motion to approve an increase to the Town Treasurer's monthly stipend from the current \$125.00 to \$250.00 for services rendered as custodian of the funds for the retirement system.

Mr. Slivinski moved to approve an increase to the Town Treasurer's monthly stipend from the current \$125.00 to \$250.00 for services rendered as custodian of the funds for the retirement system. Mr. O'Malley seconded the motion; all board members present voted in the affirmative.

The Director 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.

Then, John Boorack from P.E.R.A.C. joined the meeting by Zoom and he reviewed with the board members the draft results of their January 1, 2022 actuarial valuation study. He noted for the board members that, as of January 1, 2022, the unfunded liability of the Falmouth Retirement System is \$70.2 million versus the previous unfunded liability of \$74.6 million. He noted that the system's total actuarial accrued liability had increased to about \$250.7 million. The actuarial value of assets is approximately \$180.5 million, and the system's funded ratio (actuarial value) is at 72.0%. He noted some of the assumptions to their valuation process: an investment return assumption of 7.00% (the assumption used in the prior valuation study was 7.25%) and a revised mortality assumption reflecting the RP-2014 Blue Collar table with an updated mortality improvement scale to the more current MP-2020. As before, the provisions of Chapter 176 of the Acts of 2011 have been and will be considered in this and future actuarial valuations. In addition, it was noted that the current valuation reflects a C.O.L.A. base of \$14,000. If the C.O.L.A. base is raised to \$16,000, the appropriation would increase by approximately \$380,000.00 and these amounts could simply be added to any schedule the board members adopt. Ultimately, all of these factors will have some impact on the amortization schedule for the retirement system. Also, it was noted that P.E.R.A.C. will continue to suggest that retirement systems consider an approach which will fund their unfunded liability as aggressively as is manageable. The board members reviewed the proposed appropriation funding schedules and selected "Alternative 1" with a 7.00% investment return assumption, including a C.O.L.A. base of \$16,000, with total cost increases of about 6.54% per year, and an appropriation payment made on July 1st with a final amortization payment made in FY 2033. After some discussion, the board members entertained a motion to adopt the above-mentioned proposed appropriation funding schedule.

Mr. Slivinski moved to adopt the above-mentioned proposed appropriation funding schedule. Ms. Philbin seconded the motion; all board members present voted in the affirmative.


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

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

At approximately 3:05 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 17, 2022 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.


ATTEST:



Russell K. Ferreira
Chairman, Elected Member



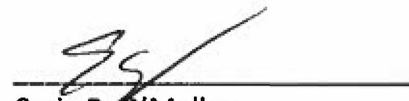
Paul J. Slivinski
Appointed Member



Ellen K. Philbin
Vice Chairman, Fifth Member

VACANT

Ex-Officio Member



Craig B. O'Malley
Elected Member



Francis X. St. Germaine III
Director