

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, May 18, 2023

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: Victoria A. Rose

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 waiver of the Open Meeting Law, it has been determined that remote participation is permissible for those that choose.

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 March. Through the end of March, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$1,662,279.87 and a statement balance in the amount of \$177,399.36. She noted that the month-end fund balance is \$175,530.12 with outstanding checks for the month in the amount of \$1,869.24. In addition, it was noted that the check sequence for the month of March began with check #11141 and ended with check #11176. 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 Q1 2023 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. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

The board members then reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on April 20, 2023. 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 April 20, 2023.

Mr. O'Malley moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on April 20, 2023. Mr. Starbard seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

Warrant #13/2023	\$ 8,741.40	Warrant #14/2023	\$1,239,660.31
Warrant #15/2023	\$ 8,366.40	Warrant #16/2023	\$ 191,346.93

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #13/2023 through #16/2023.

Mr. Slivinski moved to approve the payment, as noted, of warrants #13/2023 through #16/2023. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

- M&T Bank (People's United Bank), March 2023 custodial fee \$ 5,027.73
- S.S.g.A. (CM3Y), Q1 2023 management fee \$ 1,301.69
- S.S.g.A. (CME7), Q1 2023 management fee \$ 1,664.43
- LMCG Investments (Mid Cap Core), Q1 2023 management fee \$ 26,891.00
- DFA International Equity, Q1 2023 management fee \$ 6,979.73
- Lord Abbett High Yield Core; Q1 2023 management fee \$ 3,820.32

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

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	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 5/1/2023 in the amount of \$49,280.83
- PRIT Private Equity Fund VY2020, a capital call payable on 5/1/2023 in the amount of \$4,459.41
- PRIT Private Equity Fund VY2022, a capital call payable on 5/1/2023 in the amount of \$118,593.75

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. Mr. Slivinski seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

- Lexington Capital Fund VII, a distribution received on 4/27/2023 in the amount of \$14,098.00
- TA Realty Fund XII, a distribution received on 5/8/2023 in the amount of \$317,858.00
- Hamilton Lane Secondary Fund IV, a distribution received on 5/15/2023 in the amount of \$71,133.00

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:

- Timmy M. Meissner; amount of refund is \$26,979.37; resignation from service with the Town of Falmouth, Communications Center *(with this refund, the Falmouth Retirement System will accept 4 years and 7 months of 3(8)(c) liability on a 12-month basis)*
- Taylor L. Shoemake; amount of refund is \$1,130.74; resignation from service with the Town of Falmouth, Falmouth Public Schools *(with this refund, the Falmouth Retirement System will accept 3 months of 3(8)(c) liability on a 12-month basis)*
- Brian J. Wells; amount of transfer is \$10,739.91; resignation from service with the Town of Falmouth, Fire Rescue Department *(with this transfer, the Falmouth Retirement System will accept 1 year and 7 months of 3(8)(c) liability on a 12-month basis)*

- Richard M. Walls; amount of transfer is \$19,938.06; resignation from service with the Town of Falmouth, Fire Rescue Department (*with this transfer, the Falmouth Retirement System will accept 2 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 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 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. Starbard seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

- Kenneth J. Kinsella; date of retirement is 4/8/2023 from the Town of Falmouth, D.P.W. Parks and Forestry Division; Group One

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

- Joseph C. Roper; Systems Analyst, Town of Falmouth, Information Technology Department, Group One; DOM 4/18/2023, 9% + 2%
- Joshua M. Blaylock; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 4/24/2023, 9% + 2%
- Eleanor C. MacKay; Assistant Zoning Compliance Agent, Town of Falmouth, Inspectional Services Department, Group One; DOM 4/24/2023, 9% + 2%
- Molly A. Masson; Animal Control Officer, Town of Falmouth, Marine and Environmental Services Department, Group One; DOM 4/24/2023, 9% + 2%
- Jane M. Bliss; Federal Housing Program Specialist, Falmouth Housing Authority, Group One; DOM 5/1/2023, 9% + 2%
- Griffin D. Weiner; Communications Officer, Town of Falmouth, Communications Center, Group One; DOM 5/8/2023, 9% + 2%

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

- Jay A. Frisbee; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while pulling himself into the side door of the ambulance, employee was injured. Date of Injury 4/20/2023

- Molly A. Masson; Animal Control Officer, Town of Falmouth, Marine and Environmental Services Department, Group One; while transferring a squirrel from the net to the box, employee was injured. Date of Injury 4/27/2023
- Terrence E. Quinn; Local Inspector, Town of Falmouth, Inspectional Services Department, Group One; while driving, employee was involved in a motor vehicle accident and was injured. Date of Injury 5/2/2023

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 March, and Mr. Fabrizio reviewed the plan results. Through the end of March, the plan's estimated gross market value was approximately \$185.2 million. Year-to-date, the plan is up 3.67% versus the policy benchmark which is up 3.37%. Compared to its policy benchmark (up 4.35%), the domestic equity sector (up 4.52%) is ahead with all of the domestic equity funds providing some positive returns for the month. The international equity sector (up 8.61%) is ahead of its benchmark (up 7.75%). Similar to the domestic equity funds, all of the international equity funds in this portfolio are positive but with some better returns. The domestic fixed income strategy (up 3.20%) is slightly ahead of its benchmark (up 3.04%). The performance of these fixed income funds is positive and expected as all, apart from the Lord Abbett High Yield Core, are indexed. Year-to-date, the performance of the real estate sector is down 1.06% versus a benchmark that is down 1.81%. It is likely that this sector is beginning to show the effects of the rising interest rates. 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 0.97% versus a benchmark that is presently 0.00%. 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 up 1.67% versus a benchmark that is up 0.70%. Lastly, the cash balance is approximately \$3.9 million. Wainwright Investment Counsel noted that "the economy continues to be very volatile. However, the portfolio seems to be protecting well during these challenging times and the equities have provided some good returns with growth outperforming value."

Next, Terenzio Volpicelli from Roselli, Clark & Associates joined the meeting by Zoom to discuss with the board members the 2022 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 decrease in fiduciary net position was nearly \$18.7 million for the year. The system's investment performance, net of management fees, was negative approximately 8.9% versus 17.3% in 2021 and 9.7% in 2020. The System's actuary estimates that the retirement system is approximately 69% funded on December 31, 2022. 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, 2022 that was conducted by the auditing firm of Roselli, Clark and Associates.

Mr. Slivinski moved to accept the Report on Examination of Basic Financial Statements for Year-Ended December 31, 2022 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, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

Then, the Chair asked for a motion to leave the open session meeting and to move into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual as well as to consider the purchase, exchange, lease or value of real property.

Mr. O'Malley moved to leave the open session meeting and to move into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual as well as to consider the purchase, exchange, lease or value of real property. Mr. Starbard seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

At approximately 2:45 p.m., the board members left the open session meeting and moved into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual as well as to consider the purchase, exchange, lease or value of real property. At the conclusion of the executive session meeting, as noted by the Chair, the board members would reconvene their open session meeting.

At approximately 3:05 p.m., the board members reconvened their open session meeting, and the Chair noted the following action taken during the executive session meeting.

BRYAN C. HAZELTON – ACCIDENTAL DISABILITY RETIREMENT

The board members reviewed the Regional Medical Panel certificates with narratives and found all to be in order. Mr. Slivinski moved to approve the voluntary accidental disability retirement application that has been submitted by Bryan C. Hazelton and to transmit to

P.E.R.A.C. their findings of facts. Mr. Starbard seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

REAL PROPERTY – 80 DAVIS STRAITS, FALMOUTH MA

The board members reviewed the current lease agreement and the proposed lease payments under a new 10-year lease option. The board members raised their concern with the early termination language in the lease agreement. Mr. Starbard moved to have the Director and Attorney Poser negotiate language with the landlord with regards to extending the existing lease at Davis Straits but with a revised early termination clause. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

- *Kevin Murphy v. Falmouth Retirement Board*, CR-20-0453; given its age and that the parties agree generally about the underlying facts, the parties have proposed to ask D.A.L.A. to issue a scheduling order for the purpose of filing memoranda of law. D.A.L.A. has notified the parties that any additional papers shall be filed no later than June 13, 2023.

Before adjourning the board meeting and at the request of Mr. Starbard, the Director provided the board members with a brief status update with regards to the accidental disability retirement of Todd A. Taylor.

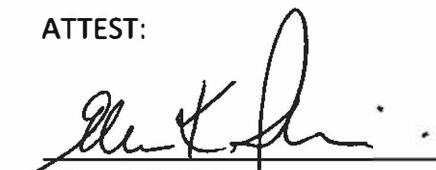
Finally, having no additional business to discuss, the Chair asked for a motion to adjourn the open session meeting.

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


Ellen K. Philbin, Chair	YES
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

At approximately 3:15 p.m., the board members concluded the open session meeting. The next scheduled board meeting will begin at 2:00 p.m. on Thursday, June 15, 2023 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:




Ellen K. Philbin
Chair, Fifth Member

ABSENT



Victoria A. Rose
Ex-Officio Member



Paul J. Slivinski
Appointed Member



Craig B. O'Malley
Vice Chair, Elected Member



Scott T. Starbard
Elected Member



Francis X. St. Germaine III
Director