

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, August 15, 2024

Board members in attendance: Ellen K. Philbin, Chair; Craig B. O'Malley, Vice Chair; Victoria A. Rose and Scott T. Starbard (remote)

Board members in absence: 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 (remote)

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 Director reviewed for the board members the monthly reconciliation of the cash account for the month of June. Through the end of June, he noted that the account with Rockland Trust has receipts in the amount of \$1,569,656.12 and a statement balance in the amount of \$183,839.50. He noted that the month-end fund balance is \$144,660.39 with outstanding checks for the month in the amount of \$39,179.11. In addition, it was noted that the check sequence for the month of June began with check #11690 and ended with check #11707. 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 Q2 2024 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 on behalf of the Town Treasurer.

Mr. O'Malley moved to accept the monthly reconciliation submitted on behalf of the Town Treasurer. Ms. Rose seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

The board members then reviewed the meeting minutes of the open session meeting that was held on July 18, 2024. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on July 18, 2024.

Mr. O'Malley moved to approve the meeting minutes of the open session meeting that was held on July 18, 2024. Ms. Rose seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

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

Warrant #25/2024	\$1,389,125.28	Warrant #26/2024	\$ 10,490.40
Warrant #27/2024	\$ 48,776.69		

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #25/2024 through #27/2024.

Mr. Starbard moved to approve the payment, as noted, of warrants #25/2024 through #27/2024. Ms. Rose seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

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

- M&T Bank, June 2024 custodial fee \$ 4,967.41
- S.S.g.A. High Yield Bond (CM3Y), Q2 2024 management fee \$ 1,454.20
- S.S.g.A. Passive Bond (CME7), Q2 2024 management fee \$ 2,015.57
- DFA International Core Equity, Q2 2024 management fee \$ 7,144.81
- Lord Abbett High Yield Core; Q2 2024 management fee \$ 4,693.94

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

Ms. Rose 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
Scott T. Starbard	YES
Victoria A. Rose	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 VY 2020, a capital call payable on 8/1/2024 in the amount of \$22,067.87
- PRIT Private Equity Fund VY 2022, a capital call payable on 8/1/2024 in the amount of \$17,685.80
- PRIT Private Equity Fund VY 2024, a capital call payable on 8/1/2024 in the amount of \$31,041.06

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

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

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

- Lexington Capital Fund VII, a distribution received on 7/30/2024 in the amount of \$8,790.00
- PRIT Private Equity Fund VY 2018, a distribution received on 8/1/2024 in the amount of \$44,697.79

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:

- Roger S. Dutra Jr.; amount of refund is \$2,953.15; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Nancy E. Clark; amount of refund is \$212.78; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- John R. Boncek; amount of transfer is \$19.44; deductions taken in error by the Town of Falmouth, Information Technology Department
- Stephanie M. Carreiro; amount of transfer is \$8,704.03; 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*)

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 the return or transfer of his/her accumulated deductions.

Ms. Rose moved to approve, as noted, the requests of the above-mentioned former or current members of the Falmouth Retirement System for the 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, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

The board members then noted the following members retiring from service with the Town of Falmouth and/or Falmouth Housing Authority:

- Roger S. Dutra Jr.; date of retirement 4/11/2023 from the Town of Falmouth, Falmouth Public Schools; Group One
- Robin J. DeAbreu; date of retirement is 7/25/2024 from the Town of Falmouth, Falmouth Public Schools; Group One

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

- Marie F. St. Germaine; Office Assistant, Town of Falmouth, Falmouth Retirement System; Group One; DOM 7/15/2024, 9% + 2%
- Gates D. Kelliher; Utility Maintenance Worker, Town of Falmouth, D.P.W. Water and Wastewater Division, Group One; DOM 7/22/2024, 9% + 2%
- Rannon S. Borges-Lyons; Utility Maintenance Worker, Town of Falmouth, D.P.W. Water and Wastewater Division, Group One; DOM 7/29/2024, 9% + 2%
- Julie M. Williams-Tinkham; Recreation Director, Town of Falmouth, Recreation Department, Group One; DOM 7/29/2024, 9% + 2%

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

- Domingos F. Goncalves; Shift Leader, 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 \$1,648.17 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis*)
- Timothy J. Wakefield; Athletic Trainer, 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 \$2,470.33 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis*)
- Gates D. Kelliher; Utility Maintenance Worker, Town of Falmouth, D.P.W. Water and Wastewater Division; request to purchase less than part-time service, prior to

membership with the Falmouth Retirement System; principle amount due is \$663.65 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis*)

- Rannon S. Borges-Lyons; Utility Maintenance Worker, Town of Falmouth, D.P.W. Water and Wastewater Division; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$601.38 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis*)
- John M. Estrela, Custodian, Town of Falmouth, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$48,869.51 (*upon completion of this service purchase, the Falmouth Retirement System will accept 12 years and 6 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 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. Starbard seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O'Malley, Vice Chair	YES

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

- Matthew B. Crowell; Master Mechanic, Town of Falmouth, Fire Rescue Department, Group One; while moving the tire machine, the employee was injured.
Date of Injury 4/16/2024
- Patrick W. Friel; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while training a new hire on hose deployment, employee fell and was injured.
Date of Injury 6/8/2024
- Brendon M. Freitas; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while removing the hose from the fire engine, the employee was injured.
Date of Injury 6/28/2024

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #19/2024 Reinstatement to Service under G.L. c. 32 §105

- PERAC memo #20/2024 Cost of Living Increase for Supplemental Dependent Allowance Paid to Accidental Disability Retirees and Accidental Death Survivors

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 June, and Mr. Fabrizio reviewed the plan results. Through the end of June, the plan's estimated gross market value was approximately \$198.4 million. Year-to-date, the plan is up 2.08% versus the policy benchmark which is up 3.45%. Compared to its policy benchmark (up 6.42%), the domestic equity sector (up 5.04%) is behind with all of the domestic equity funds positive for the year with the exception of the RhumbLine Advisers S&P 600 Pooled Index Fund and the EARNEST Partners U.S. Small Cap Core Equity Fund. The international equity sector (up 4.44%) is just slightly ahead of its benchmark (up 4.36%). The domestic fixed income strategy (up 0.18%) is just ahead of its benchmark (down 0.32%). The performance of the fixed income funds, apart from the Lord Abbett High Yield Core, are indexed. Year-to-date, the performance of the real estate sector is down 14.58% versus a benchmark that is currently down 1.18%. This has been a particularly challenging sector. It is likely that this sector is showing the effects of the rising interest rates and the lower occupancy rates in the commercial office space....especially true with the TerraCap Partners Fund IV. 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 3.41% versus a benchmark that is presently at 1.75%. 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 5.56% versus a benchmark that is up 4.83%. Lastly, the cash balance is approximately \$3.1 million. Wainwright Investment Counsel noted that "the economy appears to be strong but continues to be very volatile due to concerns with the geopolitical environment and concerns about possible Fed reactions. The portfolios performance has weathered these stresses well but is being pressured downward by the negative performance of both EARNEST Partners and TerraCap Partners."

Then, Trey Greer and Michael Auzenne of EARNEST Partners joined the meeting remotely to discuss their U.S. Small Cap Core Equity Portfolio as part of P.E.R.A.C.'s annual investment manager review. Mr. Greer began by reviewing the current guidelines and investment policy with the board members to affirm that their firm remains in compliance, and to confirm that there have been no changes to our policy. He noted for the board members that there have been no material changes within their organization...the team and the ownership is unchanged. He noted for the board members some trends in the markets...U.S. stocks lost steam in Q2 2024 as investor optimism stalled, investors continue to push out expectations of the timing of a possible U.S. Federal Reserve pivot from restrictive monetary policy to a more accommodating stance, and optimism for artificial intelligence remains strong as investors continue to search for ways to be exposed to the A.I. trend in tangential industries. He stated, "the small cap equity market is a very inefficient asset class." Mr. Auzenne then provided a portfolio update. He discussed their

investment process, and he reviewed their portfolio profile, their relative weights as well as their performance over time. Lastly, they both discussed in more detail some of the holdings in their portfolio. After some additional discussion with the board members, Mr. Greer and Mr. Auzenne thanked the board members for the relationship, and they exited the board meeting.

To circle back, Mr. Dwyer noted that the EARNEST Partners Small Cap Core Equity fund has been struggling and their lack of performance has become a concern. In light of this performance, it is the recommendation of Wainwright Investment Counsel that the Falmouth Retirement Board place EARNEST Partners on the “watch list”. After some discussion, the board members entertained a motion to send to EARNEST Partners a letter as notification that they have been placed on the “watch list”.

Mr. Starbard moved to send to EARNEST Partners a letter as notification that they have been placed on the “watch list”. Mr. O’Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	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.

Next, Attorney Poser noted that presently there are no pending legal matters.

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

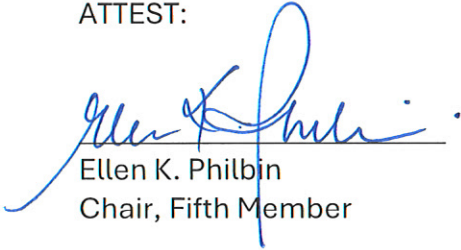
Mr. Starbard moved to adjourn the open session meeting. Mr. O’Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
Scott T. Starbard	YES
Victoria A. Rose	YES
Craig B. O’Malley, Vice Chair	YES

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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, September 19, 2024 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

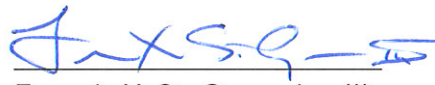

Victoria A. Rose
Ex-Officio Member

ABSENT

Paul J. Slivinski
Appointed Member


Craig B. O'Malley
Vice Chair, Elected Member


Scott T. Starbard
Elected Member


Francis X. St. Germaine III
Director