

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, October 17, 2024

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

Board members in absence: Victoria A. Rose

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

At approximately 9:30 a.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 August. Through the end of August, she noted that the account with Rockland Trust has receipts in the amount of \$1,662,141.37 and a statement balance in the amount of \$240,384.42. She noted that the month-end fund balance is \$217,643.04 with outstanding checks for the month in the amount of \$22,741.38. In addition, it was noted that the check sequence for the month of August began with check #11727 and ended with check #11749. 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. O'Malley moved to accept the monthly reconciliation submitted by the Town Treasurer. 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

The board members then reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on September 19, 2024. 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 19, 2024.

Mr. Starbard moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on September 19, 2024. Mr. O'Malley seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin, Chair	YES
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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 #32/2024	\$ 11,932.60	Warrant #33/2024	\$1,364,750.82
Warrant #34/2024	\$ 11,557.60	Warrant #35/2024	\$ 25,590.98

After some discussion, the board members entertained a motion to approve the payment, as noted, of warrants #32/2024 through #35/2024.

Mr. O'Malley moved to approve the payment, as noted, of warrants #32/2024 through #35/2024. 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

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

- Wainwright Investment Counsel, Q3 2024 consultant fee \$32,500.00
- M&T Bank, August 2024 custodial fee \$ 5,460.86
- EARNEST Partners, Q3 2024 management fee \$41,909.21
- RhumbLine Advisers (Growth), Q3 2024 management fee \$ 921.00
- RhumbLine Advisers (S&P 400), Q3 2024 management fee \$ 2,234.00
- RhumbLine Advisers (Value), Q3 2024 management fee \$ 1,048.00
- RhumbLine Advisers (S&P 600), Q3 2024 management fee \$ 890.00
- RhumbLine Advisers (MSCI EAFE), Q3 2024 management fee \$ 832.00

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. 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

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 10/1/2024 in the amount of \$7,547.24
- PRIT Private Equity Fund VY 2022, a capital call payable on 10/1/2024 in the amount of \$5,790.48
- PRIT Private Equity Fund VY 2024, a capital call payable on 10/1/2024 in the amount of \$51,837.05

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

Mr. Starbard 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:

- Mesirow Financial Fund IV, a distribution received on 9/25/2024 in the amount of \$13,500.00
- Lexington Capital Fund VII, a distribution received on 9/26/2024 in the amount of \$6,136.00
- TA Realty Fund XII, a distribution received on 9/30/2024 in the amount of \$212,213.00
- PRIT Private Equity Fund VY 2018, a distribution received on 10/1/2024 in the amount of \$7,552.48

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:

- Rachel P. White; amount of refund is \$2,943.35; termination from service with the Town of Falmouth, Senior Services Department (*with this refund, the Falmouth Retirement System will accept 6 months of 3(8)(c) liability on a 12-month basis*)
- Peter Manos; amount of refund is \$3,464.13; resignation from service with the Town of Falmouth, D.P.W. Facilities Maintenance Division (*with this refund, the Falmouth Retirement System will accept 7 months of 3(8)(c) liability on a 12-month basis*)

- Jennifer S. Rossiter; amount of refund is \$2,052.78; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this refund, the Falmouth Retirement System will accept 8 months of 3(8)(c) liability on a 12-month basis*)
- Afsaneh Afshar; amount of rollover is \$4,907.04; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this rollover, the Falmouth Retirement System will accept 1 year and 8 months of 3(8)(c) liability on a 12-month basis*)
- Samira D. Mazloum; amount of transfer is \$2,340.46; resignation from service with the Town of Falmouth, Falmouth Public Schools (*with this transfer, the Falmouth Retirement System will accept 11 months of 3(8)(c) liability on a 12-month basis*)
- Kirsten D. McGinn; amount of transfer is \$1,833.33; 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 the 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 the 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:

- Dorrance E. Lincoln Jr.; date of retirement is 8/31/2024 from the Town of Falmouth, Veteran Services Department; Group One

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

- Brenda J. Kubick; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/19/2024, 9% + 2%
- Matthew A. Horn; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 9/22/2024, 9% + 2%
- Shawn E. Haislet; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 9/22/2024, 9% + 2%

- Kraig R. Bogle; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 9/22/2024, 9% + 2%
- Craig J. Farmer; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 9/22/2024, 9% + 2%
- Jacob Malicky; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/23/2024, 9% + 2%
- Jason D. Platt; Computer Technician, Town of Falmouth, Falmouth Public Schools, Group One; DOM 9/23/2024, 9% + 2%
- Mallory E. Medeiros; Communications Officer, Town of Falmouth, Emergency Communications Department, Group One; DOM 9/23/2024, 9% + 2%
- Jenna L. Carreiro; Communications Officer, Town of Falmouth, Emergency Communications Department, Group One; DOM 9/23/2024, 9% + 2%
- James Gouzas; Director of Veteran Services, Town of Falmouth, Veteran Services Department, Group One; DOM 9/23/2024, 9% + 2%
- Amanda A. Santos; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; DOM 10/7/2024, 9% + 2%
- Jill S. Larson; Communications Officer, Town of Falmouth, Emergency Communications Department, Group One; DOM 10/12/2024, 9% + 2%
- Dennis G. McBean, Laborer, Town of Falmouth, D.P.W. Parks and Forestry Division, Group One; DOM 10/15/2024, 9% + 2%

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

- Linda J. Mayo; 1:1 Teacher Aide, Falmouth Public Schools; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$360.95 (*upon completion of this service purchase, the Falmouth Retirement System will accept 1 month of 3(8)(c) liability on a 12-month basis*)
- Shannon R. Jessman; Teacher Assistant, Falmouth Public Schools; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,630.29 (*upon completion of this service purchase, the Falmouth Retirement System will accept 2 months of 3(8)(c) liability on a 12-month basis*)
- Suzanne K. Hauptmann; Director of Human Services, Human Services Department; request to purchase less than part-time service, prior to membership with the Falmouth Retirement System; principle amount due is \$11,632.98 (*upon completion of this service purchase, the Falmouth Retirement System will accept 8 months of 3(8)(c) liability on a 12-month basis*)
- Kevin J. Donovan; Maintenance Superintendent, Falmouth Housing Authority; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$42,326.44 (*upon completion of this service purchase, the State Board of Retirement will accept 6 years and 8 months of 3(8)(c) liability on a 12-month basis*)

- Sean T. Gunderman; Firefighter, Fire Rescue Department; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$2,294.92 (*upon completion of this service purchase, the State Board of Retirement will accept 5 months of 3(8)(c) liability on a 12-month basis*)
- Amanda A. Santos; Food Service Worker, Falmouth Public Schools; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$446.12 (*upon completion of this service purchase, the State Board of Retirement will accept 2 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
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O'Malley, Vice Chair	YES

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

- David P. McGraw; Police Officer, Town of Falmouth, Police Department, Group Four; while entering a home for a domestic in progress, employee was injured.
Date of Injury 8/13/2024
- Anthony R. DiPalmo; Police Officer, Town of Falmouth, Police Department, Group Four; while attempting to arrest a subject, employee was injured.
Date of Injury 8/25/2024
- Joseph R. Foley; Police Officer, Town of Falmouth, Police Department, Group Four; while treating a medical patient, employee was injured.
Date of Injury 8/26/2024
- Anthony J. Fusaro; Police Officer, Town of Falmouth, Police Department, Group Four; while exiting cruiser at cranberry bogs, employee was injured.
Date of Injury 8/29/2024
- Patrick J. Foley; Police Officer, Town of Falmouth, Police Department, Group Four; while responding to an emergency call, employee was involved in a motor vehicle accident and was injured.
Date of Injury 9/3/2024

- Christopher R. Kinsella; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while loading a patient into the ambulance, employee was injured. Date of Injury 10/5/2024

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

- PERAC memo #24/2024 Tobacco Company List
- PERAC memo #25/2024 Mandatory Retirement Board Member Training – 4th Quarter 2024
- PERAC memo #26/2024 The Application of the Anti-Spiking Provision G.L. c. 32, § 5(2)(a) in the wake of the *Hartnett* Decision

Also, the board members reviewed other relative correspondence.

The Director then noted that, presently, there are no pending legal matters or office issues.

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 August while Mr. Fabrizio reviewed the plan results. Through the end of August, the plan’s estimated gross market value was approximately \$216.0 million. Year-to-date, the plan is up 5.99% versus the policy benchmark which is up 7.93%. Compared to its policy benchmark (up 13.29%), the domestic equity sector (up 10.92%) is behind with all of the domestic equity funds at or near their benchmark for the year with the exception of the EARNEST Partners U.S. Small Cap Core Equity Fund. The international equity sector (up 9.96%) is a bit behind its benchmark (up 11.24%) with both HGK Trinity Street and Dimensional Fund Advisors trailing the benchmark. The domestic fixed income strategy (up 3.92%) is just ahead of its benchmark (up 3.45%). The performance of the fixed income funds, apart from the Lord Abbett High Yield Core, is expected as they are indexed. Year-to-date, the performance of the real estate sector is down 16.56% versus a benchmark that is currently down 1.18%. This has been a particularly challenging sector. This sector is showing the effects of the rising interest rates and the lower occupancy rates in the commercial office space. This is especially true for 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 5.15% 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 7.92% versus a benchmark that is up 5.74%. Lastly, the cash balance is approximately \$4.9 million. Wainwright Investment Counsel noted that “although the economy appears to be strong, it continues to be very volatile due to concerns with the geopolitical environment; however, the fed is controlling the market temperament. With very strong returns from the large cap space, growth returns are doing very well in comparison to value...the same is true for the small cap space. But, in the mid cap space, value is outperforming growth. The portfolio has demonstrated a strong overall absolute performance and seems to be absorbing the downward pressures due to the lack of performance of EARNEST Partners, HGK Trinity Street and TerraCap Partners.”

Then, Mr. Dwyer noted that Hudson Edge Investment Partners and their HGK Trinity Street International 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 Hudson Edge Investment Partners on the “watch list.” After some discussion, the board members entertained a motion to send to Hudson Edge Investment Partners a letter as notification that they have been placed on the “watch list.”

Mr. Starbard moved to send to Hudson Edge Investment 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
Paul J. Slivinski	YES
Scott T. Starbard	YES
Craig B. O’Malley, Vice Chair	YES

Mr. Dwyer then noted for the board members that the remainder of today’s meeting is for the various investment professionals to give a brief presentation on their particular fund(s) as part of P.E.R.A.C.’s annual investment manager review.

The first investment manager to join the meeting was Jeff Kusmierz from RhumbLine Advisers to present their Russell 1000 Value Pooled Index Fund, their Russell 1000 Growth Pooled Index Fund, their S&P 600 Pooled Index Fund, their S&P 400 Pooled Index Fund and their MSCI EAFE Pooled Index Fund. Mr. Kusmierz began by providing the board members with a current profile of the firm. As of September 30, 2024, their firm has about \$122.8 billion in total assets under management with approximately \$80.9 billion in assets being managed for public funds. He noted some organizational changes and provided some business updates. In terms of the funds, the Russell 1000 Value Pooled Index Fund (large cap) is up approximately 16.66% year-to-date. As of September 30, 2024, the market value for the retirement system’s account was approximately \$13.7 million. Overall, this pooled index fund has approximately \$905.5 MM in assets spread between 873 holdings. The Falmouth Retirement System owns about 1.52% of this fund, and the system is one of twenty-two investors in the Russell 1000 Value Pooled Index Fund. He then discussed their Russell 1000 Growth Pooled Index Fund (large cap). This fund is up approximately 24.52% year-to-date. As of September 30, 2024, the market value for the retirement system’s account was approximately \$12.1 million. Overall, this pooled index fund has approximately \$1,238.3 MM in assets spread between 395 holdings. The Falmouth Retirement System owns about 0.98% of this fund, and the system is one of twenty-seven investors in the Russell 1000 Growth Pooled Index Fund. Next, he discussed their S&P 600 Pooled Index Fund (small cap). Year-to-date, this fund is up approximately 9.31%. As of September 30, 2024, the market value for the retirement system’s account was approximately \$16.1 million. Overall, this pooled index fund has approximately \$401.3 MM in assets spread between 602 holdings. The Falmouth Retirement System owns about 4.02% of this fund, and the system is one of twenty-nine investors in the S&P 600 Pooled Index Fund. Then, he discussed their S&P 400 Pooled Index Fund (mid cap). Year-to-date, this fund is up approximately 13.55%. As of

September 30, 2024, the market value for the retirement system's account was approximately \$28.9 million. Overall, this pooled index fund has approximately \$1,341.8 MM in assets spread between 403 holdings. The Falmouth Retirement System owns about 2.16% of this fund, and the system is one of thirty-eight investors in the S&P 400 Pooled Index Fund. He then discussed their MSCI EAFE Pooled Index Fund. Year-to-date, this fund is up approximately 13.12%. As of September 30, 2024, the market value for the retirement system's account was approximately \$6.7 million. Overall, this pooled index fund has approximately \$664.0 MM in assets spread between 733 holdings. The Falmouth Retirement System owns about 1.02% of this fund, and the system is one of twenty investors in the MSCI EAFE Pooled Index Fund. Lastly, Mr. Kusmierz explained their trade strategy and their commission structure. After some additional discussion with the board members, Mr. Kusmierz thanked the board members for the relationship and exited the board meeting.

Next, Matthew Kosara and Piotr Krupa of Hudson Edge Investment Partners (formerly HGK Asset Management) joined the meeting to discuss their international equity fund. Mr. Kosara began by providing a brief organizational overview noting their recent name change to Hudson Edge Investment Partners. The new name connects the firm's identity to its 40-year evolution, yet it signals no changes to organizational structure, employee ownership, investment approach or commitment to their clients. Mr. Krupa then provided a performance update of the portfolio. As of September 30, 2024, the net asset value of the retirement system's account was approximately \$12.6 million. Year-to-date, the portfolio was up approximately 6.39% gross of fees. He discussed their international commingled fund twelve-month trades and provided some rationale for the transactions. He reviewed some of the key performance data through Q3 2024. In addition, he discussed their relationship with Trinity Street Asset Management. He noted the Trinity Street portfolio management team, their organizational chart, their philosophy and investment process, and their risk controls. After some additional discussion with the board members, Mr. Kosara and Mr. Krupa thanked the board members for their confidence and exited the board meeting.

Then, Michael Finnegan and Kylie Riebe of Dimensional Fund Advisors joined the meeting to give a brief presentation on their International Core Equity Fund. To start, Mr. Finnegan provided a brief firm update. They are a global investment firm with a long history of managing time-tested investment strategies for clients. With \$740.0 billion in global assets under management, they have a global investment team with strong ties to leading academics and a high degree of practitioner's knowledge and experience across market cycles. Ms. Riebe discussed how they design and manage portfolios, their investment philosophy, the portfolio characteristics, the sector allocations, and the country allocations. In terms of the fund, the international core equity portfolio, year-to-date, is up 12.32%. As of September 30, 2024, the account value for the Falmouth Retirement System was approximately \$14.3 million. Also, she discussed their fees. In closing, Mr. Finnegan noted that Dimensional Fund Advisors appreciates the relationship and will continue to work tirelessly to maintain the confidence with which the board members have entrusted them. After some additional discussion with the board members, Mr. Finnegan and Ms. Riebe exited the board meeting.

Next, Shawn Mahoney (in person) and Kristin Aleksandrowicz (remote) of State Street Global Advisors joined the board meeting. To begin, Mr. Mahoney provided the board members with a current overview of their firm. S.S.g.A. is the investment management arm of State Street Corporation, which is a global leader in financial services with a heritage dating back over two centuries. S.S.g.A. is entrusted with over \$4.37 trillion in assets worldwide. Their investment capabilities cover every asset class across the risk-reward spectrum. He discussed the current economic environment before transitioning the discussion to Ms. Aleksandrowicz so she could discuss our two fixed income strategies. As of September 30, 2024, the High Yield Bond Index Fund had a market value of approximately \$5.3 million and the Passive Bond Market Index Fund had a market value of approximately \$33.1 million. Year-to-date, the High Yield Bond Index Fund was up roughly 7.07% gross of fees, and the Passive Bond Market Index Fund was up 4.58% gross of fees. Also, she provided the board members with an overview of the global fixed income arena including their investment philosophy, their investment process, and their risk management. After some additional discussion with the board members, Mr. Mahoney and Ms. Aleksandrowicz exited the board meeting.

Then, Timothy Poulin, Jennifer Gallagher and Steven Rocco from Lord Abbett joined the meeting to discuss their High Yield Core Fixed Income strategy. Mr. Poulin began by providing a brief organizational overview....highlighting their collaborative team with their deep domain knowledge. Their firm is entrusted with \$214.0 billion in assets under management. He then provided a performance update of the portfolio. In March of 2019, the retirement system made an initial commitment of \$3.0 million, and as of September 30, 2024, the market value was approximately \$4.3 million. Mr. Rocco then discussed in some detail their investment process, their overall portfolio risk allocation, their portfolio construction, and their portfolio characteristics including sector allocation. After some additional discussion with the board members, Mr. Poulin thanked the board members for their trust and their relationship, and he, Ms. Gallagher and Mr. Rocco exited the board meeting.

Next, Devin Sullivan and Kendrick Leckband of TA Realty joined the meeting to discuss their TA Realty Fund XII. Mr. Sullivan began with a brief organizational overview of the firm. TA Realty considers itself to be one of the largest buyers and sellers of industrial real estate with approximately \$42.0 billion in assets under management. He highlighted their dedicated research and proven track record. He noted their established, experienced, and stable team across the various real estate disciplines. As of June 30, 2024, the fund has a fair market value of approximately \$2,306.1 MM. All of the fund's committed capital has now been called, and the fund is now in its disposition phase. As of June 30, 2024, Fund XII has sold 10 properties, and since that date, the fund has another 18 properties that have either closed or are under agreement. Ms. Leckband provided details on some of their more recent transactions. In addition, she provided the board members with an executive summary and the strategic plan for Fund XII...noting the portfolio status, the diversification of property type, the occupancy and rollover as well as the leverage. Some of the key takeaways with respect to the fund include:

- majority of the portfolio is in industrial and multi-family concentrated along coasts, Sunbelt and inland ports with little in office and retail

- sell majority of industrial investments; be selective and patient with multifamily and office sales; distribute gains and paydown debt as investments are sold and maximize IRR
- continue to utilize conservative leverage as an enhancer to the portfolio’s return; all debt is prepayable without penalties

After some additional discussion with the board members, Mr. Sullivan thanked the board members for the relationship, and he and Ms. Leckband exited the board meeting.

Then, Joseph Connolly and Nicholas Vician of TerraCap Management joined the meeting to discuss their TerraCap Partners Fund IV. Mr. Connolly began by providing the board members with a brief overview of their firm. He noted that they are a 100% employee-owned real estate investment management firm. TerraCap Partners has been a tactical, thematic and event-oriented investment manager that invests defensively in high-demand secondary growth markets only. Mr. Vician then noted that their current portfolio has struggled through recent times of crisis brought on by the COVID pandemic. He noted that inflation peaked in 2022, the Federal Reserve increased interest rates to combat inflation, the increase in interest rates raised the cost of debt, commercial real estate values as a whole declined – thus, the worst full-year performance since the financial crisis of 2008. He provided some brief details on the disposition of various properties held in Fund IV. He noted that the retirement system had committed \$5.0 million, of which 100% has been called, and the fund has returned total distributions of approximately \$2.7 million. As of June 30, 2024, TerraCap Partners Fund IV has a negative net IRR of approximately 7.3% and the remaining fair market value of the retirement system’s investment is approximately \$1.5 million. After some more discussion with the board members, Mr. Connolly and Mr. Vician exited the board meeting.

Next, the Chair asked for a motion to suspend the open session meeting so that the board members could recess for lunch. The Chair noted that, at 1:30 p.m., the board members would reconvene their open session meeting.

Mr. O’Malley moved to suspend the open session meeting so that the board members could recess for lunch. 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

At approximately 12:00 p.m., the board members suspended the open session meeting so that they could recess for lunch.

At approximately 1:30 p.m., the board members concluded their lunch recess, and the Chair asked for a motion to reconvene the open session meeting.

Mr. O'Malley moved to reconvene the open session meeting. 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

With a quorum being physically present at the office of the Falmouth Retirement System, the Chair called the open session meeting back to order, and again, 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.

Michael Dwyer of Wainwright Investment Counsel then reminded the board members that the primary focus for the remainder of today's meeting is for the various investment professionals to give a brief presentation on their particular fund(s) as part of P.E.R.A.C.'s annual investment manager review.

Then, Laura Strickland of the P.R.I.M. Board joined the meeting to give a brief presentation on their hedge fund portfolio, their core real estate portfolio and their private equity portfolios as part of P.E.R.A.C.'s annual investment manager review. She began with an overview of the P.R.I.M. Board and the P.R.I.T. Fund(s). She noted that P.R.I.M. is an independent, self-funded agency that has a professional, experienced, and focused investment staff which is governed by a nine-member board of trustees. Their mission is to relieve the pension funding burden placed on the taxpayers of Massachusetts. As of June 30, 2024, the fund had approximately \$105.3 billion in assets under management. She highlighted some of their top accomplishments and their recent recognition. She noted their board membership, their committee membership, their investment team(s) as well as their finance and operations team. She then discussed various economic data and the effects on the markets. She discussed in some detail their hedge fund portfolio, their core real estate portfolio and their private equity portfolios. As of June 30, 2024, the Falmouth Retirement System had a total investment in the various P.R.I.T. funds of approximately \$38.1 million. After some additional discussion with the board members, Ms. Strickland thanked the board members for the relationship and exited the board meeting.

Next, Everett Cortes and Chelsea Riter from Hamilton Lane joined the meeting. Mr. Cortes began by providing the board members with a brief update on their firm. Their mission and values is simple...to enrich lives and safeguard futures. He reviewed their secondary platform, secondary team and the secondary market. With regards to their Secondary Fund IV, Ms. Riter noted that the fund is in the post-investment phase with \$2.1 billion committed to fifty-one investments. In 2017, the Falmouth Retirement System made a \$5.0 million commitment to this fund with Fund IV's final investment made in 2020. As of July 30, 2024, the retirement system has received about \$4.9 million in distributions with a remaining fund net asset value of approximately \$1.9 million. The net IRR is approximately 16.66%. She then reviewed their portfolio construction as well as

their secondary deal flow, performance drivers and investment activity. After some additional discussion with the board members, Mr. Cortes and Ms. Riter exited the board meeting.

Mark Andrew of Lexington Capital Partners then joined the meeting to give a brief presentation on their Lexington Capital Fund V and their Lexington Capital Fund VII. Mr. Andrew began with a brief update of their firm, Lexington Capital Partners. He highlighted their leadership position within the secondary markets, their global platform, their deep and experienced investment team, and their substantial capital base. He noted that Fund V has been one of their better performing funds. This fund has been 100% committed. At this time, Fund V is essentially fully distributed and has generated a net multiple of 1.7x. After some additional discussion with the board members regarding this fund, Mr. Andrew then turned his discussion to their Lexington Capital Fund VII. This fund has been fully committed and it has a total capitalization of \$6.09 MM. As of June 30, 2024, 155.5% of contributed capital has been distributed to the limited partners. This fund has generated a net multiple of 1.7x. He discussed Fund VII's current portfolio construction including the transactions, the sector and geographic diversification, and the sponsor exposures. After some additional discussion with the board members, Mr. Andrew exited the meeting.

For the final presentation of the day, Brad Karelitz of Mesirow Financial joined the meeting. He began by providing the board members with a brief overview of Mesirow Financial. He noted that they have a deep, integrated investment team which creates a synergy of expertise across strategies. They have a transparent, client-centric allocation policy with a focus to optimize capital under management to maximize opportunity. He then noted that that Falmouth Retirement System had committed \$1.5 million of which approximately \$1.45 million has been called and \$2.63 million has been distributed back to the retirement system. The Partnership Fund IV is 100% committed with about thirty-nine underlying managers. It has a fund size of \$909.6 million. He briefly summarized some of the select portfolio drivers in which the fund has invested. He discussed their investment strategy and their portfolio construction. It is a moderately sized portfolio designed to provide diversification by manager, by vintage year and by sub-asset class strategy. The investment team tends to emphasize a highly selective and rigorous manager selection process. In closing, it was noted that this fund is currently winding down, but it is likely that they will exercise their options to extend. After some additional discussion with the board members, Mr. Karelitz thanked the board members for their trust and their relationship and he exited the board meeting.

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

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

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


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

At approximately 2:40 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 21, 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

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