

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, August 11, 2016

Board members in attendance: Paul D. Brodeur, Chairman; Gary W. Anderson; Russell R. Ferreira; and Ellen K. Philbin (by telephone)

Board members in absence: Jennifer P. Petit

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

At approximately 2:00 p.m., Chairman Brodeur called the meeting to order. The Chairman noted for all that Ms. Philbin's current geographic location makes her physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that her remote participation is permissible. Then, the Town Treasurer, Patricia O'Connell, joined the meeting. She reviewed for the board members the monthly reconciliation of the cash accounts for the month of June. Through the end of June, the Treasurer noted that the retirement system had receipts in the amount of \$888,100.28 and disbursements in the amount of \$904,233.38. She noted that the fund balance in the cash account was \$3,521.39. Also, it was noted that the check sequence for the month of June began with check #7474 and ended with check #7502, and there are no checks that were unaccounted for in the sequence for the month. In addition, the Director provided the board members with a review of the annual budget through the end of Q2 2016 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. After some additional discussion, Ms. O'Connell exited the board meeting and the board members entertained a motion to accept the report from the Office of the Treasurer.

Mr. Ferreira moved to accept the report from the Office of the Treasurer. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

Next, the board members reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on July 14, 2016. 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 July 14, 2016.

Mr. Ferreira moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on July 14, 2016. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
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Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

The board members then reviewed the following warrants:

Warrant #36/2016	\$ 3,050.40	Warrant #37/2016	\$ 3,050.40
Warrant #38/2016	\$917,998.70	Warrant #39/2016	\$ 3,111.20
Warrant #40/2016	\$ 20,708.04		

Mr. Anderson moved to approve the payment of the following warrants, #36/2016 through #40/2016. Mr. Ferreira seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

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

- RhumbLine Advisers (Growth), 2nd QTR 2016 management fee \$ 815.00
- RhumbLine Advisers (Value), 2nd QTR 2016 management fee \$ 977.00
- Seizert Capital Partners, 2nd QTR 2016 management fee \$ 8,202.00
- Earnest Partners, 2nd QTR 2016 management fee \$ 39,763.94
- Baring Asset Management, 2nd QTR 2016 management fee \$ 4,183.56
- S.S.g.A. (CM3Y), 2nd QTR 2016 management fee \$ 1,525.40
- S.S.g.A. (CME7), 2nd QTR 2016 management fee \$ 1,163.35

Ms. Philbin moved to approve the payment of the above-mentioned investment fees. Mr. Ferreira seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

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

- Lexington Capital Fund V, a distribution in the amount of \$5,040.00 on 7/29/2016
- Lexington Capital Fund VII, a distribution in the amount of \$72,144.00 on 7/29/2016

Next, the board members considered the requests of the following former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions:

- Virginia L. Rabesa; amount of refund is \$29.82; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Ruth Anna Caspersen; amount of refund is \$179.84; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Kristen K. Lawson; amount of refund is \$8,511.90; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Tyler P. Correia; amount of transfer is \$230.01; resignation from service with the Town of Falmouth, Fire Rescue Department (*with this transfer, the Falmouth Retirement System will not be accepting any additional 3(8)(c) liability*)

After some more discussion, the board members entertained a motion to approve the requests of the above-mentioned former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions.

Mr. Ferreira moved to approve the requests of the above-mentioned former members of the Falmouth Retirement System for a return / transfer of their accumulated deductions.

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

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

Then, the board members noted the following members retiring from service with the Town of Falmouth:

- Robert G. Williams; Town of Falmouth, D.P.W. Engineering Division
- Gail R. Orphanos; Town of Falmouth, Inspectional Services Department
- Kathleen A. Henderson; Town of Falmouth, Falmouth Housing Authority
- Ruth Anna Caspersen; Town of Falmouth, Falmouth Public Schools
- Grayce M. DiCenzo; Town of Falmouth, Falmouth Public Schools
- Virginia L. Rabesa; Town of Falmouth, Falmouth Public Schools
- Gail J. Sylvia; Town of Falmouth, Falmouth Public Schools

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

- Rodman L. Palmer; Commissioner, Town of Falmouth, Inspectional Services Department, Group One, DOM 7/18/2016; 9% + 2%
- Reuben L. Marks; Computer Technician, Town of Falmouth, Information Technology Department; Group One, DOM 8/1/2016; 9% + 2%
- Cody R. Murray; Police Officer, Town of Falmouth, Police Department; Group Four, DOM 8/1/2016; 9% + 2%

- Alexander L. Busch; Police Officer, Town of Falmouth, Police Department; Group Four, DOM 8/1/2016; 9% + 2%

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

- Wendy A. Paine; Food Service Worker, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$6,262.26
- Heather A. Vaughan; Bus Driver / Aide, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$379.78
- Kathleen M. Pokraka; Secretary, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$726.10

After some additional discussion, the board members entertained a motion to approve, as recommended, the following requests to purchase prior service.

Ms. Philbin moved to approve, as recommended, the requests of the above-mentioned members to purchase their service prior to membership with the Falmouth Retirement System. Mr. Ferreira seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

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

- Keith J. Benedetti; Police Officer, Town of Falmouth, Police Department; Group Four; while placing a combative subject in a cell, employee injured his left thumb. Date of Injury 6/11/2016
- Jonathan M. Borselli; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while treating a cardiac arrest patient, employee sustained unprotected exposure to blood and vomit. Date of Injury 7/3/2016
- Todd M. Brand; Police Officer, Town of Falmouth, Police Department; Group Four; while walking through the woods looking for multiple subjects, employee fell and strained his back. Date of Injury 7/6/2016

The board members next reviewed the following correspondence from PERAC:

- PERAC memo #18/2016 Mandatory Retirement Board Member Training - 3rd Quarter 2016

- PERAC memo #19/2016 Cost of Living Increase for Supplemental Dependent Allowance Paid to Accidental Disability Retirees and Accidental Death Survivors
- PERAC memo #20/2016 Reinstatement to Service under G.L. c. 32 § 105
- PERAC memo #21/2016 Updating PERAC's Website on Supplemental Regulations

Also, the board members reviewed other relative correspondence.

Next, Michael Dwyer of Wainwright Investment Counsel joined the meeting, and he began by distributing to the board members the performance summary report for the month of June. Through the end of June, the plan's estimated market value was approximately \$117.1 million. Year-to-date, the plan is up 3.28% versus the policy benchmark which is up 2.74%. Compared to its policy benchmark, the domestic equity sector is ahead slightly. Earnest Partners is ahead of its benchmark after another strong month, but Seizert Capital Partners continues to really trail its benchmark. The international equity sector (down 4.41%) has had a very rough six months, and it is a bit behind its benchmark (down 4.17%). A poor performance from HGK Trinity Street seems to be a leading cause for the poor performance of this sector. The domestic fixed income strategy (up 5.49%) is on par with its benchmark (up 5.52%) which is to be expected as these investments are indexed. Thus far, the international fixed income strategy, Baring Asset Management, is having a very good year. This sector is up 11.98% versus its benchmark which is up 10.74%. Year-to-date, the performance of the real estate sector is up 7.31% versus a benchmark that is up 4.29%. At the moment, Dimensional Fund Advisors seems to be the strength of the portfolio within the real estate sector. The returns in the private equity sector are stated with a lag which is due to the nature of the investments of this sector. Still, the private equity sector is down 0.72% versus a benchmark that is up 1.77%. For the year, the P.R.I.T. fund is negative (down 1.17%), but it is slightly ahead its benchmark (down 2.56%). Lastly, the cash balance is approximately \$1.2 million. Mr. Dwyer noted that "all in all, it has not been a bad first half of the year".

Then, Mr. Dwyer reviewed with the board members a proposed rebalancing of the portfolio. The recommendation is that the Falmouth Retirement System rebalance the portfolio by investing \$1.5 million from cash to fund the following:

- \$500,000.00 to the LMCG Investments Mid-Cap Core Equity Fund
- \$250,000.00 to the Dimensional Fund Advisors International Core Equity Fund
- \$500,000.00 to the HGK Trinity Street International Equity Fund
- \$250,000.00 to the LMCG Investments International Small-Cap Equity Fund

After some more discussion, the board members entertained a motion to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined.

Mr. Ferreira moved to accept the recommendation from Wainwright Investment Counsel to rebalance the portfolio as outlined. Mr. Anderson seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

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

Next, the Director reviewed with the board members the quarterly education statement from P.E.R.A.C. for the period ending June 30, 2016.

Then, the Director provided the board members with an update on the pending legal matters. It was noted that there has been no new information to report in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677 or in the matter of *Karen Kraus v. Falmouth Retirement System*, CR-16-288.

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

Mr. Anderson moved to adjourn the open meeting. Mr. Ferreira seconded the motion. On roll call, the vote was as follows:

Ellen K. Philbin	YES
Gary W. Anderson	YES
Russell R. Ferreira	YES
Paul D. Brodeur, Chairman	YES

At approximately 2:25 p.m., the board members concluded the open meeting.

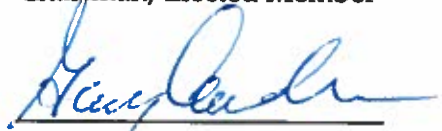
The next scheduled board meeting will begin at 2:00 p.m. on Thursday, September 8, 2016 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

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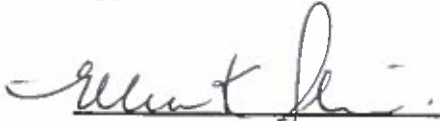
ATTEST:



Paul D. Brodeur
Chairman, Elected Member



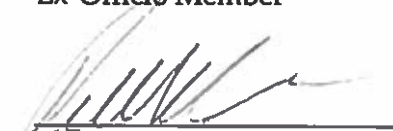
Gary W. Anderson
Appointed Member



Ellen K. Philbin
Fifth Member

ABSENT

Jennifer P. Petit
Ex-Officio Member



Russell R. Ferreira
Elected Member



Francis X. St. Germaine III
Director