

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, December 22, 2016

Board members in attendance: Russell R. Ferreira, Chairman; Gary W. Anderson; Jennifer P. Petit; and Ellen K. Philbin

Board members in absence: Paul D. Brodeur (excused - medical)

Staff members in attendance: Francis St. Germaine and Dommonique Domino both of whom recorded the minutes of the meeting

Others in attendance: Nicholas Poser, Legal Counsel for the Falmouth Retirement Board

At approximately 2:00 p.m., Chairman Ferreira called the meeting to order, and 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 October. Through the end of October, the Treasurer noted that the retirement system had receipts in the amount of \$1,136,453.23 and disbursements in the amount of \$1,091,674.05. She noted that the fund balance in the cash account was \$57,066.23. Also, it was noted that the check sequence for the month of October began with check #7627 and ended with check #7658, and there are no checks that were unaccounted for in the sequence for the month. Also, the Director provided the board members with a review of the annual budget through Q3 2016 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. After some 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.

Ms. Philbin moved to accept the report from the Office of the Treasurer. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on November 17, 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 November 17, 2016.

Ms. Philbin moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on November 17, 2016. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the payments of the following warrants:

Warrant #58/2016	\$ 3,111.20	Warrant #59/2016	\$921,810.68
Warrant #60/2016	\$ 3,111.20	Warrant #61/2016	\$ 3,773.71
Warrant #62/2016	\$ 3,111.20	Warrant #63/2016	\$ 26,239.09

The Chairman noted for the board members a change to the amount on Warrant #63/2016. The revised amount is \$26,239.09. After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #58/2016 through #63/2016.

Mr. Anderson moved to approve the payments of the above-mentioned warrants, #58/2016 through #63/2016. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

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

- State Street Corporation, August 2016 custodial fee \$ 5,622.01
- State Street Corporation, September 2016 custodial fee \$ 5,464.02
- State Street Corporation, October 2016 custodial fee \$ 5,200.79

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

Mr. Anderson moved to approve the payments of the above-mentioned investment fees. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

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

- Siguler Guff & Company, a distribution in the amount of \$79,811.24 on 11/17/2016
- Lexington Capital Fund VII, a distribution in the amount of \$19,679.00 on 11/30/2016
- Mesirow Financial, a distribution in the amount of \$22,308.00 on 11/30/2016
- Siguler Guff & Company, a distribution in the amount of \$43,806.34 on 12/14/2016

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:

- Stephanie L Seals; amount of refund is \$31.27; deductions taken in error by the Town of Falmouth, Falmouth Public Library
- Leslie A. Morrissey; amount of refund is \$67.06; deductions taken in error by the Town of Falmouth, Falmouth Public Library
- Tyler G. Sabens; amount of refund is \$25.50; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Jerry L. Bell; amount of rollover is \$16,698.32; resignation from service with the Town of Falmouth, Falmouth Public Schools

After some 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.

Ms. Philbin 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. Petit seconded the motion, all board members present voted in the affirmative.

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

- James S. Jursak; retired on 10/1/2016; Town of Falmouth, Assessors Department
- Lawrence S. Silva; retired on 10/1/2016; Town of Falmouth, D.P.W. Highway Division
- Margaret S. Szuplat; retired on 10/21/2016; Town of Falmouth, Falmouth Public Library
- Leslie A. Morrissey; retired on 11/5/2016; Town of Falmouth, Falmouth Public Library

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

- John B. Moorehead; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division, Group One, DOM 11/21/2016; 9% + 2%
- Jessica L. Kowzic; Administrative Clerk, Town of Falmouth, Assessors Department; Group One, DOM 11/28/2016; 9% + 2%
- Frank K. Halstead; Custodian, Town of Falmouth, Falmouth Public Schools; Group One, DOM 12/5/2016; 9% + 2%

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

- John B. Moorehead; Custodian, Town of Falmouth, D.P.W. Facilities Maintenance Division; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$526.84
- Jessica L. Kowzic; Administrative Clerk, Town of Falmouth, Assessors Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,698.98

After some discussion, the board members entertained a motion to approve, as recommended, the requests of the above-mentioned members to purchase their service prior to membership with the Falmouth Retirement System.

Mr. Anderson moved to approve, as recommended, the requests of the above-mentioned members to purchase their 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:

- Jamie L. Donahue; Police Officer, Town of Falmouth, Police Department; Group Four; while placing a combative subject under arrest, employee injured her right wrist and legs. Date of Injury 10/31/2016
- Daniel J. Donahue; Animal Control Officer, Town of Falmouth, Marine & Environmental Services Department; Group One; while moving full totes and cement blocks, employee injured his right shoulder and neck. Date of Injury 11/11/2016
- Ryan J. Brasil; Custodian, Town of Falmouth, Falmouth Public Schools; Group One; while moving tables, employee strained his groin. Date of Injury 11/16/2016
- Meghan E. Andrade; Police Officer, Town of Falmouth, Police Department; Group Four; while attempting to ascertain the contents of a bag, employee sustained a dirty needle stick. Date of Injury 11/23/2016
- Shawn M. Speroni; M.E.O. II, Town of Falmouth, D.P.W. Parks Division; Group One; while moving an engraved stone onto a tailgate lift, employee injured the right side of his back. Date of Injury 11/28/2016
- William G. Kosky Jr.; Police Officer, Town of Falmouth, Police Department; Group Four; while exiting the cruiser to remove a traffic hazard from the road, employee injured his right knee. Date of Injury 11/29/2016
- Brian M. Guthrie, Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while attending to a patient in the back of the ambulance, employee injured his upper back. Date of Injury 12/3/2016

The board members next reviewed the following correspondence from PERAC:

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| • PERAC memo #27/2016 | Tobacco Company List |
| • PERAC memo #28/2016 | 2016 Disability Data |
| • PERAC memo #29/2016 | The Buyback of Call Firefighter Time |

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer distributed to the board members the performance summary report for the month of October, and Mr. Fabrizio reviewed the plan results. Through the end of October, the plan's estimated market value was approximately \$120.6 million. Year-to-date, the plan is up 5.91% versus the policy benchmark which is up 5.03%. Compared to its policy benchmark, the domestic equity sector is ahead with both Earnest Partners and Seizert Capital Partners ahead of their benchmark for the year. LMCG Investments is trailing its benchmark; however, they continue to show some signs of improvement. The international equity sector (up 1.21%) is just ahead of its benchmark (up 0.17%) with Dimensional Fund Advisors being the strength of this sector. The domestic fixed income strategy (up 5.80%) is on par with its benchmark (up 5.86%) which is to be expected as these investments are indexed. The international fixed income strategy, Baring Asset Management, is having a very solid year. This sector is up 7.50% versus its benchmark which is up 7.27%. Year-to-date, the performance of the real estate sector is up 4.85% versus a benchmark that is up 6.13%. At the moment, Principal and Dimensional Fund Advisors seem to be the strength of the

portfolio within the real estate sector. Due to the nature of the investments within the private equity sector, the returns are stated with a lag; however, year-to-date, the private equity sector is up 2.03% versus a benchmark that is up 4.51%. For the year, the P.R.I.T. fund is up 2.59% versus a benchmark that is down 0.38%. Lastly, the cash balance is approximately \$0.8 million. After some additional discussion with the board members, Mr. Dwyer and Mr. Fabrizio exited the board meeting.

Next, Jim Lamenzo of P.E.R.A.C. joined the meeting. Mr. Lamenzo reviewed for everyone the initial results of the January 1, 2016 actuarial valuation. As of January 1, 2014, the unfunded liability of the Falmouth Retirement System is \$71.5 million versus the previous unfunded liability of \$68.0 million. He noted that the system's total actuarial accrued liability had increased to about \$190.4 million. The actuarial value of assets is approximately \$119.0 million, and the system's funded ratio (actuarial value) is at 62.5%. He noted some additional changes reflected in the assumptions to their valuation process (a more conservative approach): a lower investment return assumption (current investment return assumption of 7.50% versus prior investment return assumption of 7.75%) and a revised mortality assumption reflecting a fully generational table (people are living longer). In addition, the provisions of Chapter 176 of the Acts of 2011 need to be considered in this and future actuarial valuations. Ultimately, all of these factors will have some impact on the amortization schedule for the retirement system. Also, he 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. Initially, he provided some proposed appropriation funding schedules with payments projected through either FY 2034 or FY 2036. These funding schedules reflected a greater increase to the annual appropriation; however, they provided some flexibility should this volatile economy once again spiral downward. The board members requested some additional funding schedules which will consider a slight increase to the C.O.L.A base (raise the base from \$12K to \$14K) and will consider a single annual appropriation payment versus two equal installment payments each fiscal year. After some additional discussion, Mr. Lamenzo exited the meeting and the board members determined that they would consider all of the proposed options at the next board meeting.

Then, the board members reviewed the potential board meeting dates for CY 2017. After some discussion, the board members entertained a motion to approve the schedule of proposed board meeting dates for CY 2017.

Ms. Philbin moved to approve the schedule of proposed board meeting dates for CY 2017.

Mr. Anderson seconded the motion, all board members present voted in the affirmative.

Then, Attorney Poser noted that there is no new information to report in either of the pending legal matters: *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677 or *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.

Ms. Philbin moved to adjourn the open meeting. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

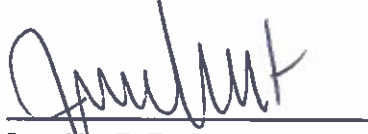
At approximately 3:20 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, January 19, 2017 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



Russell R. Ferreira
Chairman, Elected Member



Jennifer P. Petit
Ex-Officio Member



Gary W. Anderson
Appointed Member

ABSENT

Paul D. Brodeur
Elected Member



Ellen K. Philbin
Fifth Member



Francis X. St. Germaine III
Director