

**FALMOUTH RETIREMENT BOARD**

**Open Session Meeting Minutes**

**Thursday, February 11, 2016**

Board members in attendance: Paul D. Brodeur, Chairman; Gary W. Anderson; Russell R. Ferreira and Jennifer P. Petit

Board members in absence: Ellen K. Philbin

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

At approximately 2:00 p.m., Chairman Brodeur 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 January. Through the end of January, the Treasurer noted that the retirement system had receipts in the amount of \$915,777.52 and disbursements in the amount of \$919,829.96. The Treasurer noted that the fund balance in the cash account was \$27,282.53. In addition, it was noted that the check sequence for the month of January began with check #7291 and ended with check #7318, and there are no checks that were unaccounted for in the sequence for this month. 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, all board members present voted in the affirmative.

Next, the board members reviewed the meeting minutes of the open session meeting that was held on January 14, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on January 14, 2016.

Mr. Ferreira moved to approve the meeting minutes of the open session meeting that was held on January 14, 2016. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the following warrants:

Warrant #3/2016	\$ 3,672.28	Warrant #4/2016	\$ 6,539.90
Warrant #5/2016	\$ 892,791.00	Warrant #6/2016	\$ 7,656.28
Warrant #7/2016	\$ 3,050.40	Warrant #8/2016	\$ 108,469.83

Mr. Ferreira moved to approve the payment of the following warrants, #3/2016 through #8/2016. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

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

- Wainwright Investment Counsel, 4<sup>th</sup> QTR 2015 consultant fee \$ 25,000.00
- RhumbLine Advisers (Growth), 4<sup>th</sup> QTR 2015 management fee \$ 815.00
- RhumbLine Advisers (Value), 4<sup>th</sup> QTR 2015 management fee \$ 942.00
- Baring Asset Management, 4<sup>th</sup> QTR 2015 management fee \$ 3,875.36
- Seizert Capital Partners, 4<sup>th</sup> QTR 2015 management fee \$ 8,100.00
- Earnest Partners, 4<sup>th</sup> QTR 2015 management fee \$ 37,333.36
- S.S.g.A. (CME7), 4<sup>th</sup> QTR 2015 management fee \$ 1,598.60
- S.S.g.A. (CM3Y), 4<sup>th</sup> QTR 2015 management fee \$ 1,476.64

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

Then, the board members reviewed the following payment of capital calls to investment managers:

- Lexington Capital Fund VII, capital call due 2/5/2016 \$ 49,644.00

Mr. Ferreira moved to approve the payment of the above-mentioned capital call.  
Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the following cash distribution from investment managers:

- Lexington Capital Fund VII, a distribution in the amount of \$22,951.00 on 1/29/2016

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

- George A. Trudeau; Town of Falmouth, Information Technology Department
- Michael S. White; Town of Falmouth, Fire Rescue Department
- Brenda J. Walantis; Town of Falmouth, Falmouth Public Schools
- Gerald C. Potamis; Town of Falmouth, D.P.W. Wastewater Division
- Mark D. Sullivan; Town of Falmouth, Fire Rescue Department
- Gary R. Lutz; Town of Falmouth, D.P.W. Facilities Maintenance Division

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

- George A. Trudeau; amount of refund is \$621.98; deductions taken in error by the Town of Falmouth, Information Technology Department
- Gary R. Lutz; amount of refund is \$3.89; deductions taken in error by the Town of Falmouth, D.P.W. Facilities Maintenance Division

- **Brenda J. Walantis; amount of refund is \$110.92; deductions taken in error by 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.

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

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

- **Janine E. Craft; 1:1 Special Education Aide, Town of Falmouth, Falmouth Public Schools; Group One, DOM 12/7/2015; 9% + 2%**
- **Gary T. Street; Local Inspector, Town of Falmouth, Inspectional Services Department; Group One, DOM 12/21/2015; 9% + 2%**

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

- **Anthony M. Scalisi III; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while exiting the driver cab of vehicle, employee twisted his right leg. Date of Injury 12/5/2015**
- **Linda M. Moniz; Bus Driver, Town of Falmouth, Council on Aging / Senior Center; Group One; while entering the driver's side of bus, employee fell and injured her right elbow, her shoulder, her neck and her lower back. Date of Injury 1/13/2016**
- **Daniel J. Donahue; Senior Animal Control Officer, Town of Falmouth, Marine & Environmental Services Department; Group One; while walking down a dock, employee fell and injured his ribs and left elbow. Date of Injury 1/14/2016**
- **Robert A. Martino Jr.; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while having lab work done for the department physical, employee experienced pain at the site of the needle stick. Date of Injury 1/15/2016**
- **Ann M. Bartos; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while starting down the exterior stairs, employee fell and injured her left ankle. Date of Injury 1/21/2016**
- **Sean K. Ellis; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while performing CPR, employee experienced pain in his groin. Date of Injury 1/22/2016**
- **Benjamin D. Wellington; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while loading a patient into the ambulance, employee experienced pain in his right shoulder. Date of Injury 1/25/2016**

The board members next reviewed the following correspondence from PERAC:

- PERAC memo #1/2016
  - PERAC memo #2/2016
  - PERAC memo #3/2016
  
  - PERAC memo #4/2016
  - PERAC memo #5/2016
  
  - PERAC memo #6/2016
  - PERAC memo #7/2016
  - PERAC memo #8/2016
  - PERAC memo #9/2016
- Schedule 7 Report
  - 2016 Limits under Chapter 46 of the Acts of 2002
  - 2016 Limits under Section 23 of Chapter 131 of the Acts of 2010
  - COLA Notice
  - Mandatory Retirement Board Member Training - 1<sup>st</sup> Quarter 2016
  - Mandatory Ethics Training
  - 2016 Interest Rate set at 0.1%
  - Actuarial Data
  - Buyback and Make-up Repayment Worksheets

The Director noted for the board members PERAC memo #4/2016 regarding the C.O.L.A. increase for FY 2017. After some discussion, the board members entertained a motion to send to the Board of Selectmen a letter notifying them of the Falmouth Retirement Board's intention to consider, at the April board meeting, increasing to 3.0% the FY 2017 cost-of-living adjustment on a retirement allowance.

Mr. Ferreira moved to send to the Board of Selectmen a letter notifying them of the Falmouth Retirement Board's intention to consider, at their April board meeting, increasing to 3.0% the FY 2017 cost-of-living adjustment on a retirement allowance. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Also, the board members reviewed other relative correspondence.

Next, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of December, and Mr. Fabrizio reviewed the plan results. Through the end of December, the plan's estimated market value was approximately \$113.8 million. Year-to-date, the plan is up 0.64% versus the policy benchmark which is up 1.16%. Compared to its policy benchmark, the domestic equity sector is a bit ahead, but still, it is a negative return. RhumbLine Advisers Growth is doing fairly well, but the other managers have closed the year with negative returns. Both Seizert Capital Partners and LMCG Investments trail their benchmark. It seems that, this year, growth was favored over value. The international equity sector continues to be doing better. But, Denver Investments continues to struggle in comparison to its benchmark. HGK Trinity Street is doing a fair job when compared to its benchmark. The domestic fixed income strategies (down 0.05%) are on par with their benchmarks (down 0.03%) which is to be expected as these strategies are indexed. Baring Asset Management, the international fixed income strategy, is down 5.72% versus its benchmark which is down 3.57%. Year-to-date, the performance of the real estate sector continues to be an area of strength for this portfolio. Intercontinental Real Estate (up 32.62%) is doing extremely well this year, but this strategy is winding down as the remaining properties in this fund are in the process of being sold. Metropolitan Real Estate (up 15.47%) and Principal (up 13.42%) are two other funds that

appear to be having a fairly solid year. The performance in the private equity sector is ahead of its benchmark; however, these returns are stated with a lag in their reporting due to the nature of the investments of this sector. Still, the trend for this sector continues to be positive with a nice performance from INVESCO U.S. Buyout, Lexington Capital Fund VII and Mesirow Financial. For the year, the P.R.I.T. fund is negative, and it is a bit behind its benchmark. Lastly, the cash balance is approximately \$1.0 million. Although it has been a "roller coaster of a year", all things being considered, Mr. Dwyer and Mr. Fabrizio are comfortable with the overall performance of this portfolio when compared to the portfolios of some other MA public pension funds.

Then, Mr. Dwyer reviewed with the board members the updated 2<sup>nd</sup> draft of the Investment Policy Statement. Mr. Fabrizio noted some minor edits. After some discussion, the board members entertained a motion to accept the updated 2<sup>nd</sup> draft of the Investment Policy Statement.

Ms. Petit moved to accept the updated 2<sup>nd</sup> draft of the Investment Policy Statement.

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

After some additional discussion with the board members, Mr. Dwyer and Mr. Fabrizio exited the board meeting, and Nicholas Poser, Legal Counsel for the Falmouth Retirement Board, joined the meeting by telephone.

Next, the Chairman asked for a motion to leave the open 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.

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

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

At approximately 2:40 p.m., the board members left the open 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. At the conclusion of the executive session, as noted by Chairman Brodeur, the board members would reconvene their open meeting.

At approximately 3:30 p.m., the board members reconvened their open meeting, and the Director reviewed with them the quarterly education statement from P.E.R.A.C. for the period ending December 31, 2015.

The Director then reminded each of the board members that their Statement of Financial Interests for Calendar Year 2015 will be due by May 1, 2016. It was noted that the form can be completed on-line and then printed. The Director asked that all board members complete this form, print it, and bring their form with them to the next board meeting. As has been done in past years, the retirement system will FedEx to P.E.R.A.C. all of their forms so that there is a record of receipt.

Next, the Director and Attorney Poser provided the board members with a very brief update in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-10-701. It was noted that the recent decision handed down by C.R.A.B. on the remand from Superior Court, once again, upheld the position of the Falmouth Retirement Board, and it appears that Mr. Murphy did not appeal this recent C.R.A.B. decision. Thus, this appeal process has concluded.

However, in the additional matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677, the board members recent denial of a request by Mr. Murphy seeking the Falmouth Retirement Board reestablish his "active" membership in the retirement system based upon his current position as the Sealer of Weights & Measures for the Town of Falmouth has created another appeal which is in its early stages. We will wait for a hearing to be scheduled.

Then, the Director and Attorney Poser provided the board members with an update in the matter of *Falmouth Retirement Board v. P.E.R.A.C.*, CR 12-677. The board members were provided with a draft of proposed guidelines which would authorize the Falmouth Retirement Board to lease a portion of the building or space to one other suitable person or entity. It was noted that, provided that these guidelines are acceptable to the board members and that the Falmouth Retirement Board will withdraw their current appeal in CR 12-677, these proposed guidelines are acceptable to P.E.R.A.C. as well. After some additional discussion, the board members entertained a motion to withdraw their current appeal in CR 12-677 and accept the proposed guidelines which authorize the Falmouth Retirement Board to lease a portion of the building or space to one other suitable person or entity.

Mr. Anderson moved to withdraw their current appeal in CR 12-677 and accept the proposed guidelines which authorize the Falmouth Retirement Board to lease a portion of the building or space to one other suitable person or entity. Mr. Ferreira seconded the motion, all board members present voted in the affirmative.

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

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

At approximately 3:40 p.m., the board members concluded the open meeting.

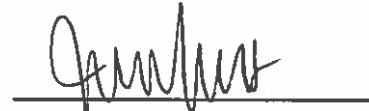
The next scheduled board meeting will begin at 2:00 p.m. on Thursday, March 10, 2016 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



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Paul D. Brodeur  
Chairman, Elected Member



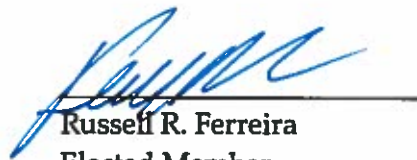
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Jennifer P. Petit  
Ex-Officio Member



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Gary W. Anderson  
Appointed Member



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Russell R. Ferreira  
Elected Member

**ABSENT**

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Ellen K. Philbin  
Fifth Member



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Francis X. St. Germaine III  
Director