

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, January 14, 2016

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

Board members in absence: Jennifer P. Petit

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 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 December. Through the end of December, the Treasurer noted that the retirement system had receipts in the amount of \$913,453.10 and disbursements in the amount of \$893,190.22. The Treasurer noted that the fund balance in the cash account was \$31,334.97. In addition, it was noted that the check sequence for the month of December began with check #7258 and ended with check #7290, 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.

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.

Next, the board members reviewed the meeting minutes of the open session meeting that was held on December 17, 2015. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on December 17, 2015.

Mr. Anderson moved to approve the meeting minutes of the open session meeting that was held on December 17, 2015. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the following warrants:

Warrant #64/2015	\$856,714.73	Warrant #01/2016	\$ 3,050.40
Warrant #02/2016	\$ 6,211.00		

Mr. Anderson moved to approve the payment of the following warrants, #64/2015 and #01/2016 through #02/2016. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

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

- State Street Corporation, October 2015 custodial fee \$ 5,287.81
- State Street Corporation, November 2015 custodial fee \$ 5,170.12

Ms. Philbin moved to approve the payment of the above-mentioned investment fees.

Mr. Anderson 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:

- Mesirow Financial, capital call due 12/31/2015 \$ 30,000.00

Ms. Philbin moved to approve the payment of the above-mentioned capital call.

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

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

- Metropolitan Real Estate, a distribution in the amount of \$116,181.33 on 12/22/2015
- INVESCO (U.S. Buyout), a distribution in the amount of \$20,227.00 on 12/30/2015
- Siguler Guff & Company, a distribution in the amount of \$48,326.54 on 12/30/2015
- Mesirow Financial, a distribution in the amount of \$30,000.00 on 12/31/2015
- Lexington Capital Fund V, a distribution in the amount of \$23,184.00 on 12/31/2015
- Lexington Capital Fund VII, a distribution in the amount of \$78,699.00 on 12/31/2015

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

- Robin L Bowker; Bus Aide, Town of Falmouth, Falmouth Public Schools; Group One, DOM 1/4/2016; 9% + 2%

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

- Ryan P. Moore; Police Officer, Town of Falmouth, Police Department; Group Four; while doing heavy bag training, employee injured his groin and back. Date of Injury 12/2/2015
- John A. Netto Jr.; Maintenance Worker, Town of Falmouth, Falmouth Public Schools; Group One; while loading materials into a box truck, employee hit his head, cutting the left side of his forehead. Date of Injury 12/7/2015
- Michael C. Rogers; Police Officer, Town of Falmouth, Police Department; Group Four; while lifting a spare tire into the back of a vehicle, employee experienced pain in his back and neck. Date of Injury 12/11/2015

The board members next reviewed the following correspondence from PERAC:

- PERAC memo #25/2015
- PERAC memo #26/2015
- PERAC memo #27/2015

Tobacco Company List
2015 Disability Retiree Data
Annual Disclosure Forms

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 November. Through the end of November, the plan's estimated market value was approximately \$116.3 million. Year-to-date, the plan is up 2.29% versus the policy benchmark which is up 2.75%. Compared to its policy benchmark, the domestic equity sector is a bit ahead. RhumbLine Advisers Growth, LMCG Investments and Earnest Partners are all doing fairly well, but Seizert Capital Partners continues to trail its benchmark. The international equity sector is doing better, but the performance of Denver Investments continues to struggle in comparison to its benchmark. HGK Trinity Street is doing a fairly decent job. The domestic fixed income strategies (up 0.60%) are on par with their benchmarks (up 0.63%) which is to be expected as these strategies are indexed. Baring Asset Management, the international fixed income strategy, is down 6.51% versus its benchmark which is down 4.45%. 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 11.95%) 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 Mesirov Financial. The P.R.I.T. fund is trailing behind its benchmark. Lastly, the cash balance is approximately \$1.3 million. All things being considered, Mr. Dwyer is comfortable with the overall performance of this portfolio.

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

Next on the agenda is an Executive Session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. It was noted by the Director that James Quirk, attorney for the member, had a schedule conflict today and that he has requested that the board members table this agenda item and discuss it at their February board meeting. Therefore, the board members entertained a motion to table this agenda item and discuss it at their February board meeting.

Ms. Philbin moved to table this agenda item and discuss it at their February board meeting.
Mr. Anderson seconded the motion, all board members present voted in the affirmative.

Then, Attorney Poser and the Director provided the board members with an update in the matter of *Falmouth Retirement Board v. P.E.R.A.C.*, CR 12-677. Attorney Poser noted that the D.A.L.A.

magistrate had requested that the Falmouth Retirement Board have prepared a preliminary market report to identify suitable, available properties which could potentially be acquired by the retirement system for use as their office space. Attorney Poser noted that this market report had been completed and it had identified two suitable properties both of which are larger than the space that would be needed by the retirement system. This information had been provided to both the D.A.L.A. magistrate and P.E.R.A.C. for further discussion. P.E.R.A.C. requested, by letter, further information so that they could better understand why there is an importance to be located in the downtown area of Falmouth and why three of the other identified properties had been considered unsuitable for the Falmouth Retirement Board. Attorney Poser, with assistance from the Director, has responded to the P.E.R.A.C. letter, and now, the matter seems to be up in the air. After some additional discussion, the board members entertained a motion to further pursue this matter with the D.A.L.A. magistrate with the hope of nearing a resolution.

Mr. Ferreira moved to further pursue this matter with the D.A.L.A. magistrate with the hope of nearing a resolution. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, Attorney Poser and the Director provided the board members with an update in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-10-701. Attorney Poser noted for the board members the recent decision handed down by C.R.A.B. on the remand from Superior Court. In this recent decision, once again, the position of the Falmouth Retirement Board was upheld. Mr. Murphy, through his attorney, has informed Attorney Poser that they will most likely not appeal this recent C.R.A.B. decision, and thus, this appeal process will be concluded.

However, Attorney Poser and the Director then provided the board members with an update in the additional matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. At their board meeting on December 17, 2015, the board members had reviewed a request by Mr. Murphy, through his attorney, seeking the Falmouth Retirement Board reestablish his "active" membership in the Falmouth Retirement System based upon his current position as the Sealer of Weights & Measures for the Town of Falmouth. It was determined that Mr. Murphy, in his current position as the Sealer of Weights & Measures for the Town of Falmouth, does not meet the eligibility requirements to reestablish his "active" membership in the Falmouth Retirement System, and therefore, the board members denied his request. Thus, this additional appeal was born. In a letter to the Director, dated January 4, 2016, the attorney for Mr. Murphy has respectfully requested that the board members "revisit" this matter and reconsider their denial to reestablish his "active" membership in the Falmouth Retirement System. After some additional discussion, the board members entertained a motion to deny this latest request by Mr. Murphy to "revisit" this matter and reconsider their denial to reestablish his "active" membership in the Falmouth Retirement System.

Ms. Philbin moved to deny this latest request by Mr. Murphy to "revisit" this matter and reconsider their denial to reestablish his "active" membership in the Falmouth Retirement System. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

Lastly, the Director noted for the board members the possibility exist that a petition will be presented at the April town meeting seeking to increase the accidental disability retirement allowance for John Busby. The Director has been made aware of a petition that is being circulated, but the specific language and the financial impact has yet to be determined. As more information becomes available, it will be shared with the board members so that they can perform their due diligence and be prepared to speak about the petition at town meeting.

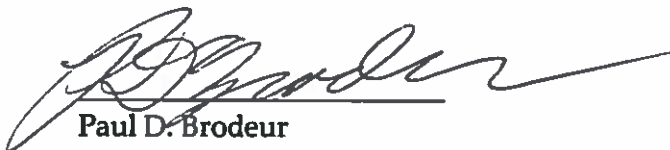
Finally, having no additional business to discuss, the Chairman asked for a motion to adjourn the open meeting.

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

At approximately 2:55 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, February 11, 2016 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



Paul D. Brodeur
Chairman, Elected Member



Gary W. Anderson
Appointed Member



Ellen K. Philbin
Fifth Member

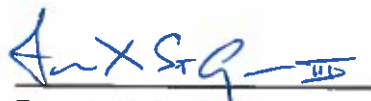
ABSENT



Jennifer P. Petit
Ex-Officio Member



Russell R. Ferreira
Elected Member



Francis X. St. Germaine III
Director