

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, July 14, 2016

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

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 it was noted that the Town Treasurer, Patricia O'Connell, could not attend today's board meeting. After some discussion, the board members entertained a motion to table, until the next board meeting, the monthly reconciliation of the cash accounts.

Mr. Ferreira moved to table, until the next board meeting, the monthly reconciliation of the cash accounts. Ms. Philbin 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 June 9, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on June 9, 2016.

Mr. Ferreira moved to approve the meeting minutes of the open session meeting that was held on June 9, 2016. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of the executive session meeting that was held on June 9, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the executive session meeting that was held on June 9, 2016.

Mr. Ferreira moved to approve the meeting minutes of the executive session meeting that was held on June 9, 2016. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the following warrants:

Warrant #30/2016	\$ 3,050.40	Warrant #31/2016	\$ 3,191.40
Warrant #32/2016	\$ 3,050.40	Warrant #33/2016	\$876,761.44
Warrant #34/2016	\$ 3,050.40	Warrant #35/2016	\$133,692.21

Mr. Ferreira moved to approve the payment of the following warrants, #30/2016 through #35/2016. 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, 2nd QTR 2016 consultant fee \$ 25,000.00
- State Street Corporation, May 2016 custodial fee \$ 5,637.71

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

Mr. Ferreira 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:

- Lexington Capital Fund VII, capital call due 6/22/2016 \$ 23,187.00

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

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

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

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

- Intercontinental Real Estate, a distribution in the amount of \$461,331.21 on 6/16/2016
- Siguler Guff & Company, a distribution in the amount of \$60,065.85 on 6/27/2016
- Lexington Capital Fund V, a distribution in the amount of \$12,097.00 on 6/30/2016
- Lexington Capital Fund VII, a distribution in the amount of \$85,259.00 on 6/30/2016
- Mesirow Financial, a distribution in the amount of \$22,500.00 on 6/30/2016
- INVESCO (Venture), a distribution in the amount of \$20,897.00 on 6/30/2016
- INVESCO (U.S. Buyout), a distribution in the amount of \$15,170.00 on 6/30/2016

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:

- Walter R. Morris; amount of refund is \$1,860.50; resignation from service with the Town of Falmouth, Inspectional Services Department
- John W. Pottle; amount of refund is \$6,008.43; resignation from service with the Town of Falmouth, Falmouth Public Schools

- Carolyn M. Warren; amount of refund is \$6,114.43; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Joanne B. Barrett; amount of refund is \$19,806.86; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Laureen T. Murphy; amount of refund is \$23,308.47; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Jeremy P. Tagliaferre; amount of refund is \$1,856.78; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Heather A. Duffany; amount of transfer is \$4,255.99; resignation from service with the Town of Falmouth, Falmouth Public Schools (*the Falmouth Retirement System will accept 1 year and 10 months of 3(8)(c) liability on a twelve month basis*)
- Erin M. Whalen; amount of transfer is \$17,519.29; resignation from service with the Town of Falmouth, Falmouth Public Schools (*the Falmouth Retirement System will accept 6 years and 11 months of 3(8)(c) liability on a twelve month basis*)
- Elizabeth Astone; amount of transfer is \$41,273.14; resignation from service with the Town of Falmouth, Falmouth Public Schools (*the Falmouth Retirement System will accept 6 years and 5 months of 3(8)(c) liability on a twelve month basis*)

After some additional 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.

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

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

- Anna C. Noble; Administrative Assistant, Town of Falmouth, Falmouth Public Schools; Group One, DOM 6/6/2016; 9% + 2%
- James E. McLoughlin; Town Engineer, Town of Falmouth, D.P.W. Engineering Division; Group One, DOM 6/6/2016; 9% + 2%
- Michael R. Belli; Parking Control Officer, Town of Falmouth, Police Department; Group One, DOM 7/5/2016; 9% + 2%
- David A. Diogo; Communications Administrator, Town of Falmouth, Communications Department; Group One, DOM 7/5/2016; 9% + 2%
- Michael J. Bottomley; Systems Analyst, Town of Falmouth, Information Technology Department; Group One, DOM 7/11/2016; 9% + 2%

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

- Richard G. Vitagliano; Custodian, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,498.91

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

Ms. Philbin moved to approve, as recommended, the request of the above-mentioned member to purchase his service prior to membership with the Falmouth Retirement System. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

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

- Sean K. Ellis; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while training on an MDU trailer, employee felt pulling in his left waistline radiating to his left testicle. Date of Injury 5/24/2016
- Ryan P. Gavin; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while performing in a fire rescue training exercise, employee experienced heat related dizziness. Date of Injury 5/26/2016
- Eryn N. Andrews; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while lifting a patient during an ambulance call, employee experienced sharp, stabbing abdominal pain. Date of Injury 5/26/2016
- Christina M. Lovely; Fisheries Technician, Town of Falmouth, Marine & Environmental Services Department; Group One; while removing shellfish gear from an estuary, employee injured her finger. Date of Injury 5/26/2016
- Andrew M. Mathieson; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while stepping down from a set of stairs in full firefighter PPE, employee injured his right ankle. Date of Injury 5/27/2016
- Jeremiah Pearson; Crew Leader, Town of Falmouth, D.P.W. Parks Department; Group One; while grabbing the winch line to release the snap from the frame, employee injured his left hand. Date of Injury 6/7/2016
- Patrick R. Gonsalves; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while moving an unconscious patient, employee felt discomfort in his right knee. Date of Injury 6/10/2016
- Michael C. Zuniga; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while moving a patient during an ambulance call, employee injured his lower back. Date of Injury 6/19/2016

The board members next reviewed the following correspondence from PERAC:

- PERAC memo #17/2016 Tobacco Company List

Also, the board members reviewed other relative correspondence.

Next, the Chairman made a determination to take the agenda item on Group Classification out of order, and Gary Forbes joined the meeting. Mr. Forbes has petitioned the Falmouth Retirement Board for consideration to be classified in Group Two rather than his current classification in Group One. Attorney Poser provided some background information to the board members, and he informed Mr. Forbes that ultimately group classification will be determined at the time of retirement. Under oath, Mr. Forbes provided some testimony as follows:

- Around March 1995, he was hired as the permanent, full-time Electrical Inspector for the Town of Falmouth
- He maintains a current Master Electricians license issued by the Commonwealth of Massachusetts, and it is a requirement for his position as Electrical Inspector
- A significant portion of his duties as the Electrical Inspector expose him to the hazards associated with construction sites and electricity

After some additional discussion, the board members entertained a motion to classify Mr. Forbes, as the Electrical Inspector, in Group Two rather than Group One.

Mr. Ferreira moved to classify Mr. Forbes, as the Electrical Inspector, in Group Two rather than Group One. Ms. Petit seconded the motion, all board members present voted in the affirmative.

After hearing the vote of the board members, Mr. Forbes exited the meeting.

Then, 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 May, and Mr. Fabrizio reviewed the plan results. Through the end of May, the plan's estimated market value was approximately \$117.9 million. Year-to-date, the plan is up 3.47% versus the policy benchmark which is up 2.64%. Compared to its policy benchmark, the domestic equity sector is ahead slightly. Earnest Partners is ahead of its benchmark after a very good month, but Seizert Capital Partners is trailing its benchmark. The international equity sector (up 1.10%) is ahead of its benchmark (down 0.44%) with Dimensional Fund Advisors providing some positive returns. The domestic fixed income strategy (up 3.71%) is on par with its benchmark (up 3.76%) which is to be expected as these investments are indexed. The international fixed income strategy, Baring Asset Management, is having a decent year. This sector is up 7.40% versus its benchmark which is up 6.80%. Year-to-date, the performance of the real estate sector is up 4.12% versus a benchmark that is up 2.21%. 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; however, returns for the year have begun to slowly trickle in. Year-to-date, the private equity sector is down 0.26% versus a benchmark that is up 1.11%. For the year, the P.R.I.T. fund is negative (down 0.86%), but it is a bit ahead of its benchmark (down 2.07%). Lastly, the cash balance is approximately \$1.2 million.

Lastly, Mr. Dwyer reminded the board members that an R.F.P. for up to \$5.0 million in private equity had been issued and that the deadline to receive responses would be through 2:00 p.m. on September 28, 2016. To date, two responses have been received. At this time, it seems to make more sense to wait to review and compare the current responses once some more responses have been received.

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

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.

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

At approximately 2:35 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 2:45 p.m., the board members reconvened their open meeting, and the board members reviewed the memorandum from the Personnel Director for the Town of Falmouth regarding the FY '17 salary increases. It was noted that the retirement system's staff salaries are not part of the classification plan for the Town of Falmouth. After some discussion, the board members entertained a motion to increase, effective July 1, 2016, Ms. Domino's hourly rate of pay to \$32.24 per hour (essentially an hourly rate of pay of an M-6, step 4 using the TAM 2017 salary schedule as a guideline) and Mr. St. Germaine's hourly rate of pay to \$45.54 per hour (essentially an hourly rate of pay of an M-11, step 2 using the TAM 2017 salary schedule as a guideline).

Mr. Ferreira moved to increase, effective July 1, 2016, Ms. Domino's hourly rate of pay to \$32.24 per hour (essentially an hourly rate of pay of an M-6, step 4 using the TAM 2017 salary schedule as a guideline) and Mr. St. Germaine's hourly rate of pay to \$45.54 per hour (essentially an hourly rate of pay of an M-11, step 2 using the TAM 2017 salary schedule as a

guideline). Ms. Philbin seconded the motion, and all board members present voted in the affirmative.

Next, Attorney Poser noted for the board members that there has been no recent movement to report in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In addition, it was noted that Karen Kraus has taken a timely appeal of the most recent decision of the Falmouth Retirement Board with regard to her matter. This appeal will be referenced as *Karen Kraus v. Falmouth Retirement Board*, CR-16-288.

Then, the Director noted for the board members several office issues of importance.

- The petition to the Legislature from the Town of Falmouth seeking special legislation for John Busby has been assigned a bill number, H. 4476, and it has been referred to the Joint Committee on Public Service. The progress of H. 4476 will be monitored.
- The letter from Citizens Bank stating their intention to significantly adjust their pricing structure on our cash account as well as the email recapping a meeting between the Director, the Town Treasurer, and Kelly Quintanilha, our Relationship Manager for Citizens Bank. The board members seem to be of the opinion that, should Citizens Bank move forward and begin to collect the proposed fee increases, the retirement system would consider establishing a relationship with another local bank.
- Martina Mehl, an employee with Falmouth Public Schools, has been instructed by both the school administration and the Falmouth Retirement System that she currently meets the eligibility requirements, and therefore, she needs to establish membership with this retirement system. If she fails to establish membership with the start of the upcoming school year, the Director intends to notify both the employee and her employer that, per M.G.L Chapter 32 §18, said employee shall be considered suspended from service without compensation until she is in compliance.

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

At approximately 3:00 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, August 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



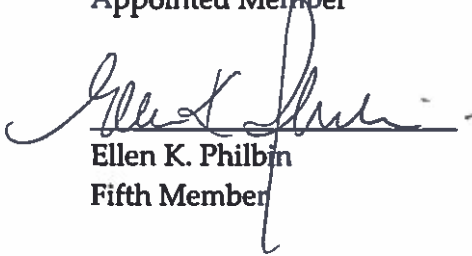
Jennifer P. Petit
Ex-Officio Member



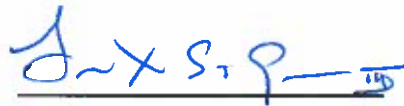
Gary W. Anderson
Appointed Member



Russell R. Ferreira
Elected Member



Ellen K. Philbin
Fifth Member



Francis X. St. Germaine III
Director