

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, March 10, 2016

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

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. 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. In addition, it was noted that the Town Treasurer, Patricia O'Connell, could not attend this 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. Petit 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

Next, the board members reviewed the meeting minutes of the open session meeting that was held on February 11, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on February 11, 2016.

Mr. Ferreira moved to approve the meeting minutes of the open session meeting that was held on February 11, 2016. Mr. Anderson 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

The board members then reviewed the meeting minutes of the executive session meeting that was held on February 11, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the executive session meeting that was held on February 11, 2016.

Mr. Ferreira moved to approve the meeting minutes of the executive session meeting that was held on February 11, 2016. Ms. Petit 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

Then, the board members reviewed the following warrants:

Warrant #09/2016	\$ 3,050.40	Warrant #10/2016	\$ 3,050.40
Warrant #11/2016	\$873,236.30	Warrant #12/2016	\$ 3,050.40
Warrant #13/2016	\$ 88,311.57		

Mr. Ferreira moved to approve the payment of the following warrants, #09/2016 through #13/2016. Ms. Philbin 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

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

- State Street Corporation, December 2015 custodial fee \$ 5,342.39
- State Street Corporation, January 2016 custodial fee \$ 5,162.54

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

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

- Lexington Capital Fund VII, a distribution in the amount of \$32,791.00 on 2/26/2016

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:

- Daniel C. Chase; amount of refund is \$6,396.88; termination from service with the Town of Falmouth, D.P.W. Parks Division
- Kent H. Clarkson II; amount of refund is \$54.34; deductions taken in error with the Town of Falmouth, Police Department
- Phyllis G. Pina; amount of refund is \$34.82; deductions taken in error 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.

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

Then, the board members considered the following request for liability:

- Cynthia A. Roach; accept 3(8)(c) liability request from the State Board of Retirement; membership service with the Town of Falmouth, Falmouth Public Library (*upon completion of repayment, the Falmouth Retirement System will accept 15 years and 3 months of 3(8)(c) liability, on a 12-month basis*)

Mr. Anderson moved to accept the above-mentioned request for 3(8)(c) liability. 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

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

- Rebecca N. Fluker; Senior Office Assistant, Town of Falmouth, Police Department; Group One, DOM 2/29/2016; 9% + 2%
- Brett J. Nangle; Laborer, Town of Falmouth, D.P.W. Highway Division; Group One, DOM 3/7/2016; 9% + 2%
- Courtney A. Tazziz; Administrative Assistant, Town of Falmouth, Conservation Department; Group One, DOM 3/21/2016; 9% + 2%

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

- Gary T. Street; Local Inspector, Town of Falmouth, Inspectional Services Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$2,023.26
- Gary T. Street; Local Inspector, Town of Falmouth, Inspectional Services Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$11,310.86
- Gary T. Street; Local Inspector, Town of Falmouth, Inspectional Services Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$15,781.77
- Kerry M. Turner; Districtwide Health Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,233.92
- Kerry M. Turner; Districtwide Health Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$3,549.75

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

Ms. Petit 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
Jennifer P. Petit	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:

- Alec J. Turner; Animal Control Officer, Town of Falmouth, Marine & Environmental Services Department; Group One; while transporting a stray dog to the kennel, employee was in an automobile accident and injured his back. Date of Injury 8/7/2015
- Christopher P. Anglin; Maintenance Worker, Town of Falmouth, Marine & Environmental Services Department; Group One; while working on a trailer at the D.P.W., employee fell and injured his lower back. Date of Injury 12/14/2015
- Cecil P. Costa; Head Custodian, Town of Falmouth, Falmouth Public Schools; Group One; employee dropped a vent cover on his left foot and fractured his big toe. Date of Injury 2/23/2016

The board members next reviewed the following correspondence from PERAC:

- PERAC memo #10/2016 Retirement Guide Mailing

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 January, and Mr. Fabrizio reviewed the plan results. Through the end of January, the plan's estimated market value was approximately \$112.7 million. Year-to-date, the plan is down 3.37% versus the policy benchmark which is down 3.71%. Compared to its policy benchmark, the domestic equity sector is a bit ahead, but still, it is a negative return. All of the domestic equity managers have negative returns for the month. The international equity sector has negative returns this month as well. Denver Investments has been liquidated and the funds have been invested in the LMCG International Small Cap fund. The domestic fixed income strategies (up 1.07%) are on par with their benchmarks (up 1.04%) which is to be expected as these strategies are indexed. Baring Asset Management, the international fixed income strategy, is up 0.35% versus its benchmark which is up 1.36%. For the month, the performance of the real estate sector appears to be down due to the performance of D.F.A. Global Real Estate. The performance in the private equity sector is slightly positive (up 0.19%); 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 seems to be positive. For the month, the P.R.I.T. fund is negative, but it is a bit ahead of its benchmark. Lastly, the cash balance is approximately \$3.2 million. Mr. Dwyer and Mr. Fabrizio are comfortable with this portfolio, but caution that it could be another "roller coaster year" with factors such as the current political climate, oil supply & demand, etc. having an impact on the markets.

Then, Mr. Dwyer reviewed with the board members the intention of LMCG Investments to transition their international small-cap fund from a collective investment trust to a mutual fund. This conversion does not appear to be a material change which would impact the rationale for selecting this investment. After some discussion, the board members entertained a motion to sign the *Acknowledge and Consent to Convert* form for this investment with LMCG Investments.

Ms. Petit moved to sign the *Acknowledge and Consent to Convert* form for this investment with LMCG Investments. Mr. Anderson 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

Mr. Fabrizio then discussed with the board members the current private equity commitments and drawdowns. As the investments in INVESCO Partnership Fund III and Lexington Capital Fund V wind down, the portfolio has become underweight within the private equity sector. So, Wainwright Investment Counsel is suggesting that an R.F.P. for up to \$5 million in private equity be issued and that it be left open to receive responses for up to six months. After some discussion, the board members entertained a motion to issue an R.F.P. for up to \$5 million in private equity and that it be left open to receive responses for up to six months.

Mr. Anderson moved to issue an R.F.P. for up to \$5 million in private equity and that it be left open to receive responses for up to six months. 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

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.

Mr. Ferreira 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. Ms. Philbin 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 2:50 p.m., the board members reconvened their open meeting, and the Director outlined for the board members a proposed CY 2016 budget of \$1,020,500.00. The board members reviewed the budget, and after some discussion, they entertained a motion to approve a CY 2016 budget of \$1,020,500.00.

Mr. Ferreira moved to approve the CY 2016 budget of \$1,020,500.00. Ms. Petit 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

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. The Director asked that all board members complete this form 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 an update on pending legal matters. It was noted that, since the last board meeting, there has been no new information to report in the matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In the matter of *Falmouth Retirement Board v. P.E.R.A.C.*, CR 12-677, the board members were provided with a signed letter from P.E.R.A.C., received earlier that day, adopting the guidelines which authorize the Falmouth Retirement Board to lease a portion of the building or space to one other suitable person or entity.

Then, the Director noted for the board members that eleven individuals have not returned their annual verification form. The form has been mailed to these individuals multiple times with several follow-up phone calls. Thus, the Director is requesting that the board members vote to suspend their monthly retirement check until they are in compliance with the annual verification process. After some discussion, the board members entertained a motion to suspend, if necessary, their monthly retirement check until they have complied with the annual verification process.

Mr. Ferreira moved to suspend, if necessary, their monthly retirement check until they have complied with the annual verification process. Ms. Philbin 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

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. 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

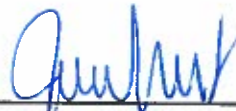
At approximately 3:15 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, April 14, 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