

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, March 16, 2017

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

Board members in absence: 2nd Elected Member (vacant)

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 he noted for all that his current geographic location makes his physical attendance at today's board meeting unreasonably difficult, and therefore, it has been determined that his remote participation is permissible. Then, the Chairman asked that, for the sake of clarity and efficiency, Ms. Philbin chair the board meeting. The suggestion was made that Ms. Philbin be appointed as the Vice Chairman of the Falmouth Retirement Board. After some discussion, the board members entertained a motion to appoint Ms. Philbin as the Vice Chairman of the Falmouth Retirement Board.

Ms. Petit moved to appoint Ms. Philbin as the Vice Chairman of the Falmouth Retirement Board. 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, Chairman	YES

Next, 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 \$966,274.65 and disbursements in the amount of \$982,775.97. She noted that the fund balance in the cash account is \$45,980.85. Also, it was noted that the check sequence for the month of December began with check #7727 and ended with check #7762, and there are no checks that were unaccounted for in the sequence for the month. In addition, the Director provided the board members with a review of the annual budget through Q4 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.

Mr. Ferreira moved to accept the report from the Office of the Treasurer. 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, Chairman	YES

The board members next reviewed the meeting minutes of the open session meeting that was held on February 8, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on February 8, 2017.

Ms. Petit moved to approve the meeting minutes of the open session meeting that was held on February 8, 2017. 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, Chairman	YES

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

Warrant #08/2017	\$ 3,361.20	Warrant #09/2017	\$ 6,350.70
Warrant #10/2017	\$907,230.87	Warrant #11/2017	\$ 3,111.20
Warrant #12/2017	\$ 3,111.20	Warrant #13/2017	\$200,056.94

After some discussion, the board members entertained a motion to approve the payments, as noted, of the following warrants, #08/2017 through #13/2017.

Mr. Anderson moved to approve the payments, as noted, of the above-mentioned warrants, #08/2017 through #13/2017. 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, Chairman	YES

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

- State Street Corporation, January 2017 custodial fee \$ 5,577.59

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

Mr. Anderson moved to approve the payment, as noted, of the above-mentioned investment fees. 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, Chairman	YES

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

- Lexington Capital Fund VII, capital call due 3/22/2017 \$ 23,181.00

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

Mr. Anderson moved to approve the payment of the above-mentioned capital call. 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, Chairman	YES

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

- Mesirow Financial, a distribution in the amount of \$45,000.00 on 2/28/2017
- Lexington Capital Fund VII, a distribution in the amount of \$53,398.00 on 2/28/2017
- Metropolitan Real Estate, a distribution in the amount of \$39,353.47 on 3/13/2017

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:

- Katherine L. Solimine; amount of refund is \$24,849.43; resignation from service with the Town of Falmouth, Falmouth Public Schools
- James M. Malone; amount of transfer is \$50,518.47; resignation from service with the Town of Falmouth, Fire Rescue Department

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. 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, Chairman	YES

The board members then noted the following member retiring from service with the Town of Falmouth:

- Eileen R. Sprague; retired on 2/7/2017 from the Town of Falmouth, Marine & Environmental Services Department

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

- Joan L. Geggatt; Office Clerk, Town of Falmouth, Fire Rescue Department, Group One; DOM 2/14/2017, 9% + 2%
- Judith D. Hoffman; 1:1 Special Education Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 2/27/2017, 9% + 2%

Next, the board members considered the following request to purchase prior service:

- Joan L. Geggatt; Office Clerk, Town of Falmouth, Fire Rescue Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$894.58

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

Mr. Anderson moved to approve, as recommended, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System. 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, Chairman	YES

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

- Michael Duarte; M.E.O. III, Town of Falmouth, D.P.W. Highway Division; Group One; while driving a D.P.W. vehicle, employee was exposed to carbon monoxide due to the vehicle's exhaust leak. Date of Injury 2/10/2017

Next, the board members reviewed the following correspondence from PERAC:

- PERAC memo #14/2017 Compliance Training on PERAC's New System, PROSPER
- PERAC memo #15/2017 STS/LStar Event

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 January, and Mr. Fabrizio reviewed the plan results. Through the end of January, the plan's estimated market value was approximately \$128.8 million. Year-to-date, the plan is up 1.91% versus the policy benchmark which is up 1.10%. Compared to its policy benchmark, the domestic equity sector (up 2.24%) is doing very well with Earnest Partners well ahead of its benchmarks to begin the year. The international equity sector (up 4.81%) is ahead of its benchmark (up 3.03%) as HGK/Trinity Street begins the year as the strength of this sector. The domestic fixed income strategy (up 0.29%) is on par with its benchmark (up 0.30%) which is to be expected as these investments are indexed. Baring Asset Management, the international fixed income strategy, begins the year with positive performance. This sector is up 1.82% versus its benchmark which is up 1.01%. To begin the year, the performance of the real estate sector is up 0.25% versus a benchmark that is 0.00%. At the moment, Principal and Dimensional Fund Advisors are the only two real estate investments to record a return as the investment with Intercontinental Real Estate is nearing its close. Due to the nature of the investments within the private equity sector, the returns are stated with a lag; however, to-date, the private equity sector is estimated to be up 1.13% versus a benchmark that is 0.00%. For the year, the P.R.I.T. fund is up 1.07% versus a benchmark that is up 0.87%. Lastly, the cash balance is approximately \$4.5 million. Wainwright Investment Counsel is "very, very happy with this portfolio...and its very good performance."

Next, Mr. Dwyer and Mr. Fabrizio discussed with the board members a proposed rebalance of the portfolio. As part of the rebalance, there would be an allocation to the real estate sector. After some discussion, the board members felt that, before a decision is made, Paul Todisco from the P.R.I.M. board should attend the April board meeting to discuss their real estate fund.

Then, Mr. Dwyer discussed with the board members a "blanket" action required so that the contracts with the investment managers will be in compliance with Chapter 176 of the Acts of 2011 and Section 54 of Chapter 46 of the Acts of 2015. The current investment contracts with the separately managed accounts and the commingled accounts will require the board members to adopt a motion to specify a maximum term of 7 years. The investment contracts for the P.R.I.T. Absolute Return Fund and the limited partnerships in real estate and private equity are exempt by

statute and no action by the board is required at this time. After some discussion, the board members entertained a motion to accept the recommendation as outlined by Wainwright Investment Counsel to implement a "blanket" action required so that all of the current contracts with the investment managers will be in compliance with Chapter 176 of the Acts of 2011 and Section 54 of Chapter 46 of the Acts of 2015.

Mr. Anderson moved to accept the recommendation as outlined by Wainwright Investment Counsel to implement a "blanket" action required so that all of the current contracts with the investment managers will be in compliance with Chapter 176 of the Acts of 2011 and Section 54 of Chapter 46 of the Acts of 2015. 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, Chairman	YES

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

Next, the Vice 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. 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, 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 Vice Chairman Philbin, the board members would reconvene their open meeting.

At approximately 2:55 p.m., the board members reconvened their open meeting, and the Director reminded each of the board members that their Statement of Financial Interests for Calendar Year 2016 will be due by May 1, 2017. 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.

Then, Attorney Poser noted for the board members that there is no new information to report in the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. However, in the pending legal matter of *Karen Kraus v. Falmouth Retirement System*, CR-16-288, we have received from D.A.L.A. the *First Pre-Hearing Order* with our *Pre-hearing Memorandum* due on or before April 4, 2017.

Next, Attorney Poser provided the board members with a brief overview of P.E.R.A.C. memo #08/2017 which discusses the recent decision issued by the Supreme Judicial Court of Massachusetts in the matter of *Retirement Board of Stoneham v. Contributory Retirement Appeal Board & another*, SJC-12098. After some discussion, the board members entertained a motion to have the Director, in consultation with legal counsel as needed, review and draft updated proposed regulations for the Falmouth Retirement System.

Mr. Anderson moved to have the Director, in consultation with legal counsel as needed, review and draft updated proposed regulations for the Falmouth Retirement System.

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, Chairman	YES

Then, the Director reviewed for the board members the proposed contract renewal between the Falmouth Retirement Board and Pension Technology Group for hosting retirement software services so that the retirement system will remain in compliance with Chapter 176 of the Acts of 2011 and Section 54 of Chapter 46 of the Acts of 2015. After some discussion, the board members entertained a motion to accept the proposed contract renewal between the Falmouth Retirement Board and Pension Technology Group.

Mr. Anderson moved to accept the proposed contract renewal between the Falmouth Retirement Board and Pension Technology Group. 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, Chairman	YES

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

Ms. Petit moved to adjourn the open meeting. 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, Chairman	YES

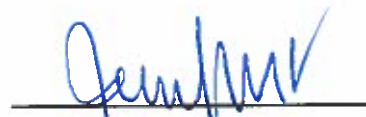
At approximately 3:15 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, April 20, 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



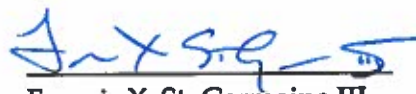
Gary W. Anderson
Appointed Member

VACANT

Elected Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Francis X. St. Germaine III
Director