

FALMOUTH RETIREMENT BOARD

Open Session Meeting Minutes

Thursday, May 25, 2017

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

Board members in absence: 2nd Elected Member (vacant) and Ellen K. Philbin, Vice Chairman

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 the Town Treasurer, Patricia O'Connell, joined the meeting. She reviewed for the board members the monthly reconciliation of the cash accounts for the months of February and March. Through the end of March, the Treasurer noted that the retirement system had receipts in the amount of \$1,269,958.03 and disbursements in the amount of \$1,255,426.68. She noted that the fund balance in the cash account is \$45,547.35. Also, it was noted that the check sequence for the month of February began with check #7763 and ended with check #7795. The check sequence for the month of March began with check #7796 and ended with check #7836, and there are no checks that were unaccounted for in the sequence for either month. In addition, the Director provided the board members with a review of the annual budget through Q1 2017 including the cash receipts, the cash disbursements, the adjusting entries and the trial balance. After some discussion, the board members entertained a motion to accept the report from the Office of the Treasurer.

Mr. Anderson moved to accept the report from the Office of the Treasurer. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, Deborah Hayes, First Vice President, from Rockland Trust joined the board meeting to present to the board members, after some research by the Town Treasurer, the government banking services offered by her bank. Rockland Trust is a full-service community bank with a branch located in the downtown area of Falmouth. She described their commitment to meeting the banking needs of public entities including their government banking products & services, their cash management services as well as their additional banking services. She noted that all fees will be waived. The relationship between the municipality and the retirement system was discussed and it was noted that other local retirement systems are very pleased with the customer service provided by Rockland Trust. After some discussion, Ms. Hayes and Ms. O'Connell exited the board meeting and the board members entertained a motion to terminate the current relationship with Citizens Bank and to transition the retirement system's "operational" bank account to Rockland Trust.

Mr. Anderson moved to terminate the current relationship with Citizens Bank and to transition the retirement system's "operational" bank account to Rockland Trust. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of the open session meeting that was held on April 20, 2017. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on April 20, 2017.

Ms. Petit moved to approve the meeting minutes of the open session meeting that was held on April 20, 2017. Mr. Anderson seconded the motion. Mr. Anderson abstained from the vote, and all other board members present voted in the affirmative.

Next, the board members reviewed the payments of the following warrants:

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|------------------|-------------|------------------|--------------|
| Warrant #20/2017 | \$ 3,361.20 | Warrant #21/2017 | \$908,441.68 |
| Warrant #22/2017 | \$ 3,111.20 | Warrant #23/2017 | \$ 3,111.20 |
| Warrant #24/2017 | \$ 3,111.20 | Warrant #25/2017 | \$144,785.83 |

The Chairman noted for the board members a change to the amount on Warrant #25/2017. The amended amount is \$144,485.83. After some discussion, the board members entertained a motion to approve the payments, as noted, of the above-mentioned warrants, #20/2017 through #25/2017.

Mr. Anderson moved to approve the payments, as noted, of the above-mentioned warrants, #20/2017 through #25/2017. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the payments of the following investment fees:

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| • Earnest Partners, 1 st QTR 2017 management fee | \$ 44,865.95 |
| • Seizert Capital Partners, 1 st QTR 2017 management fee | \$ 10,792.00 |
| • Baring Asset Management, 1 st QTR 2017 management fee | \$ 3,863.82 |
| • S.S.g.A. (CM3Y), 1 st QTR 2017 management fee | \$ 1,646.76 |
| • S.S.g.A. (CME7), 1 st QTR 2017 management fee | \$ 349.29 |

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

Mr. Anderson moved to approve the payments, as noted, of the above-mentioned investment fees. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- Lexington Capital Fund VII, a distribution in the amount of \$32,912.00 on 4/28/2017
- Siguler Guff & Company, a distribution in the amount of \$37,458.72 on 5/3/2017

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

- Jeremiah Pearson; amount of transfer is \$18,497.98; resignation from service with the Town of Falmouth, D.P.W. Parks & Forestry Division
- Theresa A. St. Pierre; amount of transfer is \$7,770.89; resignation from service with the Town of Falmouth, Falmouth Public Schools
- David A. Dietlin; amount of transfer is \$44,261.60; resignation from service with the Town of Falmouth, D.P.W. Water 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.

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

Next, the board members considered the following request for 3(8)(c) liability:

- Lee A. Macleod; deny 3(8)(c) liability request from the MA Teachers' Retirement System; non-membership service with the Town of Falmouth

After some discussion, the board members entertained a motion to approve, as recommended, the above-mentioned request for 3(8)(c) liability.

Mr. Anderson moved to approve, as recommended, the above-mentioned request for 3(8)(c) liability. Ms. Petit seconded the motion, all board members present voted in the affirmative.

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

- Russell R. Ferreira; retired on 4/16/2017 from the Town of Falmouth, Fire Rescue Department

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

- **Brandon A. DeLuca; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; DOM 5/1/2017, 9% + 2%**
- **James M. Marks; Crew Leader, Town of Falmouth, D.P.W. Water Department, Group One; DOM 5/8/2017, 9% + 2%**
- **Marie Eileen Mitchell; Billing Coordinator, Town of Falmouth, D.P.W. Administration Division, Group One; DOM 5/8/2017, 9% + 2%**

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

- **Cheryl L. Steuerwald; Bus Aide, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$505.25**
- **Patricia O'Connell; Treasurer / Collector, Town of Falmouth, Finance Department; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$7,138.84**
- **Patricia A. Parker; Teacher Assistant, Town of Falmouth, Falmouth Public Schools; request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$3,537.94**

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

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

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

- **Sandra J. Licciardi; Food Service Worker, Town of Falmouth, Falmouth Public Schools, Group One; while working the dishwasher, employee twisted her left knee. Date of Injury 3/21/2017**
- **Jessica H. Gow; Animal Control Officer, Town of Falmouth, Marine & Environmental Services Department, Group One; employee was involved in a motor vehicle accident and injured her head, her neck, her chest, her back and her wrist. Date of Injury 4/4/2017**
- **David M. Massi; Police Officer, Town of Falmouth, Police Department, Group Four; while participating in SRT training at Joint Base Cape Cod, employee injured his left calf. Date of Injury 4/19/2017**

- Mark A. Mancini; Police Officer, Town of Falmouth, Police Department, Group Four; while investigating a residential burglar alarm call, employee fell down some stairs and strained his lower back. Date of Injury 4/22/2017
- Heather L. Goodspeed; Bus Driver, Town of Falmouth, Falmouth Public Schools, Group One; due to repeated opening & closing of the school bus door, employee has sustained a right shoulder injury. Date of Injury 4/28/2017

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

- PERAC Response to Pioneer Institute Report

Also, the board members reviewed other relative correspondence.

Then, Michael Dwyer of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer distributed to the board members the performance summary report for the month of March, and he reviewed the plan results. Through the end of March, the plan's estimated market value was approximately \$130.3 million. Year-to-date, the plan is up 4.25% versus the policy benchmark which is up 3.39%. Compared to its policy benchmark, the domestic equity sector (up 5.43%) is doing very well with a solid performance from RhumbLine Growth, Seizert Capital Partners and LMCG Investments. The international equity sector (up 9.01%) is ahead of its benchmark (up 7.39%) as HGK/Trinity Street and LMCG Investments have closed the first quarter with a strong performance. The domestic fixed income strategy (up 0.98%) is on par with its benchmark (up 0.97%) which is to be expected as these investments are indexed. Baring Asset Management, the international fixed income strategy, has demonstrated a decent year-to-date performance. This sector is up 2.41% versus its benchmark which is up 1.55%. For the year, the performance of the real estate sector is up 1.93% versus a benchmark that is up 1.55%. At the moment, Metropolitan Real Estate is the real estate investment that seems to be carrying this sector. The investment with Intercontinental Real Estate is in the process of being closed. 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 up 2.58%. For the year, the P.R.I.T. fund is up 2.21% versus a benchmark that is up 2.39%. Lastly, the cash balance is approximately \$3.1 million. Mr. Dwyer noted that "they are very happy with the performance of this portfolio."

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

Next, the Director noted for the board members PERAC memo #05/2017 regarding the FY 2018 C.O.L.A. increase. This memo indicates that the C.O.L.A. that any system may grant for FY 2018 will be up to 3.0%. After some discussion, the board members entertained a motion to approve for FY 2018 a 3.0% cost-of-living adjustment on a retirement allowance. At this time, the C.O.L.A. will be calculated using a \$12,000.00 base until approval of a retroactive \$14,000.00 base is granted.

Mr. Anderson moved to approve for FY 2018 a 3.0% cost-of-living adjustment on a retirement allowance using a \$12,000.00 base until approval of a retroactive \$14,000.00 base is granted. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The Director then reminded the board members of the upcoming spring M.A.C.R.S. conference to be held in Hyannis, MA from June 5, 2017 through June 7, 2017. It was noted that, at this time, a draft agenda was available, and that certain sessions each day have been approved by P.E.R.A.C. for board member C.E.U. training credits.

Next, the Election Officer, Ms. Petit, provided the board members with an update with regards to the recent election. An election, by mail, was held with ballots due on Friday, May 19, 2017 for the purpose of electing the Second Elected Member to serve on the Falmouth Retirement Board for a term that will commence on May 26, 2017 through the date of expiration on May 25, 2020. On the afternoon of Monday, May 22nd, the staff of the retirement system, the election officer and the two candidates assembled at the office of the retirement system to open and count the ballots. Of the 409 total ballots cast, the results of the ballot count are as follows:

- Craig B. O'Malley – Firefighter, Fire Rescue Department received 313 votes
- Gerald C. Potamis – Retired, D.P.W. Wastewater Division received 79 votes
- 17 ballots were disqualified or invalid

After some discussion, the board members entertained a motion to affirm the results of the election with Craig B. O'Malley being elected to the position of the Second Elected Member to the Falmouth Retirement Board. His term will commence on May 26, 2017 and run through the date of expiration on May 25, 2020.

Mr. Anderson moved to affirm the results of the election with Craig B. O'Malley being elected to the position of the Second Elected Member to the Falmouth Retirement Board. His term will commence on May 26, 2017 and run through the date of expiration on May 25, 2020. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The Director then suggested to the board members that, due to the timeline of the recent election, the dates for the June, the July, and the August board meetings be changed and extended by one week. After some discussion, the board members entertained a motion to change the dates for the upcoming board meetings to June 22nd, July 20th, and August 17th.

Ms. Petit moved to change the dates for the upcoming board meetings to June 22nd, July 20th, and August 17th. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

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. We timely submitted our *Pre-hearing Memorandum* and requested a *Motion for Summary Decision*.

Next, the Director reviewed for the board members the proposed contract extension between the Falmouth Retirement Board and State Street Bank to provide their custodial banking services. This proposed contract extension is necessary 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 extension between the Falmouth Retirement Board and State Street Bank.

Mr. Anderson moved to accept the proposed contract extension between the Falmouth Retirement Board and State Street Bank. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Next, the Chairman asked for a motion to adjourn 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.

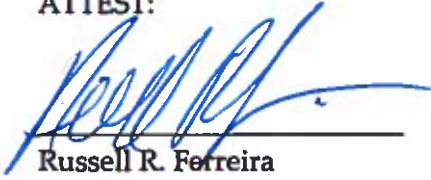
Mr. Anderson moved to adjourn the open meeting and to move into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. Ms. Petit seconded the motion. On roll call, the vote was as follows:

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| Jennifer P. Petit | YES |
| Gary W. Anderson | YES |
| Russell R. Ferreira, Chairman | YES |

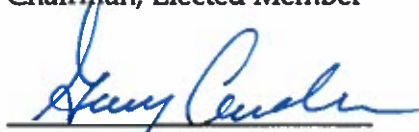
At approximately 2:45 p.m., the board members adjourned the open meeting and moved into executive session for the purpose of discussing the reputation, the character, the physical condition, or the mental health of an individual. At the conclusion of the executive session, as noted by the Chairman, the board members would end their meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, June 22, 2017 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

ATTEST:



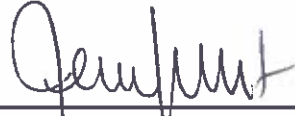
Russell R. Ferreira
Chairman, Elected Member



Gary W. Anderson
Appointed Member

ABSENT

Ellen K. Philbin
Vice Chairman, Fifth Member



Jennifer P. Petit
Ex-Officio Member

VACANT

Elected Member



Francis X. St. Germaine III
Director