

**FALMOUTH RETIREMENT BOARD**  
**Open Session Meeting Minutes**  
**Thursday, November 17, 2016**

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

Board members in absence: Paul D. Brodeur (excused - medical)

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 board members reviewed the meeting minutes of the open session meeting that was held on September 29, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on September 29, 2016.

Mr. Anderson moved to approve the meeting minutes of the open session meeting that was held on September 29, 2016. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the meeting minutes of both the open session meeting and the executive session meeting that was held on October 20, 2016. After some discussion, the board members entertained a motion to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on October 20, 2016.

Ms. Philbin moved to approve the meeting minutes of both the open session meeting and the executive session meeting that was held on October 20, 2016. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

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

Warrant #53/2016	\$ 3,111.20	Warrant #54/2016	\$913,138.72
Warrant #55/2016	\$ 3,111.20	Warrant #56/2016	\$ 3,252.20
Warrant #57/2016	\$ 13,914.51		

Ms. Philbin moved to approve the payments of the above-mentioned warrants, #53/2016 through #57/2016. Mr. Anderson seconded the motion, all board members present voted in the affirmative.

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

- Baring Asset Management, 3<sup>rd</sup> QTR 2016 management fee                   \$ 4,328.45
- S.S.g.A. (CM3Y), 3<sup>rd</sup> QTR 2016 management fee                         \$ 1,579.52
- S.S.g.A. (CME7), 3<sup>rd</sup> QTR 2016 management fee                         \$ 1,035.99

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

Ms. Philbin moved to approve the payments 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 payment of the following capital call to investment managers:

- Lexington Capital Fund VII, capital call due 11/18/2016                   \$ 33,143.00

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

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

- Siguler Guff & Company, a distribution in the amount of \$150,536.94 on 10/20/2016
- Lexington Capital Fund V, a distribution in the amount of \$1,008.00 on 10/31/2016
- Lexington Capital Fund VII, a distribution in the amount of \$39,351.00 on 10/31/2016
- Metropolitan Real Estate, a distribution in the amount of \$74,158.29 on 11/17/2016

Next, the board members considered the request of the following former member of the Falmouth Retirement System for a return / transfer of his accumulated deductions:

- Leathan M. Doig; amount of transfer is \$3,188.85; resignation from service with the Town of Falmouth, Communications Department (*with this transfer, the Falmouth Retirement System will accept 10 months of 3(8)(c) liability on a 12 month basis*)

After some additional discussion, the board members entertained a motion to approve the request of the above-mentioned former member of the Falmouth Retirement System for a return / transfer of his accumulated deductions.

Ms. Philbin moved to approve the request of the above-mentioned former member of the Falmouth Retirement System for a return / transfer of his accumulated deductions. Ms. Petit 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:

- Annette M. Hutchinson, Bus Aide, Town of Falmouth, Falmouth Public Schools; Group One; DOM 10/3/2016, 9% + 2%
- Kruser K. Keller; Wastewater Operator I, Town of Falmouth, D.P.W. Wastewater Division; Group One; DOM 10/24/2016, 9% + 2%
- Tyler G. Sabens, Activities / Athletics Secretary, Town of Falmouth, Falmouth Public Schools; Group One; DOM 11/3/2016, 9% + 2%
- Peter K. Staub-Johnson; Assistant Town Manager, Town of Falmouth, Office of the Town Manager; Group One, DOM 11/7/2016; 8% + 2%

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

- Annette M. Hutchinson; Bus Aide, Town of Falmouth, Falmouth Public Schools; approve request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$13,713.89
- James M. Medeiros; Laborer, Town of Falmouth, D.P.W. Highway Division; approve request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$7,301.73
- Tyler G. Sabens, Activities / Athletics Secretary, Town of Falmouth, Falmouth Public Schools; approve request to purchase service, prior to membership with the Falmouth Retirement System; principle amount due is \$1,322.01

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.

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

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

- Robert P. Flynn; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while unloading the stretcher with a patient from the back of the ambulance, employee experienced discomfort in his left shoulder. Date of Injury 10/13/2016
- Todd A. Taylor; Firefighter, Town of Falmouth, Fire Rescue Department; Group Four; while pulling hose from the rear of the fire engine to fight a structure fire, employee injured his right knee. Date of Injury 10/18/2016
- Sarah M. Brooks; Natural Resource Officer, Town of Falmouth, Marine & Environmental Services Department; Group One; while lifting the boat trailer, employee strained her right shoulder. Date of Injury 10/28/2016

- Matthew T. Whited; Laborer, Town of Falmouth, D.P.W. Parks & Forestry Division; Group One; while moving wet pieces of lumber, employee strained his left elbow. Date of Injury 10/28/2016
- Jamie D. Karl; Police Officer, Town of Falmouth, Police Department; Group Four; while attempting to book a combative suspect, employee sustained an accidental inhalation of opiate powder. Date of Injury 11/4/2016
- Bryan C. Hazelton; Police Officer, Town of Falmouth, Police Department; Group Four; while attempting to book a combative suspect, employee sustained an accidental inhalation of opiate powder. Date of Injury 11/4/2016

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To begin, Mr. Dwyer reminded the board members of the pending "active" R.F.P. for private equity. At today's board meeting, there will be presentations from three of the respondents: Hamilton Lane Advisors, Lexington Capital Partners and StepStone Group. First to present is Timothy D'Arcy and Keith Brittain of Hamilton Lane Advisors. Mr. D'Arcy began by giving a brief introduction of their firm. They are a global firm with approximately \$316 billion in assets under management. They work with sophisticated institutional investors to access the full spectrum of private markets. They have a dedicated investment management team with a collaborative approach. He noted their unique position... viewed as a strategic partner due to their size and scale which allows them access to top quality funds. He discussed their robust deal flow and selectivity, their ability to manage risk, their value generation, and the characteristics of a Hamilton Lane deal. Mr. Brittain then discussed the terms and structure of their proposed fund, the Hamilton Lane Secondary Fund IV. This fund has been experiencing a great response to fundraising and a strong initial performance. After some additional discussion with the board members, Mr. D'Arcy and Mr. Brittain exited the meeting.

Then, Charles Grant of Lexington Capital Partners joined the meeting to present his firm and their Middle Market Investors IV Fund. Mr. Grant began by giving a brief overview of his firm and their long and valued relationship with the Falmouth Retirement System. They are a leading secondary manager with a global platform and an experienced team that provides attractive, consistent returns. He provided some insight into the middle market secondary opportunity including the transaction volume by transaction year and an overview of the U.S. middle market. They believe that the U.S. middle market is an attractive segment for many reasons such as higher potential growth rates for small and mid-sized businesses and opportunity to create value through operational improvements and acquisitions. In closing, he outlined the fundraising timeline and the summary of key terms for their proposed fund. After some additional discussion with the board members, Mr. Grant exited the meeting.

Next, Thomas Bradley and John Kettrich of StepStone Group joined the meeting to present their firm and their StepStone Secondary Opportunities Fund III. Mr. Bradley began with a firm overview. They are a global firm with a diversified platform providing local expertise that is research-focused. He noted that their secondary program leverages their global platform and their deep resources to target investments in the less efficient segments of the secondaries market to drive outperformance..."outperformance necessitates a distinct strategy and platform advantages". He

discussed their differentiated strategy to target inefficiencies in the secondary market. In closing, he discussed the terms of their proposed fund. After some additional discussion with the board members, Mr. Bradley and Mr. Kettrich exited the meeting.

Then, Mr. Dwyer and Mr. Fabrizio reviewed with the board members each of these three firms and their respective presentations and their proposed funds. After some discussion and with the recommendation of Wainwright Investment Counsel, the board members entertained a motion to fund to \$5.0 million the Hamilton Lane Secondary Fund IV.

Ms. Philbin moved to fund to \$5.0 million the Hamilton Lane Secondary Fund IV. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Next, Mr. Dwyer distributed to the board members the performance summary report for the month of September, and Mr. Fabrizio reviewed the plan results. Through the end of September, the plan's estimated market value was approximately \$123.4 million. Year-to-date, the plan is up 7.49% versus the policy benchmark which is up 6.91%. Compared to its policy benchmark, the domestic equity sector is slightly ahead. Earnest Partners continues to have a strong year and it is ahead of its benchmark after a good month as is Seizert Capital Partners. LMCG Investments is trailing slightly its benchmark; however, they seem to be showing some signs of improvement. The international equity sector (up 3.12%) is just ahead of its benchmark (up 2.42%) with Dimensional Fund Advisors having a decent performance for the month. The domestic fixed income strategy (up 6.50%) is on par with its benchmark (up 6.55%) which is to be expected as these investments are indexed. The international fixed income strategy, Baring Asset Management, is having a very solid year. This sector is up 12.98% versus its benchmark which is up 11.07%. Year-to-date, the performance of the real estate sector is up 8.33% versus a benchmark that is up 6.13%. At the moment, Dimensional Fund Advisors seems to be the real strength of the portfolio within the real estate sector. Due to the nature of the investments within the private equity sector, the returns are stated with a lag; however, year-to-date, the private equity sector is up 1.34% versus a benchmark that is up 4.51%. For the year, the P.R.I.T. fund is up 1.76% versus a benchmark that is down 0.25%. Lastly, the cash balance is approximately \$1.5 million. 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. 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 3:40 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 Chairman Ferreira, the board members would reconvene their open meeting.

At approximately 3:50 p.m., the board members reconvened their open meeting, and the Director reviewed with the board members the initial results of the January 1, 2016 actuarial valuation. It was noted that Jim Lamenzo from P.E.R.A.C. should be available to attend the December board meeting to provide a more in-depth review and discussion of the results.

Then, Attorney Poser noted that there has been no movement to report in either of the pending legal matters: *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677 or *Karen Kraus v. Falmouth Retirement System*, CR-16-288.

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

Ms. Philbin moved to adjourn the open meeting. Ms. Petit seconded the motion, all board members present voted in the affirmative.

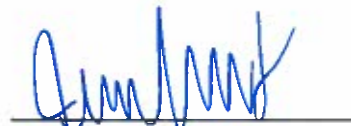
At approximately 3:55 p.m., the board members concluded the open meeting.

The next scheduled board meeting will begin at 2:00 p.m. on Thursday, December 22, 2016 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



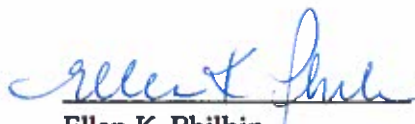
Jennifer P. Petit  
Ex-Officio Member



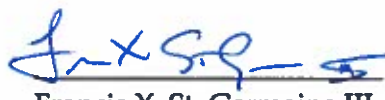
Gary W. Anderson  
Appointed Member

ABSENT

Paul D. Brodeur  
Elected Member



Ellen K. Philbin  
Fifth Member



Francis X. St. Germaine III  
Director