

**CITY OF EAST PROVIDENCE
POLICE AND FIRE RETIREMENT SYSTEM
JOURNAL**

A regular quarterly meeting of the Fire and Police Retirement System Board of Trustees was held on Monday, the 13th of February 2023 in Conference Room A at City Hall at 9:00 am

Trustees:

Lt. Jeffrey Wyrostek, Chairman, Fire Representative – present
 Capt. James Nelson, Vice Chairman, Police Representative – present
 John C. Neale, Retiree Representative - present
 John F. Wallace, Civilian Representative - present
 Frank Fogarty, Councilman, City Council Representative – absent, not sworn in
 Roberto L. DaSilva, Mayor – present – left 11:13 am
 Malcolm Moore, Director of Finance, Administrator – present

Other Attendees:

Michael Dwyer, Wainwright Investment Counsel, LLC
 Jeff Fabrizio, Wainwright Investment Counsel, LLC
 Michael J. Marcello, City Solicitor
 Kim Brown, Pension Clerk

Open Session Called to Order at 9:04 am by Chairman Wyrostek

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Presentation by ABS Global Investments

Lawrence Russian, Thomas Kelly and Natascha Williams were here from ABS Global Investments. They provided a review of year 2022 for ABS Global Portfolio of which the pension fund has a hedge fund with. They also reviewed their submission and approaches to the RFP that was issued for an Emerging Markets Equity Manager. Trustee DaSilva asked about their China position and how much of our pension fund they currently manage. Mike Dwyer stated that it was currently 2.4 million which is 1.7% of the EP portfolio. Trustee Wyrostek asked what the fee structure was. Thomas replied they have a flat 85 basis points or a mixed performance based structure of 55 basis points and 10%, the two options could be found on page 22. Mike Dwyer asked what the management fees ABS was being charged and Natacha said ABS tries to keep it at 50 basis points but she would look into it and send a follow-up e-mail.

A motion was made to accept the two handouts into record by Trustee Neale and 2nd by Trustee Nelson

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Presentation by Wainwright Investments LLC

Michael Dwyer handed out an updated performance report of the Emerging Markets Equity Managers that Wainwright has rated as highly advantageous. Jeff Fabrizio stated that they were looking for managers with characteristics that have been around, have a good track record and are stable. Jeff said out of the managers listed ABS is a little different because it's more a fund of fund because of all the managers and the fees they have to charge ABS. There are pro's and con's to this type of fund. Looking at the report, it's lower numbers that are better. Mike stated that the reason they suggested the RFP is because Invesco is underperforming. The Board didn't pick Invesco, they had Oppenheimer which was taken over by Invesco. Trustee DaSilva asked about the funds that ABS currently has and Mike explained they are different categories within the pension fund. Mike thinks a special meeting is best to see two or three more managers. Mike and Jeff think any of the managers that were ranked highly advantageous could make the cut. They highly recommend ARGA they don't have 10 year long term track record but over 5 years they are in the top 7%. Driehaus over the long term is very good as is ABS. Also, Westwood is a local company. Wellington is a household name, it's a very big company out of Boston and very respected. Trustee Nelson asked if it was normal to have such a differential in management fees. It is typical that Emerging Markets Managers have higher fees that are all over the place due to where and how much research has to be done. Trustee Nelson also asked how long the pension fund has been with ABS and if they have been good. Jeff Fabrizio explained that ABS has been a very good investment. Trustee Wyrostek would like to see two or three more, he is very interested in seeing ARGA and Driehaus looks good. He asked Wainwright who they thought should be the third. Jeff Fabrizio suggested Westwood or Wellington. Trustee DaSilva asked about trailing returns for Wellington and what is the difference, it doesn't look like they are doing as well. Mike explained that looking at their long term approach is better for this asset class. Trustee Neale is not interested in bring Invesco in. This was affirmed by several members. Jeff Fabrizio stated after discussion that Westwood would be his recommendation for the third company to bring in. As long as the Board realizes that they are very concentrated. They have to get the 30 companies right, if they get in trouble that's the downside, it could be very volatile, but as long as the Board keeps that in mind, they could be a good investment.

Mike stated that S&P is down 18.1% and the Bond market down 13%, he has never seen it happen that both are down so sharply. It's been an ugly year all around. He doesn't think this year will be any better. It is expected that Feds will raise interest 25 basis points in March and then again in May. They will take a pause and may have to cut rates if they have gone too far. It will take 12 / 15 / 18 months to fully take effect. There is so much stimulus money to still be spent so people don't have to work. The unemployment rate is at 3.4%, the lowest in 50 years. Mike thinks the fund had a good year, only down 10% based on what's going on in the world. Jeff Fabrizio stated that the East Providence Police and Fire portfolio currently stands at 145.2 million. The alternatives such as Real Estate and Private Equity are performing quite well and have really added to the portfolio's value. This market shows the need for diversity, and he is happy to say the fund has it. Mike stated that Sigulaer Guff is just about finished but the Board put in 3 million and got 5 million out, so that has done very well for the pension fund. Currently Real Estate is over weighted. Trustee Nelson asked how over weighted and Mike replied 5%. Money will be needed to pay bills, Mike recommends liquidating Principal. However you have to request it and wait in a queue until they pay it out and who knows how long that could take. Also they may only give you a percentage not the full amount you ask for so Mike recommends going for it all. In the meantime funds can be taken from Vanguard over the next three months.

Mike also asked if everyone reviewed the Investment Policy Statement handed out at the last meeting. Wainwright likes to review and adopt the policy every couple of years even if no changes are made. He has brought a clean copy the Chairman can sign. He asked if anyone had any questions or concerns. Trustee Wyrostek stated that he had reviewed it and would approve it. Trustee Neale asked if any changes had been made and Kim stated that it was the exact same policy just reviewed and re-adopted.

A motion was made to have a special meeting on March 14th at 9:00 a.m. inviting ARGA Investment Management, LP, Driehaus Capital Management LLC and Westwood Global Investments, LLC to make presentations about what they submitted for the RFP issued for an Emerging Markets Equity Manager to the Board by Trustee Nelson and 2nd by Trustee Wallace

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

A motion was made for the finance director to put in a full redemption for Principal RE US Property, take ½ million / up to 1 million from Vanguard Inflated Protected Securities and to take ½ million / up to 1 million from Vanguard FTSE All World for cash flow by Trustee Neale and 2nd by Trustee Nelson

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

A motion was made to re-adopt the Investment Policy Statement making no changes by Trustee Nelson and 2nd by Trustee Wallace

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

A motion was made to accept the emerging markets update and performance report into record by Trustee Nelson and 2nd by Trustee Neale

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

To Approve the Consent Calendar

All items under “Consent Calendar” are considered to be of a routine and noncontroversial nature by the Board and will be enacted by one motion. There will be no separate discussion on these items unless a Board member so requests, in which event, the item will be removed from the “Consent Calendar” and will be considered in its normal sequence on the docket.

1. Pension meeting journal for November 21st 2022
2. COLA listing for December 2022, January and February 2023
3. Barings Invoice 4th Qtr.
4. IR+M Invoice 4th Qtr.
5. Invesco Invoice 4th Qtr.
6. Nyhart Invoice - GASB

7. Principal Custody Solutions Fee Advise 4th Qtr.
8. RhumbLine Invoice 4th Qtr.
9. Wainwright Investment Counsel, LLC 4th Qtr.
10. Invesco Monthly Account Statement for November 2022
11. Principal U.S. Property 4th Qtr. 2022 Quarter Highlights
12. Principal Custody Solutions October 31, 2022 Report
13. APRA request from Preqin Ltd. – Kim replied
14. APRA request from ISS Inc – Malcolm replied
15. APRA request from SPGlobal – Kim replied
16. APRA request from Preqin Ltd. – Kim replied
17. APRA request from Peimedia – Kim replied

A motion was made to accept all items on the consent calendar by Trustee Nelson and 2nd by Trustee DaSilva

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Trustee DaSilva asked who put the items on the agenda it was a pretty heavy agenda. The Chair replied some of them were from him or items that came up but not all of them, to what was he referring? Trustee Dasilva said like item number seven. Vice Chairman said that was tabled at the last meeting and carried into this meeting.

Discussion / Vote Quarterly meeting date of 8/14 to be rescheduled

Trustee Wyrostek stated that when the dates were set at the last meeting it was later learned that 8/14 was a holiday and the meeting needs to be rescheduled. Trustee Nelson asked if Tuesday the 15th would be good for everyone.

A motion was made to set the meeting as 8/15/23 at 9:00 am by Trustee Nelson and 2nd by Trustee Wallace

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Discussion / Vote Clerk presentation of job description and items done

Per the request of Chairman Wyrostek, Kim Brown made a pension clerk responsibilities list and kept track of all pension items she did from 11/30/22 forward. Kim presented these two items to the Board. Kim stated for the record that she did not request a raise and that she has never double dipped time. She does not complete pension items on City time she realizes it’s a separate entity and is expected to work on her time. She stated that if someone comes in or calls she comes in early, skips lunch, stays late and takes things home to make up the time. Trustee Nelson asked if any of this work was part of Kim’s normal City job and Trustee Moore said no. The previous Finance Directors had always had a clerk to do the work. Trustee DaSilva asked the Board how much they would have to pay somebody else to do the job and that Kim did a good job. He wondered what a fair increase was. Trustee Nelson said going from \$5,000 to \$6,000 was a 20% increase.

A motion was made to increase the yearly stipend for the pension clerk to \$6,500 by Trustee DaSilva and 2nd by Trustee Wallace

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Discussion / Vote Nyhart Certification of Plan’s Funding Status Letter, Cost Projections Report and Actuarial Valuation to be gone over by Malcolm Moore

Trustee Moore went over the October 31, 2021 Actuarial Valuation actuarial report. There is no good news in this report. The most recent actuarial valuation of the funded status is 54.4%. Nyhart’s assumptions are requiring more and more to be contributed. The recommended contribution needs to be increased by about \$750,000. This is mainly due to the change in interest rate from 7.50% to 7.25% partly offset by higher than expected asset returns for FY 2021. Nyhart is saying the assumptions that the City is making are still too optimistic. The fund is in critical status. Most of the contributions are going for Fire. Currently the police are funded at 78.5% because of the Google money and fire is at 32.6%. Trustee DaSilva asked Trustee Moore what could be done to shore up the pension. He knows in the last contract negotiation that Fire is putting in more contributions. The City is contributing their full share what else can be done. Trustee Moore recommends that during the next contract negotiations the actuary be consulted. Ask them what gets the most bang for the buck. The City Solicitor asked if the fund was under 60% and Trustee Moore replied yes. Some of this is due to understaffing. Trustee DaSilva wants to know where do we need to be? Trustee Moore says the actuaries want 1.25 million more. Trustee Wyrostek says ever since he’s been on the job the sky has been falling, every time we get a report its doom and gloom. The actuary keeps changing the mortality rate. On page seven of the report showing historical valuation summary each year shows that the recommended contribution is being done. The actuary needs to tell us what needs to be done to reach the goal by 2024. Trustee Wyrostek finds it very frustrating. The new contracts are taking into consideration stopping the compounded cola and new employees having to work longer. Trustee DaSilva understands what the Chairman is saying. How will the pension funding ever be whole. Trustee DaSilva is wondering if there is a vote on this because he needs to jump to another meeting. Trustee Moore said there was no vote it was just informational. Trustee Neale stated that the last page of the GASB report should read without interest. Trustee Moore will contact Nyhart to make the corrections.

A motion was made to accept the letter and reports into record by Trustee Nelson and 2nd by Trustee Neale

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Update on ordinance 11-253 Death of a Retired Participant wording by the City Solicitor

The solicitor stated that this still needs more research and he has no update. Trustee Wyrostek wants to protect the pension. If a person gets married one week before retirement the spouse has a benefit for life. If my counterpart gets married one week after retirement their spouse gets nothing. Trustee DaSilva stated that if he is ninety-five years old and the lady down the road is helping him out they could get married and she would receive a pension for the rest of her life. There has to be a cut off at some point. Trustee Moore wonders if you are already divorced what happens, that is something for the Solicitor to research. Trustee Nelson says this needs to get resolved sooner than later. Trustee Wyrostek agreed and stated a special meeting may be needed.

A motion was made to table this until the next meeting by Trustee Nelson and 2nd by Trustee DaSilva

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√		√	√
Nay							
Abstain							
Absent					√		

Update on standard practice steps on how to request a disability pension by the City Solicitor

The Solicitor stated that a standard form needs to be filed out. State law says that after eighteen months of IOD a municipal can request a disability pension. The City would need to negotiate this or have an ordinance. The Solicitor asked how the pension board is currently notified. Kim stated, by e-mail, regular mail by phone call, it's all over the place. Trustee DaSilva stated he saw language stating that the Chief or employee can request the disability pension and Trustee Wyrostek said there is language but no form. Trustee DaSilva stated that the clerk can work on a form. Trustee Neale stated that the Chief or employee could fill out the form and Trustee Nelson asked who the form would be turned into. The Solicitor said good question and thought it should be HR. He doesn't like to do anything by e-mail. People can say they didn't get it, he wants a form. Trustee Nelson wanted to know if they had anything to do with the pension and Trustee Moore stated that HR was the department that put the employee on IOD. Kim stated that there may be Fire cancer conversions and the Chairman agreed. Trustee DaSilva it should still go to HR because they deal with benefits and he also let the Board know there was a new employee being on boarded focusing on benefits and payroll as an administrator. The payroll clerk Gina is still in the department. The City wants to be more responsive to the retirees. Trustee Nelson wanted it to be clear on the form to return it to HR. Trustee Wyrostek stated that cancer conversions are coming to him and the Solicitor stated that there are conversion issues depending on how long they have been out. Trustee Nelson asked if it was an automatic conversion and the Solicitor confirmed that it was. Trustee Neale added that if they were already on a disability and were diagnosed with cancer it still needed to be added on to their file, not to be converted, just for information. There was discussion of how the pension is converted. Kim assured them it was done the same way every time. The Solicitor stated that he would work with Kim on the form. No motion or vote was taken.

*A small break was taken before going into executive session.

Vote to go into Executive Session

The Fire and Police Retirement System of the City of East Providence will meet in Executive Session pursuant to RI General Laws § 42-46-5 (a)(1)

A motion to go into and call Executive Session to order at 11:15 am was made by Trustee Neale and 2nd by Trustee Wallace

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√			√
Nay							
Abstain							
Absent					√	√	

A motion was made to seal the minutes, adjourn executive session at 11:38 am and read out the votes by Trustee Neale and 2nd by Trustee Nelson

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√			√
Nay							
Abstain							
Absent					√	√	

Reconvene in Open Session

Reading of the votes from Executive Session by Kim Brown, Pension Clerk:

The clerk stated that there was a unanimous vote made by all present to send the Det. Cpl. Medeiros for an IME

Adjournment

A motion was made to adjourn the meeting at 11:40 a.m. by Trustee Nelson and 2nd by Trustee Moore

VOTE	JEFF WYROSTEK	JAMES NELSON	JOHN NEALE	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√			√
Nay							
Abstain							
Absent					√	√	