

**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 10th of May 2021 in Council Chambers at 3:00 pm along with audio only Zoom conference call for those that didn't want to attend in person.

Trustees:

- Chief William Nebus, Chairman, Police Representative - present
- Lt. Jeffrey Wrostek, Vice Chairman, Fire Representative - present
- John C. Neale, Retiree Representative - present
- John F. Wallace, Civilian Representative - present
- Ricardo D. Mourato, Councilman, City Council Representative - present
- Roberto L. DaSilva, Mayor – present
- Malcolm Moore, Director of Finance, Administrator - present

Other Attendees:

- Michael J. Marcello, City Solicitor
- Michael Dwyer, Wainwright Investment Counsel, LLC

Open Session Called to Order at 3:15 p.m. by Trustee Nebus

Presentation by Wainwright Investments LLC

Michael Dwyer gave a current overview of the markets. Wainwright expects the economy to grow and inflation to come. The world is beginning to see past Covid and most have not spent their stimulus money. Mr. Dwyer thinks the inflation will be temporary in the short term and it should iron itself out and they don't see it as a problem in the long term. They are projecting explosive earnings and growth in the second quarter. The pension fund has been trending up in the first quarter of 2021. The balance at March 31, 2021 was \$153M, increasing to \$1568M as of today's meeting.

Hedge Funds have good news – Entrust Special Opportunity is outperforming and Wells Fargo provided a report for Entrust Global Recovery after the performance report was printed showing it was at 4%. Real Estate/Real Assets are also doing very well and most are out performing, Siguler Guff being the one exception. Chairman Nebus ask why they were under performing. Mr. Dwyer stated they bought into other funds and they are not redeeming the funds because values have dipped.

Mr. Dwyer is very pleased with the seeds that were planted years ago and believes Lion, TA, Dover, Lexington and Entrust will really start to show good returns. Trustee Neale noted that International Equity is over weighted and wondered if a rebalancing was necessary. Mr. Dwyer will present considerations for rebalancing at the next meeting if needed. Trustee Neale also asked about contributions and the ARC formula and Trustee Moore explained that it would be averaged over a period. Chairman Nebus asked if we should stay the course and Mr. Dwyer stated he would recommend that.

A motion was made to accept the performance report into record by Trustee Neale and 2nd by Trustee Wallace

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	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 February 8, 2021
2. Pension meeting journal for March 30, 2021 Special Meeting
3. Trade Authorization for Principal U.S. Property Separate Account
4. Trade Authorization for Vanguard Small Cap
5. Trade Authorization for Renaissance Institutional Equities Fund LLC
6. Distribution from The Realty Associates Fund XII UTP, L.P.
7. Distribution from Dover Street X L.P.
8. Capital Call for Lexington Capital Partners IX, L.P.
9. Capital Call for Dover Street X L.P.
10. Capital Call for The Realty Associates Fund XII UTP, L.P.
11. COLA listing for December, January, February, March, April and May
12. Barings Invoice 4th Qtr.
13. IR+M Invoice 1st Qtr.
14. Invesco Invoice 1st Qtr.
15. Nyhart Invoices February and March 2021
16. RhumbLine Invoice 1st Qtr.
17. Wells Fargo Fee Advise 4th Qtr. 2020 and 1st Qtr. 2021
18. Invesco Annual Account Statement for 2020
19. Principal U.S. Property Account Flash Report 4th Qtr. 2020 and 1st Qtr. 2021
20. EnTrust Global Recovery Fund LP 4th Qtr. 2020 Report
21. Siguler Guff year end estimated information

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

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√	√	√	√
Nay							
Abstain							
Absent							

Discussion/Vote regarding report from Nyhart that summarizes the change to the pension using the new mortality tables.

Trustee Moore stated that one of the questions from the last meeting was if the table was for public safety only, and it is. Chairman Nebus asked what a proper sample size was. Trustee Moore said it would be in the thousands. Trustee Mourato asked what the currently funded rate was. Trustee Moore stated that at FY end 133M was 56.8%, with the new table it would be 54.1%. A few points to consider are: currently 8.6M is being put in and the increase for next year is \$471,000 with no changes, if the new table is adopted the increase would be 1.6M. Trustee Mourato asked who sets the mortality table. Trustee Moore said it’s up to us. Several changes have been made over the past few years. More is always better, however this year the timing isn’t good because of the new school, there is no way it can get in. Chairman Nebus ask how the fund balance from 133M to 156M today change the percentage and what the Police and Fire percents are. Trustee Moore stated that the percentage would go from 57% to 60% but numbers to be used are at 10/31. He didn’t have the exact numbers, but he stated that the Police were approximately 83% funded and the Fire were approximately 30% funded. Chairman Nebus wondered if it would be a bigger liability down the road for the next council. Trustee DaSilva

stated that there are several items that will already have a major effect on the budget this year: health care increases, teacher salary increases, police and fire contractual increases. He fully expects steelworkers and management, who are in negotiations, to request a raise seeing as they didn't have one this year and lastly the new high school. He wondered if the Board did pass it and the council didn't if there would be a ding against the City that could negatively impact the City rating. If there was any way to take a year off and revisit it and look into it next year that might be best because the following year the schools would already be in the budget. Trustee DaSilva also stated the increase might not be necessary if the fund stayed at its current rate at year end. Chairman Nebus stated that there will always be a new elementary school or some project that needs money. Trustee Mourato asked if the rate has dropped every year and if the new mortality has to be adopted sooner or later. Trustee Moore explained that the percentage has fluctuated over the years and the State of RI now requires you to set and keep a plan. Trustee Mourato stated at 56% funded pension is very low. Chairman Nebus stated that the Fire being at 34% is dangerous. Trustee Wyrostek knows this is very unpopular but it's time to step on the gas and put money in, there will always be something that needs money. He represents the pension and it needs to be funded. Trustee DaSilva needs to think long and hard about the budget, there is no extra money and that will mean cutting jobs. The Mobil law suit was just settled and it's going to cost \$250,000 a year. ARP and Cares Act money cannot be used for pensions or prior debt. Chairman Nebus thinks the Board should take Nyhart's recommendations. Trustee Moore was asked what he would do, he replied he always go with the conservative, but there is not money so the \$471,000 increase is best now because with the high school the money can't be found. Chairman Nebus wants to protect the pension and stated a commitment is needed.

A motion was made to pass the report from Nyhart that summarizes the change to the pension using the new mortality table subject to Nyhart's final report by Trustee Mourato and 2nd by Trustee Wyrostek

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√	√		
Nay						√	√
Abstain							
Absent							

Discussion/Vote regarding the Firefighting Foam (AFFF) cancer lawsuit

Trustee Wyrostek stated that there are tremendous amounts of class action lawsuits coming out that are linked to old foam that was used that contain carcinogenic. He wonders if the Board would be able to enter into a suit or have a claim and be able to show damages. City Solicitor Michael Marcello said, possibly. It would be a tough one to prove, not impossible just tough that it was from the foam, he will have to do some research but it is possible the Board might be able to recoup costs associated with cancer disability pensions. It's not something to be done lightly. Trustee Wyrostek stated that we were the first in the country and proto typed the pumper. Solicitor Marcello stated training records would be needed using the foam, not just the type of cancer. You have to show exposure to foam. No vote was taken.

Discussion/Vote regarding Ordinance 11-245

Trustee Mourato stated that he put this on the agenda and this City ordinance refers to ex officio members, such as Finance Director and City Manager now the Mayor. He asked the Solicitor for an advisory opinion of these members having voting rights. Solicitor Marcello stated that ex officio member means as a result of holding office are automatically a member on the pension Board. Unless the ordinance clearly states they are non-voting members they have the right to vote and participate in any way. It is often mistaken that ex officio members do not have voting rights but if you think about it realistically they are there to represent the City. The City has to make pension contributions. The Board would only consist of retirees if they were not on the Board. Trustee Nebus stated that historically that those positions had always voted. Solicitor Marcello confirmed this

and stated that he had Kim Brown and someone from his office look at old pension board minutes. This shows the intent of the ordinance and it's pretty clear they are following it. Trustee Mourato stated that he also contacted the ethics commission regarding ex officio voting status and a question was raised if either the Mayor or the Finance director had any family members that are employees in the City of East Providence on the Police or Fire Department. It is Trustee Mourato's understanding that the Mayor's brother-in-law is a police officer on the East Providence Police Department. It seems this is a conflict of interest as to how the Mayor votes, it certainly benefits his family member. Many if not all votes are for the benefit of the pension in with his brother-in-law will defiantly be a beneficiary. Trustee Mourato sent an e-mail for the City Solicitor to get an advisory opinion based on RI Board of Ethics. Solicitor Marcello stated that the Board cannot submit on behalf of somebody else. The person who needs to request an ethics opinion would be the Mayor because he's the one affected. Solicitor Marcello stated that Trustee Mourato would need to file a complaint if he thought the Mayor had done something wrong. Chairman Nebus inquired if he and Trustee Wyrostek were in the same position, actually all the members. The Solicitor stated that there are exceptions for voting, a class exception for example. Trustee Mourato want to clarify that the Solicitor would not look into this issue. Solicitor Marcello stated that he would not because he didn't represent the Mayor, he also wanted it on the record that he wasn't anyone on the Boards personal attorney. Trustee DaSilva stated that there was no ethics violation that he was aware of.

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), § 45-21-2-9 and § 42-46-5 (a)(2)

A motion to go into and call Executive Session to order at 4:19 PM was by Trustee Neale and 2nd by Trustee Wallace

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√	√	√	√
Nay							
Abstain							
Absent							

A motion was made to have the solicitor read out the vote in open session, seal the minutes and adjourn executive session by Trustee Mourato and 2nd by Trustee Neale

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√	√	√	√
Nay							
Abstain							
Absent							

Reconvene in Open Session

Reading of the votes from Executive Session by Michael J. Marcello, City Solicitor:

The Solicitor stated that there was a motion made to grant FF Smith a disability pension as of 5/10/21 with 6 aye and 1 nay.

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye		√	√	√	√	√	√
Nay	√						
Abstain							
Absent							

Adjournment

A motion was made to adjourn the meeting at 4:55 p.m. by Trustee Mourato and 2nd by Trustee Moore

VOTE	MAJOR NEBUS	JEFF WYROSTEK	JOHN NEALE	JOHN WALLACE	COUNCILMAN MOURATO	MAYOR DaSILVA	MALCOLM MOORE
Aye	√	√	√	√	√	√	√
Nay							
Abstain							
Absent							