

CITY OF EAST PROVIDENCE POLICE AND FIRE RETIREMENT SYSTEM JOURNAL

A special meeting of the Fire and Police Retirement System Board of Trustees was held on Tuesday, the 22nd of April 2025 in Conference Room 306 at City Hall, 145 Taunton Avenue, East Providence, RI 02914 at 9:00 a.m.

Trustees:

Lt. Adam Christina, Chairman, Fire Representative – present
Det.Cpl. Patrick Kelley, Vice Chairman, Police Representative - present
James Bellamy, Retiree Representative - absent
John F. Wallace, Civilian Representative - present
Frank Fogarty, Councilman, City Council Representative – absent
Roberto L. DaSilva, Mayor – present
Glenda Delgado, Director of Finance, Administrator – present

Other Attendees:

Michael Marcello, City Solicitor
Robert Perry, HR Director
Michael Oliveira, City Senior Accountant
Jennifer Sterbank, Actuarial Consultant from Nyhart
Jen Turk, Actuarial Consultant from Nyhart

Open Session Called to Order at 9:11 am by Chairman Christina

VOTE	ADAM CHRISTINA	PATRICK KELLEY	JAMES BELLAMY	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	GLENDA DELGADO
Aye	√	√		√		√	√
Nay							
Abstain							
Absent			√		√		

Review / Discussion / Vote if needed regarding experience study recommendations by Nyhart Representatives

The 2024 experience study, which is completed every three years per RI legislation was passed out and reviewed today. This report provides recommendations from assumptions to use beginning with the 11/1/2024 funding valuation and 10/31/2024 GASB report. The impact of the recommended changes on plan liabilities and contributions will be discussed. Jennifer asked everyone to turn to page seven. This page shows the cost impact of their recommendations. The one she talked about the most was the discount rate. Currently the City uses a rate of 7.25% which is out of line with other pensions in the state of Rhode Island. Nyhart recommends that it be adjusted down to 7% or even 6.75%. This is one of the biggest drivers in liability costs for the pension plan.

Trustee DaSilva asked if Nyhart could explain the proposed changes as if he was a three year old and the Chair seconded that statement. He wanted to know exactly what the City would have to come up with for the next City budget. Jennifer stated that over all the City would have to come up with a half a million more. Historically on page nine of the report the City has not been making the 7.25%, on average it's about 5% so it's

like kicking the can down the road. The assumption is kind of like pay now or pay later. The plan is currently under performing, the assets need to earn more. State law requires that an experience study be done every three years.

Trustee Kelley asked what the proposed mortality rate change was. Jennifer explained that it's a small tweak based from social security where people are living longer and getting healthier. The mortality rate is still based on the Public Safety table.

Trustee DaSilva stated that this is his seventh year on the Board and every single year that has been large increases needed for what the City contributes, he hasn't seen it level off at all. This year is going to be a tough year. Each year the suggestion is for more and more money, this could put the City at risk of needing the budget commission again, he doesn't want to end up like Central Falls. He's wondering what other changes can be made to preserve the pension plan. The plan needs to be looked at as a whole, it can't always be brought to the taxes payers to make up the difference. It's not sustainable. Trustee DaSilva wanted to know if Nyhart had looked at what changes should be made to the plan as far as what is paid out. Jennifer stated that they did not, this report was about assumptions that go into the valuations. The report Trustee DaSilva is looking for is a cost study if the City has some ideas they would like looked at. Trustee DaSilva stated that the Board needs some recommendations and wants Nyhart to look at other funds in the state to see what they are doing. He is concerned with how the Board can protect the pension fund for the retirees. He's looking for real solutions and it can't always be give more money.

The Solicitor stated that it's this simple, decrease benefits or increase contributions. These need to be negotiated with the unions. The Chair reminded everyone that when looking at this snapshot in time, the fund is still recovering from being grossly underfunded for a period of time. Trustee DaSilva hopes the Board will make a motion for Nyhart to look for other measures that can be put in place to preserve the pension fund.

Trustee Kelley asked if they work on other funds that have an ARC and how many of them are sustaining themselves with employee contributions and returns. Jennifer replied that she has one or two that she works on that are 80% funded, the majority are at 50-60% funded. If the fund is only 50-60% funded you have to make up the gap with cash contributions typically.

The Solicitor asked if the plan was still in critical status and Jennifer confirmed that it was, 55 ish percent currently. The plan that was established to bring the fund out of critical status is currently being met. Jennifer suggested maybe placing some of the funds in a more aggressive fund to earn more assets. The Solicitor reiterated that fund needed more cash whether that was by benefits or a combination of both. Currently the City is approximately 50% through the 25 year plan that started sometime in 2013.

Trustee Delgado asked Jennifer what other local plans used for their discount rates. Jennifer said most were at 7% and were fifteen compared on page eleven of the report. Trustee Delgado stated that the S&P called out how aggressive the City was but moving to 7% would only increase liabilities.

Trustee Kelley asked if COLA's were an issue. Jennifer agreed that they were, stating that for every 1% COLA it equaled a 12 to 15% increase on the liabilities. She stated that you probably cannot touch current COLA's. Trustee Kelley asked about compounded vs. non-compounded and Jennifer said that certainly makes a difference.

Trustee DaSilva is looking for drastic changes. If it's delaying COLA's until social security age or delaying getting a pension until social security age, he wants options. Something has to be done. The City's bond rating has been reduced partly due to the pension and the City's debt service. He is very concerned about the finance stability. Trustee DaSilva asked Trustee Delgado to put together all the increases for the coming fiscal year that she is aware of including the 7% discount rate for the pension and schedule a meeting next week with him to over the figures. The increase is going to be well over the 3% tax levy limit and he is not going to go to the General Assembly to ask for a higher tax rate. He will have to go to the unions because there will have to be layoffs, furloughs or pay cuts. He also would like to have a meeting with the individual union presidents to say this is the reality and bring them onboard.

The Solicitor asked what the withdrawal rates and retirement rates were. Jennifer explained that the changes was because they noticed that people were delaying when they left. Staying later means less payments from the pension. Nyhart also noticed that employees are starting to shift their leaving on the service time of 20 years not their age of 62.

Trustee DaSilva asked if the recommendation had to be accepted and Jennifer said no, they do not, they are recommendations.

Adjournment

A motion was made to accept the handout and adjourn the meeting at 9:58 am by Trustee Kelley and 2nd by Trustee Delgado

VOTE	ADAM CHRISTINA	PATRICK KELLEY	JAMES BELLAMY	JOHN WALLACE	COUNCILMAN FOGARTY	MAYOR DaSILVA	GLENDA DELGADO
Aye	√	√		√		√	√
Nay							
Abstain							
Absent			√		√		