



## WARWICK RETIREMENT SYSTEM

WARWICK CITY HALL, 3275 POST ROAD  
WARWICK, RI 02886

### RETIREMENT BOARD MEETING

June 28, 2023

The Retirement Board Meeting of June 28, 2023, was held in person at the City of Warwick Annex Building, 65 Centerville Road, Warwick, RI, in the Community Room

#### **MEMBERS PRESENT:**

Peder Schaefer  
Scott Lajoie  
Alfred Marciano

August Cote  
Steven Rotondo  
Joseph Cavanaugh

Neal DuPuis  
Timothy Howe

#### **MEMBERS NOT PRESENT:**

Jeanne Muto-Kyle, Walter Hartley, Brian Duncley.

**ALSO IN ATTENDANCE:** Patricia Channell, Lynne Prodger, Lynn Costa. Christopher Kachmar from Fiducient Advisors, via Zoom.

1. **The meeting was called to order at 3:40 PM.**
2. **Minutes of the Previous Meeting 3/22/2023**

Open minutes of the Retirement Board of March 22, 2023, were presented to the board for approval.

**MOTION: Scott Lajoie**

To approve the Retirement Board meeting minutes of March 22, 2023.

Seconded by Neal DuPuis and approved unanimously by the Board Members present.

3. **Closed minutes from the Previous Meeting 3/22/2023.**

Minutes of the closed meeting of the Retirement Board from March 22, 2023, were presented to the board for approval.

**Motion: Scott Lajoie**

To approve the closed meeting minutes of the retirement board meeting of March 22, 2023.

Seconded by Timothy Howe and approved unanimously by the Board Members present.

#### **4. Quarterly Performance Report.**

Christopher Kachmar presented the quarterly reports via Zoom. He reviewed the three basic investment related fees: the investment portfolio managers of 0.44%, Principal base cost (asset base fee) 0.006% and Fiducient fee of 0.04% of the first \$150 million and 0.02% thereafter, about 53 basis points for the program. It's a competitive fee structure.

Chris stated that volatility will remain elevated for the rest of the year. The Fed made some headway on inflation - the interest rate hikes have dampened down the level to a good degree. The first quarter of the year was a pretty constructive one from a return standpoint. Fixed income markets were up nicely, broad income markets up about 3% in March and global equities up nicely, led by the international investment markets through the first quarter.

At the end of March, the collective unitized assets was about \$567 million of invested assets, reasonably close target weights to actual weights. No real need from our standpoint to take action. We eliminated the Rothschild Strategy from the portfolio and added Hotchkis & Wiley. In the first quarter, the composite is up 5.6% and fiscal YTD is up 7.6%. The fund had an almost \$31 million investment gain over the QTD ending with a market value of \$572,972,831.

The Monthly Performance Update for May 2023, YTD shows positive returns. We did have a little bit of a pullback from the some of the concerns around the banking sector. From an allocation standpoint, the trust is in pretty good working order. The numbers are pretty close to target. The month was down 1.5% and still holding decent numbers year to date and the longer term track record remains in good working order.

Peder Schaefer mentioned that the inflation hedge funds do not work, and he would like to see a defense from Tony three months from now as to why we keep doing this. Peder thinks that we would have done better with 5-7 year treasury fund and feels that the product does not work.

#### **5. Interest to be applied to the contributions in the plan:**

Alfred Marciano, who had the Wall Street Journal in hand, stated that the interest on the T-Bill the previous day, June 27, 2023, was 5.24%. That interest will be applied to any funds that are in the plan that are not yet distributed to any retiring members.

<b>MOTION: August Cote</b>
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To apply the interest rate applied to the plan to 5.24% to the balances based on the T-Bill, as posted in the Wall Street Journal as of June 27, 2023.

Seconded by Neal DuPuis and approved unanimously by all Board Members present.

**6. Retirement Applications:**

DATE OF RETIREMENT	RETIREE	YEARS OF SERVICE	TYPE OF PENSION	AMOUNT OF PENSION
2/1/2023*	Donald Dickeson	14 years 9 months	Disability	\$1,453.69
5/1/2023	Donna Beneduce	15 years 7 months	Early Retirement	\$ 800.27

\*Awaited approval from the retirement board.

**MOTION: Scott Lajoie**

To accept the retirement applications as submitted

Seconded by August Cote and approved unanimously by the Board Members present.

**5. Death Benefits:**

There were three \$8000.00 Death Benefits paid out since the last Retirement Board Meeting of March 22, 2023. The total amount equaled \$24,000.

The retirees who deceased were: Joan Johnson, Isabel Coutcher and Donna McDonald.

**MOTION: Neal DuPuis**

To approve the death benefits as paid.

Seconded by Timothy Howe and approved unanimously by all members present.

**6. FIA Invoice (quarter ending 3/31/23)**

Retirement Board Meeting 6/21/2023			
<b><u>PAID INVOICE:</u></b>			
<b><u>Fiducient Advisors</u></b>			
<u>Date</u>	<u>Invoice</u>	<u>Description</u>	<u>Amount</u>
3/31/2023	96_03312023	Quarterly Invoice	\$9,735.95

**MOTION: Scott Lajoie**

To approve the FIA invoice as presented.

Seconded by August Cote and approved unanimously by all board members present.

**7. Discussion of pension administration study including evaluation of administrative capacity and review of updating of plan design documents.**

Peder stated that we have problems in terms of lack of cross training between staff, concerns about compensation, issues with the quality of the plan documents, and accessibility in reading the documents, etc. This was discussed at some length with the Mayor. Personnel Director made his pitch that pension administration is a unique entity. The budget message stated that a staffing study will be conducted from pension resources to evaluate administrative capacity. Joe Newton of Gabriel, Roeder & Smith put Peder in contact with their unit in Florida.

Patricia Channell explained there are differences between municipal and public safety pension calculations. When a public safety employee retires, a packet comes over to Personnel, namely for Carol Proulx in the Personnel Department. There are already some calculations in there and Carol takes that further with applicable contracts, etc. Typically, municipal employees come directly to the Personnel Department when they are considering retiring. We go through their file, page by page, all the documents from their first day of work and their pay history since their date of employment. We use a spreadsheet to calculate the benefit. Personnel consults with the City Solicitor when there are questions or issues. The plan is more complicated now because we have Tier 1 and Tier 2, and soon we will have another tranch because some employees hired after July 1, 2015, will have a separate health benefit. Pat Channell and Lynn Costa work on the municipal pensions. Patricia was trained by Jean Bouchard and calculated the pensions with Jean until her retirement; then Pat trained Lynn and now both do the municipal retirement calculations. Carol has no back up at all for public safety and that is a concern. Per City ordinance, Peder is the fiduciary for the police plan and Lynne Prodger is the fiduciary for the fire plan. When someone retires, Peder and Lynne see the calculations, which is a complicated spreadsheet. There are several different plans for police and fire retirements.

Peder stated that Joe DePalma from Principal advises that most of his clients have an actuary examine plan documents and come up with software solutions. When someone retires, the actuary makes all the calculations, and it is on their shoulders. All the information can be stored in the cloud. GRS will not do what was originally envisioned, which is to come in and do an administrative survey of the pension capacity. They are not in the business surveying the operation. Rather, they can reduce administrative burden on our employees and provide back-up assistance. They will draft a proposal regarding what they can offer the City. Last week Peder talked with the Frank Karpinski, executive director of the Employee Retirement System, State of Rhode Island to discuss processes and best practices.

He is hoping to come back in three months with something a little more formal as to what he thinks this board should consider authorizing.

<b>Motion: Neal DuPuis</b>
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To adjourn the City of Warwick Retirement Board Meeting

Seconded by Steven Rotondo and approved unanimously by all members present.

Respectfully Submitted,

Steven M. Rotondo  
Personnel Director

APPROVED