



**WARWICK RETIREMENT SYSTEM**  
WARWICK CITY HALL, 3275 POST ROAD  
WARWICK, RI 02886

**RETIREMENT BOARD MEETING**

**March 16, 2022**

The Retirement Board Meeting of March 16, 2022, was held in person at the Warwick Public Library, Small Meeting Room, 600 Sandy Lane, Warwick, RI.

**MEMBERS PRESENT:**

Joseph Cavanaugh  
Walter Hartley  
Alfred Marciano

Peder Schaefer  
Timothy Howe  
Jeanne Muto-Kyle

August Cote  
Scott Lajoie  
Steven Rotondo

**MEMBERS NOT PRESENT:**

Brian Dunckley

Neal DuPuis

**ALSO IN ATTENDANCE:**

Anthony Tranghese

Patricia Channell

Lynn Costa

Lynne Prodger

1. **Meeting was called to order at 3:35 PM.**
2. **Minutes of the Previous Meeting 12/15/21.**

Minutes of the Retirement Board of December 15, 2021, were brought before the board for the review and approval.

**MOTION: Walter Hartley**

To approve the Retirement Board Minutes of December 15, 2021, as presented.

Seconded by Peder Schaefer and approved unanimously by the Board Members present.

3. **Quarterly Performance Report.**

Anthony Tranghese of Fiducient Advisors presented the quarterly report.

Tony stated that they were looking at asset allocation and wanted to discuss a couple of recommendations for changes. Last year was a very good year in markets, and the portfolio produced nice returns. Before Russia invaded Ukraine, we saw equity markets in the US start to sell off. US equity markets have not moved that much on the whole, down about 2% since the beginning of the invasion. Emerging markets – best place to be until the last 2 weeks, and now they are down 16.5%. A big reason for that is the invasion and related concern that China may support Russia, which can create retaliatory sanctions against China. Some of the big tech names in China sold off quite substantially; today they rallied dramatically. At the moment, volatility is high. Now is a good time for more diversification. There are portions of our portfolio that are doing really well. Until about two years ago, Wellington Resource strategy was considered a drag in the portfolio, but is now leading the way – which is to say, it is doing the job we expected.

Being diversified and not being over exposed to risk is the key. Portfolio asset allocation is pretty much on target. The portfolio's exposure to Russia is minimal right now. Ukraine has no capital markets in our portfolio. Inflation assumption (20 year) from 1.8 last year to 2.5%.

There are a couple of proposed changes.

GMO Global Asset Allocation Fund is a 5% weight today; we are proposing to get rid of it. That fund is multi-asset. Tony proposed that we redistribute those funds across broader assets; not replace it with another multi asset fund, but re-deploying that 5% across the portfolio. Distributed between fixed income and US Equity. Not proposing to put anymore into International Equity. By not doing that, we are reducing the non-US Equity allocation a little bit by about 1.5%.

The other proposal is in the international segment. Replace DFA International Small Company fund, with Fidelity International Index, an index fund. This is a small cap strategy. There is concern over the amount of assets DFA runs in this strategy. DFA has US and non-US funds. They have grown their assets in small cap mandates, managers with cap the amount of money that they will take in because liquidity levels are lower. If you own too much of a small cap stock then you move the market if you go buy or sell it; they have gotten to an asset size where we are concerned that that will become an issue. They may have lost the ability to be nimble and move exposures.

Asset allocation at the end of the year: Municipal plan was at \$174,365,573, continued to do favorably. Municipal plan for the quarter was up 3.3% and for the year posted a return of 12.9% for calendar year 21. For calendar year 20, the plan was up 14.1, and calendar year 19 up 19.3%. Three really strong calendar years.

Tony stated that markets decline from time to time. He said if something happens that requires immediate attention, he would get the Board's attention and have a special meeting, if necessary.

**Motion: Peder Schafer**

Approval to move from the current target allocation from the current mix that exists today to the proposed target allocation.

Seconded by Jeanne Muto-Kyle and approved unanimously by the Board Members present.

Tony will implement the changes that the board approved. There were no other questions asked by the board.

4. **Retirement Applications:** There were none.

5. **Disability Application.**

**Motion: Walter Hartley**

That the Retirement Board Meeting of **March 16, 2022,** go into **closed** session pursuant to the exception provision R.I.G.L. 42-46-5-(a)(1) of the Open Meetings Law to discuss personnel and a discussion of a retirement application for medical disability. The individual being discussed has received statutory notice of the same.

Seconded by Timothy Howe.

Roll Call: Joseph Cavanaugh – yes, August Cote yes, Walter Hartley – yes, Timothy Howe – yes, Scott Lajoie – yes, Alfred Marciano- yes, Jeanne Muto-Kyle – yes, Steven Rotondo – yes, Peder Schaefer – yes.

Not present: Brian Dunckley and Neal DuPuis

**REFER TO CLOSED SESSION MINUTES**

During the closed session, a motion was made and adopted to award a disability pension. The board approved the motion and sealed the minutes, and then voted to return to open session.

6. **Discussion regarding employee participation in the municipal pension.**

When Peder, who is a State retiree, started to work for the City, he was under the impression that he would not be a participant in the City pension, since he was a beneficiary of the State plan. After brief discussion the City Solicitor stated his office will put together a formal opinion that can be circulated in advance of the next meeting and put on the agenda.

7. **Death Benefits:** There were three \$8000 Death Benefits paid out since the last retirement board meeting of December 15, 2021, for a total of \$24,000.

8. **Pension Fund Custodian Update.**

Peder Schaefer stated his office continues to work on this, will conduct a bit more research, and redraft the RFP. The Purchasing Department will assist with the process. A new vendor will be able to improve operational efficiencies and provide the beneficiaries with on-line services. Peder stresses that communication with all three retiree groups is important so they understand the change. Peder is comfortable that both of the firms that they met with will have online access for the retirees to make their own changes, JP Morgan Chase and US bank. He and Tony Tranghese will speak with at least one more service provider before perfecting the RFP. The Solicitor opines that this Board has the authority, and is the appropriate governing body, to select a vendor based on responses to the RFP. The Finance Director and City Treasurer, as fiduciaries of the police and fire pensions, will make recommendations on their behalf.

9. **FIA (Quarter ending 9/30/21 and quarter ending 12/31/21).**

Motion: Jeanne Muto- Kyle

Motion to approve the invoice.

Seconded by Scott Lajoie and approved by all Board Members present.

10. **Adjournment.**

Motion: Jeanne Muto-Kyle

That the Retirement Board Meeting of March 16, 2022, will adjourn at 4:42.

Second: Councilman Timothy Howe and approved by all Board Members present.

Respectfully submitted,

Steven Rotondo