

# **Rhode Island Public Transit Authority**

## **Joint Pension Board**

### **Minutes of the November 17, 2008 Meeting**

**Joint Pension Board Members Present: Stephen Farrell, Chairperson; John MacDonald; John Rupp; Rochelle Bates Lee; Kevin Millea; and Christine Johnston.**

**Also Present: Alfred J. Moscola, General Manager; Lori Caron Silveira, Esq., Outside General Counsel; Andrew B. Prescott, Outside Labor Counsel; Henry Kinch; Maureen Neira; Deborah Dawson; Ellen Mandly and members of the RIPTA staff and the general public.**

### **Agenda Item 1: Approval of Minutes of October 20, 2008 Monthly Meeting**

**Mr. Farrell asked if the JPB members had an opportunity to review the minutes of the October 20th meeting, and the members indicated that they had.**

**A motion to approve the minutes as presented was made by Ms. Johnston; seconded by Ms. Lee and passed unanimously.**

## **Agenda Item 2: Convene as Pension Benefit Sub-Committee**

- **Consideration of Benefits' Requests – Local 808**

- o **JPB Action: Kathleen-Ann Phillips – Active Employee – Age 57  
Request for Early Pension effective 1/1/09 - \$1,120.67**

**Ms. Dawson explained the specifics of Ms. Phillips' pension benefits, the sub-committee of Mr. Rupp and Ms. Johnston voted approval of such.**

## **Agenda Item 3: Pension Plan Presentation – L. Guzman, Prudential Retirement Services**

**Mr. Guzman indicated that he had requested to attend a JPB meeting in order to provide the members with some information relative to the pension plan assets. He continued that in spite of the extreme volatility of the markets during the period ending 9/30/08, the plan assets performed quite well. He indicated that the salaried assets outperformed benchmarks and reminded the JPB that Prudential has been managing those assets for the past ten (10) years.**

**He indicated that the management of the hourly assets was transferred to Prudential approximately one (1) year ago with an allocation of 50% equity and 50% income. He indicated that he feels that is a good mix and recommended maintaining such.**

Turning back to the salaried assets, he advised the JPB to consider beginning to move towards a similar asset allocation and suggested beginning in December. He continued that the salaried assets are currently invested 80% in a stable value fund and 20% equity. The stable value fund is currently earning 4.6% and there is a restriction as to the amount of assets that can be moved out of the fund each year indicating that the maximum amount that can be transferred annually is 16%. He continued that the current allocation of 80/20 is extremely conservative and recommended that the JPB consider a slightly more aggressive approach to the investments. He said typically plans use approximately a 60/40 split and if the JPB were to authorize the transfer of the 16% in December, the salaried assets would begin moving into a more typical model. There was a brief discussion about the restriction on moving 16% per year, and then Mr. Guzman began discussing the different options for funds in which to move the assets.

He began by discussing PIMCO indicating that over the past 5 years, the rate of return has been comparable to the rate typically offered in a guaranteed fund. He then discussed the Prudential Short Term Option indicating that the five (5) year return for this fund was 3.24%, continuing that the rate of return is lower than what one might expect from PIMCO, but described it as “ultra safe”. Mr. Guzman recommended that RIPTA move 16% of the salaried assets into PIMCO, indicating that in his opinion the worst of the market volatility

**has already taken place.**

**He asked for questions, and hearing none re-iterated to the JPB that today the salaried assets in the fixed account are earning a guaranteed rate of 4.6% and asked the members if they wanted to move 16% of the salaried assets into PIMCO or the Prudential Short Term fund, pointing out that PIMCO is the better option for the long term, that the assets will experience over the long term a better yield.**

**The JPB members were discussing whether to make a motion to move the 16%, and Mr. MacDonald informed them that the matter was on the agenda for discussion purposes, and could not be moved for a vote. Ms. Silveira indicated that it is permissible to vote on a matter that is considered to be an emergency, and Mr. Guzman indicated that due to the volatility of the market, the matter could be considered emergent. There was then some discussion as to whether the members could be available for a special meeting, and Mr. Guzman was asked if he could return to the December 15th JPB meeting at which time a vote could be taken. Mr. Guzman could not commit to attending such meeting.**

**The discussion turned to the hourly plan assets. Mr. Guzman indicated that in light of the volatility of the market, he is recommending that the JPB shifts the split from a 50/50 split to a 60/40. There was further discussion on establishing a formal strategy**

for the future. There was some further discussion about the hourly plan assets, and Mr. Guzman reminded the JPB that a decision must be made in regards to his recommendation on the salaried plan assets before the end of December. He concluded that he would follow-up with RIPTA staff relative to his availability to meet in December.

Mr. Farrell instructed staff to notate agenda items as “Discussion/Approval” in the future.

#### **Agenda Item 4: Adjournment**

A motion to adjourn the meeting was made by Ms. Johnston and seconded by Mr. Rupp. Such motion passed unanimously and the meeting was adjourned.

Respectfully submitted,

**Deborah A. Dawson, SPHR**  
**AGM Human Resources/Chief of Staff**