

**Employees' Retirement Board
Of Rhode Island
Monthly Meeting Minutes
Date of Meeting: September 14, 2005**

The Monthly Meeting of the Retirement Board was called to order at 9:00 a.m., Wednesday, September 14, 2005 in the 8th Floor Conference Room, 40 Fountain Street, Providence, RI.

I. Roll Call of Members

The following members were present at roll call: Daniel L. Beardseely; Rosemary Booth Gallogly; Michael R. Boyce; William B. Finelli; John P. Maguire; John J. Meehan; John A. Marginson; Louis M. Prata; General Treasurer Paul J. Tavares and Jerome F. Williams, designee for the Director of Administration.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director and Attorney William E. O'Gara, Board Counsel.

Recognizing a quorum, Treasurer Tavares called the meeting to order.

II. Approval of Minutes

On a motion by Jerome F. Williams and seconded by Rosemary Booth Gallogly, it was **VOTED: To approve the minutes of the June 8, 2005 meeting of the Employees' Retirement Board of Rhode Island.**

III. Chairman's Report

General Treasurer Tavares gave the Board an update on the Gateway - American Express Building. He said qualified bids are expected on Friday, September 16, 2005 with a minimum bid for \$17.9 million. The Treasurer said the \$17.9 million plus the EDC guarantee would make the Retirement system whole. He described the process and said that first, pre-qualified bidders bid on the property on the 16th. Upon a pre-bid, other bids may be made at a public auction to be held on September 27, 2005.

IV. Executive Director's Report

Director Karpinski first apprised the Board that the actuarial audit will be presented to them at the November 9, 2005 Board meeting.

Director Karpinski then apprised the Board of a pending lawsuit filed against the current system actuary Gabriel, Roeder, Smith and Company (GRS) by the City of San

Diego. Due to a pension deficit of approximately 1.2 billion, a flurry of lawsuits have been filed; one of those lawsuits was brought by the Board of Trustees against GRS, SDCERS' actuary. The Director told the Board that GRS has issued a press release setting forth its position and copies of this release are available to all members if requested. He assured the Board that the issue will continue to be monitored and he will provide updates as required. Treasurer Tavares informed the Board that this type of situation has presented itself in other Investment / Treasury scenarios and the Treasurer felt strongly about the due diligence expected by staff to monitor any negative impact to the relationship. He assured the Board the situation would be monitored extensively.

Director Karpinski then apprised the Board on the Internal Revenue Service (IRS) §415(b) regulations. He said that a hearing was held on August 17, 2005. NASRA, NCTR and NCPERS provided comments on behalf of their respective constituencies. The Director pointed out the ERSRI's private letter ruling regarding COLA and the 415(b) limits appears to be the impetus for their position on COLA and the limits. Director Karpinski said the lobby groups, with comments from their constituencies, asked the IRS to adopt a position to not include COLA in the 415(b) limit and perhaps test benefits annually with applicable limits in effect at the time. He said they also asked the IRS for an extension period on comments so plans could have more time to analyze impacts. The Director told the Board he would keep them updated as information becomes available.

Director Karpinski provided the Board with the pension application processing report. For the month of July, he pointed out that the staff processed 295 applications and for August, they processed 210 applications. He commended the staff for their hard work during the busiest point in the year. Director Karpinski referred the Board to the August report on page 5 and pointed out that the service credit for Ms. Sally Case does not include projected credits for un-posted payrolls, she is in fact eligible. For the July report on page 3, Mr. Robert Henderson is indicated as having 3.96 service credits. Mr. Henderson was a TIAA-CREF retiree and his pension was based on service credit prior to 1967 when college professors were transferred to TIAA-CREF. Consistent with RIGL, Mr. Henderson will collect a monthly pension in the amount of \$411.35. Also on page 16 of the July pension report, Ms. Cynthia Roeber also does not include projected credits for un-posted payrolls, she is in fact eligible.

V. Presentation of the valuation as of June 30, 2004 by Gabriel, Roeder, Smith and Company

Treasurer Tavares introduced Mr. Michael W. Carter, Mr. Chris Conradi and Mr. Joseph Newton of Gabriel, Roeder, Smith and Company (GRS) to present the June 30, 2004 valuation.

Mr. Carter first reviewed, by a graphical chart, the explanation letter dated August 15, 2005 concerning Article 7 Sub A and the ERSRI funded ratio. The Board had requested this from the last meeting.

Mr. Maguire queried Mr. Carter about the actuarial reductions for the reduced retirements provided for in Article 7 Sub A. He asked for confirmation that the

methodology used was a standard of practice by the actuarial profession. Mr. Carter confirmed that the methodology used was a standard of practice.

Mr. Carter then began the discussion of valuation results for the period ending June 30, 2004. He said the plans covered would be the ERSRI (State and Teachers), MERS, State Police and Judges.

Mr. Carter said the valuation was prepared as of June 30, 2004, using member data, financial data, benefit and contribution provisions, actuarial assumptions and methods. He also said it reflects changes to benefit provisions from Article 7, Sub A for State Employees and Teachers. There were no changes to benefit provisions for other plans (except for some MERS units adopting COLA B or COLA C). Mr. Carter told the Board that the purpose of the valuation is to measure the actuarial liabilities, determine employer contribution rates for fiscal year 2007, explain changes in the actuarial condition of ERSRI and track changes over time.

Mr. Conradi discussed benefit changes. He said there was none for State Police or Judges. For MERS, there were four new units; Harrisville Administrative, Harrisville Fire District, Albion Administrative and Albion Fire District. Mr. Conradi said there were no closed or merged units; Tiogue Fire and Lightning and Scituate Police have no active employees, but both have assets and liabilities for inactive members. The value of assets is greater than the value of liabilities, so no contributions are due.

Mr. Beardseely asked who was covered under the Harrisville and Albion administrative groups. Director Karpinski pointed out that those are generally administrative staff of fire departments responsible for day-to-day operations.

Mr. Newton pointed out that general member units increased from 58 in 1996 to 68 as of 2004 and police and fire increased from 36 to 46 for the same period.

Mr. Newton then told the Board that the number of active State Employees decreased by 324 from 13,281 to 12,957 representing a 2.4% decrease. He said that since 1996, active membership has increased an average of 0.0% per year. Mr. Newton told the Board that the number of active Teachers increased by 146 from 14,410 to 14,556, which represents a 1.0% increase. He said that since 1996, active membership for Teachers has increased an average of 2.0% per year.

Ms. Booth Gallogly asked if the number of active employees reflect deployed military personnel. Director Karpinski said that if those deployed were contributing for a period while on active duty they would be accounted for as active employees. Once the contributions cease, they would be counted as either inactive or inactive vested members. The Director said that ERSRI would not know if they are deployed or not unless ERSRI is notified.

Mr. Newton continued his discussion of the active and inactive members. He said that payroll for State Employees active on June 30, 2004 remained unchanged at \$576 million and payroll has increased an average of 4.4% per year over the last seven years. Payroll for Teachers active on June 30, 2004 increased 3.6%, from \$782 million to \$810 million and payroll has increased an average of 4.9% per year over the last seven years.

Mr. Newton then told the Board that average pay for State Employees increased 2.4%, from \$43,364 to \$44,422, while average pay for Teachers increased 2.6%, from \$54,248

to \$55,652. He said that the average age of State Employees is 47.6, compared to 47.8 last year and to 45.5 eight years ago. The average age for Teachers is 43.7 years, down from 44.2 last year. It was 44.9 eight years ago.

Mr. Newton said that the average years of service for State Employees is 14.6, compared to 14.8 last year and to 13.7 eight years ago and the average service for Teachers is 12.0 years, decreased from 12.7 in the last valuation and decreased from 15.5 in 1996. Mr. Newton pointed out that there are 2,158 inactive State Employees and 1,836 inactive Teachers.

Mr. Newton then discussed the other plans active information. He said that the number of active MERS employees increased by 229 from 8,046 to 8,275, a 2.8% increase. He said that since 1996, active membership has increased an average of 3.0% per year, general employees increased 2.5% since last year and police/fire employees increased 4.7%. State Police active employees decreased to 148, a 5.4% average increase since 1996. Judges increased by two active members, from 42 to 44, a 6.3% average increase since 1996.

Mr. Newton next discussed payroll information. He said payroll for MERS employees active on June 30, 2004 increased 7.1%, from \$241.2 million to \$258.4 million or 6.7% for general employees and 8.6% for police/fire, average pay increased 4.1% for general employees and 3.7% for police/fire. For State Police payroll, Mr. Newton pointed out to the Board that different pay figures are used for benefits and contributions. He said contribution payroll increased 1.3%, from \$8.9 million to \$9.0 million and average pay (for benefits) increased 2.6%, from \$75,242 to \$77,175. For the Judges payroll increased 6.3%, from \$5.3 million to \$5.6 million and average pay increased 1.5%, from \$126,266 to \$128,133.

Mr. Newton concluded his presentation on the active membership and then discussed the retirees and beneficiaries. He said the number of retired State Employees increased by 276, from 9,398 to 9,674, a 2.9% increase over the last eight years. The number of state retirees has grown an average of 1.5% per year and their average annual benefit is \$18,818. There are 1.3 active State Employees for each retiree, that ratio has decreased slightly over last eight years, from 1.5.

Mr. Newton then said the number of retired Teachers increased by 475, from 7,704 to 8,179, a 6.2% increase. He said that over the last eight years, the number of teacher retirees has grown an average of 5.8% per year and the average annual benefit for a retired teacher is \$36,365. There are 1.8 active Teachers for each retiree; this ratio has decreased from 2.4 in 1996.

Mr. Newton stated that the number of MERS retirees increased by 94, from 3,671 to 3,765, a 2.6% increase; less than 10% of MERS retirees are from police/fire units. He said the average annual benefit for a MERS retiree is \$10,776 and there are 2.2 active MERS employees for each retiree. This ratio has held steady for last eight years. Mr. Newton said that the State Police has one retiree and the Judges have two.

Mr. Conradi next reported the condition of the assets; he said fair market value in total for all plans, increased from \$5.44 billion to \$6.26 billion. The market value for State Employees is \$2.07 billion, while for Teachers, it is \$3.13 billion, and market value for MERS (all units) is \$830.6 million, compared to \$708.5 million last year. He said the

market value for State Police is \$24.5 million (up from \$18.1 million) and for Judges it is \$15.8 million, increased from \$11.4 million.

Mr. Conradi told the Board that the return on market is approximately 18.7% in FY 2004; it was 2.6% in FY 2003. He said the average return for last ten years was 8.2% net of all investment and administrative expenses compared to the 8.25% investment return assumption.

Mr. Conradi said the net external cash flow (contributions less benefit payments and refunds) was -\$75 million for State Employees, or -3.6% of the value of assets at end of year. For Teachers, the comparable figure was -\$100 million, or -3.2% of end-of-year market value. The net external cash flow was -1.5% for MERS and positive for State Police and Judges.

Mr. Conradi reminded the Board that all actuarial calculations are based on actuarial value of assets, not market value. The actuarial value reflects 20% of the difference between FY 2004 expected return on market and the actual return, 40% of FY 2003 difference, 60% of FY 2002 difference and 80% of FY 2001 difference. He said the actuarial value is used in order to produce smoother, more consistent contribution rate from year to year. Consequently, actuarial values are now \$2.20 billion for State Employees and \$3.34 billion for Teachers; actuarial return was 0.4% in FY 2004.

Mr. Conradi said the actuarial values are about 107% of the fair market value; the actuarial value includes deferred asset losses, not yet reflected in the employer contribution calculations. Total actuarial value is now \$879 million for MERS (all units). For State Police, the actuarial value is \$24.8 million, or about 101% of market value (\$24.5 million). For Judges, the actuarial value is \$16.0 million, or about 101% of the \$15.8 million market value.

Mr. Carter then presented the actuarial results. He said for State Employees, the unfunded actuarial accrued liability (UAAL) increased from \$1,250 million to \$1,492 million, while for Teachers, the UAAL increased from \$1,914 million to \$2,293 million. The funded ratio (actuarial assets divided by actuarial accrued liability) decreased from 64.5% to 59.6% for State Employees and from 64.2% to 59.3% for Teachers.

For MERS, Mr. Carter said the UAAL for all units combined was \$62 million, compared to \$6 million overfunded last year. The aggregate funded ratio (actuarial assets divided by actuarial accrued liability) for all units combined decreased from 100.7% to 93.4%. Mr. Carter told the Board that the individual results for all units is shown on Table 7 of valuation report. He said for State Police, the UAAL increased from \$7.5 million to \$7.9 million and the funded ratio increased from 73.7% to 75.8%. The UAAL for Judges increased from \$5.2 million to \$5.8 million and the funded ratio increased from 72.0% to 73.3%

Mr. Carter concluded his presentation by providing the Board the fiscal 2007 contribution information as follows:

State Employer Contribution Rates			
Item	FY 2004	2003 under Article 7, SUB A	FY 2003
Employer normal cost	1.42%	1.37%	3.83%
Amortization rate	16.98%	13.47%	13.13%
Total	18.40%	14.84%	16.96%
Payroll projected 2 yrs	\$652.4 million	\$652.4 million	\$652.4 million
Projected contribution	\$120.0 million	\$96.8 million	\$110.6 million

Teacher Employer Contribution Rates			
Item	FY 2004	2003 under Article 7, SUB A	FY 2003
Employer normal cost	1.59%	1.54%	5.09%
Amortization rate	18.05%	14.93%	14.92%
Total	19.64%	16.47%	20.01%
Payroll projected 2 yrs	\$932.7 million	\$898.4 million	\$898.4 million
Projected contribution	\$183.2 million	\$148.0 million	\$179.8 million

Employer Contribution Rates Teacher Breakdown			
Item	FY 2004	2003 under Article 7, SUB A	2003
State share (rate)	8.02%	6.75%	8.17%
Local share (rate)	11.62%	9.72%	11.84%
Rate total	19.64%	16.47%	20.01%
State share (\$)	\$74.8 million	\$60.6 million	\$73.4 million
Local share (\$)	\$108.4 million	\$87.4 million	\$106.4 million
Total (\$)	\$183.2 million	\$148.0 million	\$179.8 million

Change in Employer Rate from Prior Year

Basis	State Employees	Teachers
1. FY 2006 employer contribution rate	16.96%	20.01%
2. SUB A employer contribution rate	14.84%	16.47%
3. Impact of changes		
a. Salary (gain)/loss	-0.54%	-0.18%
b. Investment experience (gain)/loss	2.18%	2.32%
c. Non-salary liability (gain)/loss	1.92%	1.03%
d. Changes in assumptions	<u>0.00%</u>	<u>0.00%</u>
4. FY 2007 employer contribution rate	18.40%	19.64%

Basis	State Police	Judges
1. FY 2006 employer contribution rate	31.35%	35.51%
Impact of changes		
Salary (gain)/loss	-0.69%	-1.70%
Investment experience (gain)/loss	0.66%	0.53%
Non-salary liability experience (gain)/loss	0.46%	1.73%
Change in assumptions	<u>0.00%</u>	<u>0.00%</u>
FY 2007 employer contribution rate	31.78%	36.07%

MERS Rate Analysis by Unit		
Number of Units	General	Police/Fire
1. No required contribution	15	2
2. New units	2	2
3. Rate decreases	6	22
4. Rate increases	47	22
5. Total	68	46

Ms. Booth Gallogly asked GRS if they could modify the projection table they prepared for Article 7 Sub A with the updated results from the June 30, 2004 valuation. Mr. Carter said they would begin work on it shortly.

Mr. Williams asked why the valuation results are projected two years. He first asked GRS if this was a common practice and second, he asked if the data and projection period could be shortened to 1 year since there could be changes that happen between any 2 fiscal years that may be significant. Mr. Conradi responded saying that the two-year delay is a common practice in many systems to accommodate budgetary / legislative timetables. Director Karpinski pointed out that shortening the period may make it difficult for some municipal budgets since they do not all have July 1 fiscal years. Further, he felt that currently, the data collection process coupled with the financial

reporting timeline would make it very difficult to complete a valuation in the compressed period being discussed.

Mr. Conradi pointed out that compressing the period would not negate any gains or losses from the two-year projection. He said that the system would only recognize gains and losses earlier. The benefit added would be a shorter projection thus minimizing estimated numbers.

Treasurer Tavares asked that Director Karpinski explore possibilities of compressing the valuation cycle with both the investment staff and ERSRI. The Director agreed and said he would analyze it.

Mr. Williams asked if it was appropriate to abstain from certifying the results at this meeting and wait for the results of the actuarial audit. Director Karpinski informed the Board that he had spoken with Ms. Kathy Reilly of The Segal Company. She informed the Director that there are no major issues regarding the audit. She pointed out that there are some variances. However, they are software compatibility-related and she seemed reasonably comfortable that the variances noted by Segal are not cause for alarm. Thus, Director Karpinski recommended that the Board approve the valuation results and if for some reason there were any issues, the Board could make modifications at the November meeting.

On a motion by Rosemary Booth Gallogly and seconded by John A. Marginson, it was unanimously

VOTED: To approve the Actuarial Valuation as of June 30, 2004 presented by Gabriel, Roeder, Smith And Company.

VI. Administrative Decisions

Disability Appeals

None this month

Hearing Officer Decisions

None this month

VII. Approval of July and August pensions as presented by ERSRI

On a motion by Michael R. Boyce and seconded by William B. Finelli, it was unanimously

VOTED: To approve the July and August pensions as presented by ERSRI.

VIII. Legal Counsel Report

Attorney O’Gara referred Board members to the legal report in the Board book and asked if there were any questions. There being none, on a motion by Louis M. Prata and seconded by John J. Meehan, it was unanimously

VOTED: To approve the Legal Counsel report as presented.

IX. Committee Reports

Disability Sub-Committee: The Disability Sub-Committee recommended the following actions on disability applications as the result of its September 9, 2005 meeting for approval by the full Board:

<u>Name</u>	<u>Membership Group</u>	<u>Type</u>	<u>Action</u>
1. Juan Acevedo	State	Ordinary	Approve
2. Mary Ann Cross	Municipal	Ordinary	Approve
3. Fran Gallucci	State	Ordinary	Approve
4. Richard Lebel	Teacher	Ordinary	Approve
5. Maureen O’Grady	State	Ordinary	Approve
6. Judith Ouimette	State	Ordinary	Approve
7. Michael Petrowicz	State	Ordinary	Table
8. Sherry Roberts	State	Ordinary	Table
9. Linda Schuster	Teacher	Ordinary	Approve
10. Marilyn Usher	Teacher	Ordinary	Approve
11. Nikki Deary	State	Accidental	Approve
12. Theresa Dewitt	State	Accidental	Approve
13. Nellie Francis	Teacher	Accidental	Table
14. James Grande	State	Accidental	Approve
15. Ruth Johnson	State	Accidental	Approve
16. Robert Marshall	Municipal	Accidental	Approve
17. Michael Schwab	Municipal	Accidental	Approve
18. Bryan Tollivar	Municipal	Accidental	Approve
19. Fred Worley	State	Accidental	Table
20. Martin Bradley	State	Accidental	Approve

On a motion by William B. Finelli and seconded by Michael R. Boyce it was unanimously

VOTED: To approve the recommendation of the Disability Sub-Committee meeting on Friday, September 9, 2005 on items 4, 9, and 13.

Mr. Maguire recused himself from items 4, 9 and 13.

On a motion by William B. Finelli and seconded by Louis M. Prata it was

VOTED: To approve the recommendation of the Disability Sub-Committee meeting on Friday, September 9, 2005 on items 7 and 19.

Mr. Meehan recused himself from items 7 and 19.

On a motion by William B. Finelli and seconded by Michael R. Boyce it was unanimously

VOTED: To approve the recommendation of the Disability Sub-Committee meeting on Friday, September 9, 2005 on items 1, 2, 3, 5, 6, 8, 10, 11, 12, 14, 15, 16, 17, 18 and 20.

Rules and Regulations Sub-committee:

Mr. Maguire, chair of the Sub-committee, provided an update to the Board on the Rules and Regulations Sub-committee meeting. He first thanked the sub-committee for their efforts in reviewing all of the materials namely, John Meehan, Kerry Walsh (for the Treasurer) and George Welly (for Rosemary Booth Gallogly). Chairman Maguire said the sub-committee met on August 18, 2005 to discuss and affirm administrative policies concerning the passage of H5270 Article 7 Substitute A as Amended. The Chairman said the Director provided the committee with an overview of the legislation. One item of interest is the Actuarial Early Retirement Factors. It was determined that the factors are partly based on the investment return rate. Thus, should there be a change in the actuarial return rate; the actuary should adjust the factors accordingly. Chairman Maguire told the Board that the sub-committee then reviewed the following administrative interpretations:

He said the Sub-committee affirmed the policies that are articulated in the new legislation H5270 Article 7 Substitute A that apply to ***State and Teachers only*** for new members hired in the future and for current members who have less than 10 years of contributory service on or before July 1, 2005. These members will be referred to as Schedule B members.

All other members, including current active members who have at least ten years of contributory service on or before July 1, 2005, inactive vested members who have more than ten years of contributory service, and all current retirees, will be called Schedule A members. Chairman Maguire pointed out that H5270 Article 7 **does not** change any of the provisions of ERSRI for Schedule A members. He said for Schedule B members, the following changes are made:

New retirement eligibility requirements

- Unreduced retirement available at age 59 & 29 years of service
- Unreduced retirement available at age 65 and 10 years of service
- Actuarially reduced retirement available at age 55 and 20 years of service

Actuarial Early Retirement Factors

Age	Age Factor	Age	Age Factor
64	89.3%	59	52.2%
63	79.9%	58	47.1%
62	71.6%	57	42.5%
61	64.3%	56	38.5%
60	57.9%	55	34.9%

New formula

SCHEDULE B
YEARS OF SERVICE PERCENTAGE ALLOWANCE

1 st through 10 th inclusive	1.60%
11 th through 20 th inclusive	1.80%
21 st through 25 th inclusive	2.0%
26 th through 30 th inclusive	2.25%
31 st through 37 th inclusive	2.50%
38 th	2.25%

New COLA amount

- CPI-U related, maximum of 3.00%
- COLA for disabled retirees unchanged (3.00% fixed)

New COLA start date

- Third anniversary of retirement
- No change for disabled retirees

Elimination of SRA-Plus option (Social Security Option) for Schedule B members only

Contributions re-invest provision

1. Any year in which the actuarially required employer contributions to the system are lower than the year before, the Governor shall take 20% of rate reduction and appropriate it to the pension fund.
2. The Actuary shall not adjust required year contribution for reduction. 20% shall be in addition to the required contributions and serve to reduce the UAAL.

Chairman Maguire then reviewed the following affirmations approved by the Rules and Regulations Sub-committee:

1. Ordinary Disability

- a. Active applications time stamped before 7/01/2005 will be adjudicated using Schedule A benefits.
- b. If a member applies for ordinary disability and is not eligible for unreduced benefits, but is at least 55 years of age with at least 20 years of service (thus eligible for reduced benefits), ERSRI will **not** apply the actuarial reduction factors against the calculated benefit. Only the requisite Schedule B formula will apply.

2. Purchase of prior refunded time (restoration of service credit).

- a. If the purchase (restoration) is at least 10 years of service and was earned prior to 7/01/05 or current time plus the purchase yield 10 years of contributory service prior to 7/01/05, the members benefit will be considered under Schedule A even if the service is requested and purchased after 7/01/05.
- b. The purchase (restoration) must be contributory service only. For example, a restoration of 4 years of military service and 6 years of contributory service prior to 7/01/05 would not constitute the requisite 10 years.

3. Supplemental Contributions

- a. The sequence and bases used to determine the contribution will be as follows:
 - i. 6-30-20xx valuation
 - ii. 6-30-20xx+1 valuation, shows decrease in employer contribution rate for State Employees, or Teachers, or both, from 6-30-20xx valuation
 - iii. 6-30-20xx+1 valuation results certified by 10-15-20xx+2
 - iv. Governor provides budget on or about January 20xx+3 for FY 20xx+4, which include supplemental appropriation equal to a 20% decrease in contribution rate(s) x budgeted payroll for FY20xx+4. Decrease would be determined separately for State Employees and Teachers, and rate reduction for Teachers would only reflect the State's share of the contribution rate.
 - v. Legislature passes budget including supplemental appropriation(s), generally by 6-30-20xx+3
 - vi. Treasurer deposits appropriation during FY 20xx+4
 - vii. Actuary recognizes supplemental appropriation in the assets in preparing the 6/30/20xx+4 actuarial valuation, not before.

1. Example:

- a. 6/30/2004 Valuation→FY07 Contribution Rate
- b. 6/30/2005 Valuation→FY 08 Contribution Rate
- c. Decrease of contribution rate between FY07 and FY08 rate.
- d. 06/30/05 valuation certified by Board on 10/15/2006
- e. Govenor provides budget on or about 1/15/07 (timing would be consistent with RIGL) for FY08
 - i. Supplemental contribution is included and calculated as, 20% of contribution decrease between FY07 and FY 08 rate X FY08 budgeted payroll.
- f. 6/30/07 FY08 budget approved by legislature.
- g. 7/15/07 Treasurer transfers supplemental contribution to ERSRI.
- h. Supplemental contribution recognized in 6/30/2008 valuation.

4. CPI COLA

- a. Board will certify CPI-U computed amount no later than 12/15/20xx of any calendar year.

Mr. Maguire then provided the following items for Board Information (interpretations)

5. Vested Right

- a. If a member subject to Schedule B benefits, terminates with 28 years of service and is 59 years old, they must wait until 65 to collect unreduced benefits or accept reduced benefits according the table above.

6. Affected Parties

- a. EDC, RIAC and the NBC are included in the changes if members have less than 10 YOS as of 7/01/05
- b. MHRH has eligibility at 50 years old and 25 YOS. This benefit structure is still available and members are not affected by the early retirement actuarial reduction if they meet the MHRH eligibility. They will however be subject to the multiplier changes under Schedule B if applicable.

7. Contributory Time

- a. Substitute teaching time does not count as contributory time.
- b. You may transfer service credit from other systems (see NEW RIGL §36-10-9 (iv)). If for example you are a new state employee and have 10 years of contributing service from the Town of Barrington prior to 7/01/05, you will join the state system under Schedule A benefits.

Chairman Maguire then concluded his report. The Treasurer thanked Chairman Maguire and the members of the committee for their efforts.

On a motion by John P. Maguire and seconded by Jerome F. Williams it was unanimously

VOTED: To approve the recommendation of the Rules and Regulations Subcommittee meeting held on Thursday, August 18, 2005.

X. New Business

(none)

XI. Adjournment

There being no other business to come before the Board, on a motion by John A. Marginson and seconded by Jerome F. Williams, the meeting adjourned at 10:30 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director