

**Employees' Retirement Board
Of Rhode Island
Monthly Meeting Minutes
Date of Meeting: January 11, 2006**

The Monthly Meeting of the Retirement Board was called to order at 9:00 a.m., Wednesday, January 11, 2006 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. Beardsley; Rosemary Booth Gallogly; Michael R. Boyce; William B. Finelli; John P. Maguire; John J. Meehan; Louis M. Prata; Linda C. Riendeau; 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.

Mr. James P. Yancy arrived at 9:10 a.m.

II. Approval of Minutes

On a motion by Jerome F. Williams and seconded by Linda C. Riendeau, it was

VOTED: To approve the minutes of the December 14, 2005 meeting of the Board of the Employees' Retirement System of Rhode Island.

III. Chairman's Report

None this month.

IV. Executive Director's Report

Director Karpinski informed the Board that the *Albert Nixon vs. ERSRI* matter would be postponed to the February meeting to accommodate Mr. Nixon. He also advised the Board that the procurement subcommittee met on January 4th, and the Chair, Ms. Booth Gallogly, would provide a report.

Director Karpinski told the Board that January is a busy month administratively with the testing and processing of 1099R's and COLA's and thus he had a brief report. Lastly, Director Karpinski provided the Board with the pension application processing report for the month of December 2005.

Mr. Boyce asked Director Karpinski about the status of the number of outstanding Full Time Equivalents (FTE) in the retirement division. The Director told Mr. Boyce that 2 FTE's have recently been filled. One of the new hires was a promotion of Ms. Chelsea Hutchings of the finance staff. He said they are preparing to interview for another FTE. In summary, the Director said there are 5 FTE's outstanding presently.

The Treasurer pointed out the challenge in filling FTE's when internal candidates are selected. Although 2 new FTE's are filled, one new FTE is now vacant and thus 5 FTE's are still outstanding.

V. Administrative Decisions

Disability Appeals

None this month

Hearing Officer Decisions

Albert Nixon vs. ERSRI

Postponed to the February 8th meeting

VI. Approval of December 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 December pensions as presented by ERSRI.

VII. Legal Counsel Report

Attorney O'Gara referred Board members to the legal report in the Board book and asked if there were any questions.

On a motion by Linda C. Riendeau and seconded by Rosemary Booth Gallogly, it was unanimously

VOTED: To approve the Legal Counsel report as presented.

VIII. Committee Reports

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as the result of its December 4, 2005 meeting for approval by the full Board:

<u>Name</u>	<u>Membership Group</u>	<u>Type</u>	<u>Action</u>
1. Becky Jordan	State	Ordinary	Approve
2. Gary Theroux	State	Ordinary	Approve
3. Scott Guthrie	Municipal	Ordinary	Approve
4. James Harvey	State	Ordinary	Approve
5. Dollie Catala Morgan	State	Accidental	Table

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

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, January 6, 2006 on the items as presented.

Mr. Finelli then informed the Board that the subcommittee has had several discussions regarding open meetings and privacy of medical information. Mr. Finelli said the

subcommittee will be prepared to bring their recommendation to the full Board for action at the February meeting. He said Attorney O'Gara will provide the Board with a written summary. Attorney O'Gara said his summary would help the Board analyze the competing interests regarding the Rhode Island Open Meeting Statute and the Rhode Island Confidentiality of Health Care records.

Ms. Booth Gallogly asked what the process would be if an application were denied and then went through the appeal process. She inquired as to what information would be available to review if the meeting were to be closed. Mr. Finelli said the Disability Appeal Hearings at the subcommittee level always have a stenographer present. Thus, a written record would be available.

Mr. Prata asked if medical records are discussed in an open meeting and questioned the applicability of the Health Insurance Portability and Accountability Act (HIPPA) act. Mr. Finelli informed Mr. Prata that the meetings are currently in open session although there are rarely any non-interested parties in attendance. Attorney O'Gara noted that HIPPA does not apply to public pension plans. He informed the Board that he has contacted the Attorney General's Office and requested their opinion on open meetings and privacy of medical information.

Mr. Williams voiced his concerns about closing the meetings. He commended the Disability Subcommittee on their thorough efforts and fair assessment of the matters brought before them. Mr. Williams agreed with Attorney O'Gara that this is a balancing matter of two important issues. He reminded the Board, however, that this is a public pension system and felt any decision should keep that in mind.

Treasurer Tavares asked what exactly is considered private medical information. He asked if the Board, in open session, can discuss generalities relating to illnesses. Mr. Finelli thought that may be challenging especially when referring to psychiatric matters.

Mr. Prata asked what would happen if a member lost his or her decision for a disability. Could that member challenge the Board on a technicality because their records were discussed in public? Mr. Williams agreed and reiterated the importance of the legal review.

Mr. Maguire asked what would happen if a member requested the meeting to be in closed session. Attorney O'Gara said in his opinion, he did not feel a member could request the meeting to go into closed session. He said that is a decision of the Board, thus the reason to develop a policy. Mr. Maguire then asked what documents are reviewed at the time of the subcommittee meeting so he could understand the nature of the privacy the committee is analyzing. Mr. Finelli said the subcommittee receives 3 independent medical reports to review. Mr. Maguire then asked for confirmation of what the full Board would receive in the event of an appeal. Mr. Finelli said the full Board would receive the same information packet that the subcommittee would receive. He pointed out, however, that the full Board would not have the benefit of the dialogue during the review and the medical advice provided by the subcommittee's medical adviser Dr. Christopher Ley.

Mr. Maguire thanked Mr. Finelli for his response and reiterated the importance of the legal review. Although he understood the HIPAA rules may not be applicable, he requested that Attorney O'Gara include a synopsis of them in his review in order to provide the Board a well rounded analysis. Attorney O'Gara said he would include the HIPAA information.

Mr. Finelli thanked the Board for their indulgence in this matter. He said he felt the discussion was necessary in order to prepare the Board when they take up the matter for a vote at the February meeting.

Procurement Subcommittee:

Ms. Booth Gallogly who served as chair of the procurement subcommittee provided the Board with a report. She first thanked the members of the committee for their efforts namely: Louis M. Prata, Kerry Walsh Esq., and James Yancy. She said the procurement subcommittee met on January 4th to discuss a request by the System regarding a provision allowing ERSRI to extend system maintenance services in one-year increments for the ANCHOR computer system. Ms. Booth Gallogly told the Board that this is the component of the ANCHOR system for the day-to-day mechanical operation of the system and daily system maintenance.

She said the amendment approved by the Board last year, permits ERSRI to extend services in one-year increments with a proviso limiting fee increases to the lesser of the annual percentage increase in the CPI or five percent (5%). The Director recommended effectuating the renewal provision and continuing the relationship with Covansys for another year with the applicable increase of 4.3%. Ms. Booth Gallogly informed the Board that the required funds have been appropriately budgeted in the amount \$891,000 for 5 developers as of December 2005.

Ms. Booth Gallogly then told the Board that the subcommittee also discussed the Disaster Recovery Plan (DRP), which is part of the contract, in the wake of Hurricane Katrina. She said Director Karpinski apprised the committee of the back-up systems in Columbus Ohio and daily data back-ups sent to the local records center (Iron Mountain) and the procedures currently in place. Ms. Booth Gallogly recommended the system be included in the State's total EMA discussions to ensure a cohesive statewide plan.

After discussion and review with staff, Ms. Booth Gallogly said the subcommittee recommended approval of authorization to extend the contract with Covansys for one additional year.

She then told the Board that the committee discussed a request to purchase new computer servers to replace existing ones purchased in 2000 for the ANCHOR system implementation. She said the approximate cost of this equipment is roughly \$345,330. The Director requested approval to purchase the equipment during FY 06. Ms. Booth Gallogly said the committee recommended approval of the funds, which are budgeted. They requested Director Karpinski develop a long-term budget plan to stagger replacements.

Ms. Booth Gallogly then summarized the subcommittee's recommendations: The system proceed with effectuating the renewal provision and continue the relationship with Covansys for another year with the applicable increase of 4.3% and it proceed with procurement of required server equipment.

On a motion by Rosemary Booth Gallogly and seconded by Louis M. Prata it was unanimously

VOTED: To approve the renewal provision and continue the relationship with Covansys for another year with the applicable increase of 4.3% and that the System proceed with procurement of required server equipment.

IX. New Business

None

X. Adjournment

There being no other business to come before the Board, on a motion by Jerome F. Williams and seconded by William P. Finelli, the meeting adjourned at 9:40 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director