



Employees' Retirement Board Of Rhode Island Monthly Meeting Minutes Date of Meeting: May 9, 2007

The Monthly Meeting of the Retirement Board was called to order at 9:10 a.m., Wednesday, May 9, 2007 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; Peder Schaefer (for Rosemary Booth Gallogly); Michael R. Boyce; General Treasurer Frank T. Caprio; William B. Finelli; M. Carl Heintzelman; John P. Maguire; John J. Meehan; Susan K. Rodriguez; and James P. Yancy

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

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

II. Approval of Minutes

On a motion by James P. Yancy and seconded by William B. Finelli, it was

VOTED: To approve the minutes of the April 11, 2007 meeting of the Employees' Retirement System of Rhode Island Board.

III. Chairman's Report

Treasurer Caprio apprised the Board of an official meeting with AFSCME Council 94 and the State and Treasury Leadership to kick off the reorganization of the Treasury. The Treasurer informed the Board that he would report back to them next month regarding the meetings' developments. The Treasurer also informed the Board that he would have the major recommendations and suggestions from the meeting by the end of the fiscal year (June 30) regarding the reorganization.

The Treasurer then discussed investment information with the Board. The Treasurer reported to the Board that the index was moving back to a high and was comparable to what it was at the beginning of the decade. The Treasurer apprised the Board that fund's day to day value is at \$8 billion dollars plus. He also discussed the allocation study which would be beginning soon.

The Treasurer then thanked the entire Board for its continued work and made special note of the Disability Subcommittee's hard work on a case involving a city official.

IV. Executive Director's Report

Director Karpinski apprised the Board that Gabriel, Roeder, Smith and Company (GRS) will be presenting the 2006 Experience Study at the June Board meeting. As in the past, the study will include assumption changes, if applicable, and their impacts on contribution rates. GRS will be using analysis from 1996-2006. The Director then informed the Board that if they chose to adopt these assumptions as presented, GRS will produce and present the formal valuation for approval at the July meeting.

The Director informed the Board that he would be presenting the Procurement Subcommittee with a proposed renewal of GRS's contract. He said the committee will provide its recommendation at the June meeting. Also, the Director told the Board that the Audit Subcommittee had discussed performing a security / vulnerability review of the ERSRI's computer systems. He told the Board that he was currently in the process of interviewing candidates and would present a recommendation to the Procurement Subcommittee.

Director Karpinski apprised the Board that he obtained a list of approved conferences and courses used by other states for the Trustee Education Subcommittee. He said he would present them to the committee at its next meeting. The Director also informed the Board about the statutory required training on public records, open meetings and ethics. He said it would be run by the Attorney General's office and he will confirm some times and dates.

The Director then discussed a letter in the board book from Attorney Kenneth Haupt. He informed the Board that the matter deals with a previous disability application of Jeanne Rossi v. ERSRI that had been approved by the Board. Attorney Haupt is now seeking legal fees under RIGL §42-91-1. Director Karpinski told the Board that Attorney Haupt's request was administratively denied and the routine process of a hearing officer appeal will be employed.

Finally, Director Karpinski notified the Board of the shift in customer service dealing with healthcare questions from ERSRI to the Department of Administration (DOA). He thanked Susan Rodriguez and her staff for their help in the transition. He informed the Board of the ability of DOA staff to access the healthcare information on the ANCHOR system to better serve retiree healthcare needs.

The Director then provided the Board with the pension application processing report for the month of April 2007.

V. Administrative Decisions

Joyce D'Orsi v. ERSRI

Included in Board Members books was the decision, exhibits and supporting information for the matter of Joyce D'Orsi v. ERSRI. The Treasurer asked if there were any briefs or additional information, consistent with regulation number 4, Rules of Practice and Procedure for Hearings, to be submitted to the Board at the present time. Ms. D'Orsi did not have any additional documentation.

Attorney O'Gara then provided a synopsis of the Joyce D'Orsi matter. He apprised the Board that Ms. D'Orsi was appearing Pro Se.

There being a stenographer present, the parties presented their cases. At the conclusion of the hearing, a motion was made by Daniel L. Beardsley and seconded by Peder Schaefer to uphold the decision of the Disability Subcommittee to deny the application. A roll call vote was taken. The following members voted Yea: Daniel L. Beardsley, Peder Schaefer, General Treasurer Frank T. Caprio, M. Carl Heintzleman and Susan K. Rodriguez. The following members voted Nay: Michael R. Boyce, William B. Finelli, John P. Maguire, John J. Meehan and James P. Yancy.

There being 10 votes cast, 5 voted in the affirmative and 5 nay, consistent with Rhode Island General Laws §36-8-6, *Votes of Board – Record of proceedings*, there not being a majority vote of the members present and voting at which a quorum is present, the motion failed.

Another motion was made by Michael R. Boyce and seconded by William B. Finelli to overturn the Disability Subcommittee denial of the application. A roll call vote was taken. The following members voted Yea: Michael R. Boyce, William B. Finelli, John P. Maguire, John J. Meehan and James P. Yancy. The following members voted Nay: Daniel L. Beardsley, Peder Schaefer, General Treasurer Frank T. Caprio, M. Carl Heintzleman and Susan K. Rodriguez.

There being 10 votes cast, 5 voted in the affirmative and 5 nay, consistent with Rhode Island General Laws §36-8-6, *Votes of Board – Record of proceedings*, there not being a majority vote of the members present and voting at which a quorum is present, the motion failed. The Board tabled the matter to the June meeting so absent members may vote.

VI. Approval of April pensions as presented by ERSRI

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

VOTED: To approve the April pensions as presented by ERSRI.

VII. Legal Counsel Report

Attorney William O’Gara informed the Board that the May legal report was in their board book. He apprised the Board that the Fred *Worley v. ERSRI* case was moving to Superior Court. Attorney O’Gara then discussed an update on the *George Waterman v. ERSRI* case. He informed the Board that Mr. Waterman and his counsel appealed the Board’s suspension of his benefits on the grounds that his workers compensation net payment offset was improper. Attorney O’Gara apprised the Board that just recently Judge Hurst upheld ERSRI’s decision. He said he would update the Board on the status of an appeal next month.

VIII. Committee Reports

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as a result of its May 1, 2007 meeting for approval by the full Board:

	Name	Membership Group	Type	Action
1.	George Barrett	State	Ordinary	Table
2.	Lawrence Costellese	Municipal	Ordinary	Deny
3.	Caleb George	Municipal	Ordinary	Table
4.	Craig Marciniak	Municipal	Ordinary	Table
5.	Edward Cardillo	Municipal	Ordinary	Deny

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 Tuesday, May 1, 2007 on items 1 through 5.

The Disability Subcommittee then recommended the following actions on disability applications as a result of its May 4, 2007 meeting for approval by the full Board:

	Name	Membership Group	Type	Action
1.	Stephen Patrangelo	Teacher	Ordinary	Approve
2.	Carol Nicholas	Teacher	Ordinary	Approve
3.	Juvuta DaRosa	State	Accidental	Table
4.	Leslie Theberge	State	Accidental	Table
5.	Diane Van Nort	State	Accidental	Table
6.	Robert Ward	State	Accidental	Approve
7.	Alan Barth	State	Reconsideration	Deny
8.	Nancy Bennett	Teacher	Reconsideration	Table
9.	Diane Emerson	Municipal	Reconsideration	Approve
10.	James Grande	Municipal	Reconsideration	Approve
11.	William Macera	Municipal	Reconsideration	Table
12.	Helen Swallow	State	Reconsideration	Table
13.	Gail Leonard	State	Reconsideration	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, May 4, 2007 on items 1 through 6, 9, 10, 12 and 13.

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 May 4, 2007 on item 7.

John J. Meehan recused himself from item 7.

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 May 4, 2007 on item 8.

John P. Maguire recused himself from item 8.

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 May 4, 2007 on item 11.

James P. Yancy recused himself from item 11.

IX. New Business

The Director discussed the request by the Department of Administration (DOA) to conduct an actuarial study at the expense of the Department of Administration of the ERSRI fund. The DOA requested that a study be conducted to determine the impact to the fund if a defined contribution plan was established for prospective employees. He said DOA requested the study to determine funding ratios after ceasing entrance of new members into the plan as of fiscal 2008 and a projection of salaries for the prospective defined contribution participants. Consistent with the Board's contract with GRS, Director Karpinski told the Board it was necessary for them to approve the use of GRS to perform the study for DOA. After some discussion on the matter, Daniel L. Beardsley moved to allow the use of GRS by DOA to perform the requested study. The motion was seconded by Susan K. Rodriguez.

A roll call vote was taken. The following members voted Yea: Daniel L. Beardsley, Michael R. Boyce, General Treasurer Frank T. Caprio, William B. Finelli, M. Carl Heintzelman, Peder Schaefer, Susan K. Rodriguez and James P. Yancy. The following members voted Nay: John P. Maguire and John J. Meehan. There being 10 votes cast, 8 voted in the affirmative and 2 nay, consistent with Rhode Island General Laws §36-8-6, *Votes of Board – Record of proceedings*, there being a majority vote of the members present and voting at which a quorum is present, it was

VOTED: To allow the DOA to use the Board's actuarial firm, GRS, to perform the study as presented.

X. Adjournment

There being no other business to come before the Board, on a motion by Susan K. Rodriguez and seconded by James P. Yancy, the meeting adjourned at 10:40 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director