

# **Employees' Retirement Board Of Rhode Island Monthly Meeting Minutes Date of Meeting: April 11, 2007**

The Monthly Meeting of the Retirement Board was called to order at 9:00 a.m., Wednesday, April 11, 2007 in the 8<sup>th</sup> 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; General Treasurer Frank T. Caprio; William B. Finelli; M. Carl Heintzelman; John P. Maguire; John J. Meehan; Louis M. Prata; Linda C. Riendeau and Susan K. Rodriguez.

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 Rosemary Booth Gallogly and seconded by William B. Finelli, it was

**VOTED: To approve the minutes of the March 14, 2007 meeting of the Employees' Retirement System of Rhode Island Board.**

## **III. Chairman's Report**

Treasurer Caprio apprised the Board of the ongoing customer service project at ERSRI. The Treasurer told the Board that he has enlisted the help of Dean Edward M. Mazze of the University Of Rhode Island's College Of Business Administration. He said that Director Karpinski and Chief of Staff Mark Dingley have been working with Dean Mazze to obtain ideas on reorganizing the operation to enhance customer service. Treasurer Caprio said one major facet of the plan would be to establish a customer service call center for members. The Treasurer told the Board he has kept labor apprised of the plans during the process and is quite pleased with the current progress.

Treasurer Caprio then apprised the Board about the State Investment Commission (SIC). He said he created two new subcommittees, one to address asset allocation and the other to address private equity investments. The Treasurer said the asset allocation subcommittee would be responsible to review any potential changes to the weighting of asset classes recommended by the SIC's consultants. The private equity subcommittee will be responsible for performing the due diligence necessary for making investments in this category. Due to the nature and complexity of this asset class, the Treasurer felt the additional time spent on review would be prudent.

The Treasurer then apprised the Board of the funds performance. He said it has been strong since the end of February following the challenges from the Asian markets. He told the board that the US markets have rebounded back to prior levels.

#### **IV. Executive Director's Report**

Director Karpinski apprised the Board that the Internal Revenue Service (IRS) has published final regulations under section 415 of the Internal Revenue Code (IRC). The Director informed new board members of the 415(b) issue that limits pensions based on age at retirement. He reiterated the IRS's private letter ruling response on ERSRI's interpretation of the 415(b) regulation. Basically, the Director said ERSRI takes the \$175,000 dollar limitation (established by the IRS) and discounts it first for compounded COLA and then for age. The Director informed the Board that he would analyze the 415 Regulation further and inform the Board of his findings.

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

#### **V. Administrative Decisions**

##### **Hearing Officer Decisions**

##### *Maloney v ERSRI*

Mr. Maloney and his Attorney William C. Maaia did not attend the hearing. A motion was made to move the appeal to the May 9, 2007 meeting by Louis M. Prata and seconded by John J. Meehan. It was then unanimously

**VOTED: To move the appeal to the May 9, 2007 meeting.**

#### **VI. Approval of March 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 March pensions as presented by ERSRI.**

#### **VII. Legal Counsel Report**

Attorney William O'Gara informed the Board that the March legal report was in their board book. He apprised the Board that the *George Waterman v. ERSRI* and *Ronald Archer, et al v ERSRI (Cataldo)* cases will have decisions in the near future. There being no questions, on a motion by William B. Finelli and seconded by Linda C. Riendeau, 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 March 9, 2007 meeting for approval by the full Board:

	<b>Name</b>	<b>Membership Group</b>	<b>Type</b>	<b>Action</b>
1.	William Macera	Municipal	Ordinary	Approve
2.	Russell Bertrand	State	Accidental	Table
3.	Margaret Bridge	State	Accidental	Deny
4.	James Grande	Municipal	Accidental	Table
5.	Michael Marcello	Municipal	Accidental	Table
6.	Jean Martin	Municipal	Accidental	Approve
7.	Paula Sharpe	State	Accidental	Approve
8.	Richard Delbonis	Municipal	Reconsideration	Deny
9.	Linda Grenier	Teacher	Reconsideration	Approve
10.	Kathy Guilmette-Cipriano	State	Reconsideration	Deny
11.	David Izzo	Municipal	Reconsideration	Approve
12.	Julia Riley	State	Reconsideration	Deny
13.	William Souza	Municipal	Reconsideration	Deny
14.	Lynn Vinacco	State	Reconsideration	Deny

The Treasurer requested that the Board recommit item 1 to the Disability Subcommittee for further review. On a motion by Susan K. Rodriguez and seconded by William B. Finelli it was unanimously

**VOTED: To recommit the recommendation of the Disability Subcommittee meeting of Friday, April 6, 2007 on item 1 for further review.**

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, April 6, 2007 on items 2 through 8, 10 through 12, and 14.**

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, April 6, 2007 on item 9**

John P. Maguire recused himself from item 9.

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, April 6, 2007 on item 13.**

Louis M. Prata recused himself from item 13.

## **IX. New Business**

Mr. Boyce discussed the issue of death benefits paid to beneficiaries. He was interested in obtaining information regarding increasing the minimum death benefits provided from \$4,000 dollars to \$8,000 dollars. Mr. Boyce asked if an actuarial study to investigate the cost of the increase could be commissioned by the Board. On a motion by Linda C. Riendeau and seconded by William B. Finelli it was unanimously

**VOTED: To commission an actuarial study to investigate the cost of increasing the minimum death benefits from \$4,000 to \$8,000.**

## **X. Adjournment**

There being no other business to come before the Board, on a motion by Rosemary Booth Gallogly and seconded by Daniel L. Beardsley the meeting adjourned at 10:05 a.m.

Respectfully submitted,

**Frank J. Karpinski**

Executive Director