



Employees' Retirement Board Of Rhode Island Monthly Meeting Minutes Date of Meeting: February 13, 2008

The Monthly Meeting of the Retirement Board was called to order at 9:10 a.m., Wednesday, February 13, 2008 in the 8th Floor Conference Room, 40 Fountain Street, Providence, RI.

I. Roll Call of Members

The following members were present at roll call: Frank R. Benell Jr.; Rosemary Booth Gallogly; Roger P. Boudreau; 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; Attorney Michael P. Robinson, Board Counsel.

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

Gary R. Alger joined the meeting at 9:20 a.m.

II. Approval of Minutes

On a motion by John P. Maguire and seconded by Roger P. Boudreau, it was

VOTED: To approve the minutes of the January 9, 2008 meeting of the Employees' Retirement System of Rhode Island Board.

III. Chairman's Report

The Treasurer informed the Board of the State Investment Commission's (SIC) request for proposal (RFP) for an investment consultant. He told the Board that the RFP was advertised in December and responses were due back at the end of January. He informed the Board that SIC staff and a subcommittee will review the responses and will shortly interview potential candidates. The Treasurer stated that the staff would be making a recommendation at the March 2008 SIC meeting.

The Treasurer then asked Director Karpinski to update the Board on the status of the Retirement Division's RFP for a new and more efficient phone system. He told the Board this was an integral part of his initiative to establish a call center.

IV. Executive Director's Report

As requested, Director Karpinski provided the Board with an update on the phone system. He told the Board that the State's Telecom division had drafted and issued an RFP for a phone system at 40 Fountain Street. The system is known as IP Office from Avaya. The Director told the Board that the IP Office solution would provide the system with metrics about volumes and call types that are not provided by the current phone

system. He told the Board he would update them next month with more information on implementation times.

Director Karpinski then told the Board that legislation had been submitted allowing the System to implement the final regulations relating to IRS code §415(b). He said he would keep them updated on the travel of the bill.

The Director then updated the Board on IRS regulatory issues from his recent meeting in Washington, DC. He first told the Board of some changes being reviewed by the Governmental Accounting Standards Board (GASB). Director Karpinski said GASB is working on a research project on pension accounting and reporting. He said GASB has stated its objective is to review the effectiveness of the model developed in *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *No. 27, Accounting for Pensions by State and Local Governmental Employers*, in providing financial information that is useful in assessing the financial implications of pension benefits provided by state and local governments. During the second four months of 2007, he said the GASB staff had compiled responses to a plan survey questionnaire, distributed a survey to gather information from users of pension information contained in financial statements, planned a meeting of the project's advisory committee, and scheduled four regional meetings to discuss pension accounting and research issues with constituents. Director Karpinski told the Board that ERSRI provided information to GASB. He said a decision is expected by GASB at its April 2008 meeting in regard to whether to formally add a project to the GASB's current agenda "to address issues related to pension accounting and financial reporting standards and to consider whether standards should be amended in order to improve their effectiveness."

The Director then discussed an issue the IRS is pursuing regarding normal retirement age. He said in Notice 2007-69, the IRS requested comments from sponsors of governmental plans on whether normal retirement age under these plans may be based on years of service. The Director said NASRA and NCTR have filed a joint response noting many governmental plans define normal retirement age as the time the participant becomes eligible for normal retirement and governmental pension plan sponsors have, for many decades, conditioned eligibility for normal retirement benefits on the completion of a stated number of years of service. Prior to the Final Regulations, there was no authority that prohibited such a practice, at least for governmental pension plans. Director Karpinski told the Board that the IRS has routinely approved service-based normal retirement ages through the determination letter process. The Director said he served on a committee with NASRA and noted that in 2002 the public plans individually submitted comments to the Service in response to IRS Notice 2002-43 and identified a list of principles for phased retirement, and specifically noted the IRS should not attempt to create standardized definitions for early or normal retirement age under governmental plans, but instead should defer to the applicable state or local laws, regulations and policies governing such plans. Director Karpinski felt such a change could make plan qualification difficult since ERSRI administers many different service related benefits. Further, RIGL §36-8-20(a) requires that ERSRI satisfy the requirements of IRS Code §401(a) and thus, forcing a unilateral normal retirement age would require major benefit adjustments in order to be compliant with the IRS Code.

Lastly, Director Karpinski updated the Board on the HEART Act of 2007. He told the Board the House approved the Heroes Earnings and Relief Tax (HEART) Act of 2007 and the Senate substituted and approved its own version, the Defenders of Freedom Tax Relief Act of 2007. Both bills will reportedly be reconciled shortly. The Director said

that among other things, the bills require, as a condition of plan qualification, that plans provide benefits to survivors of participants who die while performing qualified military service as if the participant had resumed employment and subsequently terminated employment on account of death. For benefit accrual purposes, Director Karpinski said that plans may treat an individual who dies or becomes disabled while performing qualified military service as if the individual had resumed employment under the requirements of USERRA and terminated employment on the actual date of death or disability.

The Director then provided the Board with the pension application report.

V. Administrative Decisions

(None)

VI. Approval of the January pensions as presented by ERSRI

A motion was made by Michael R. Boyce and seconded by Frank R. Benell Jr. it was unanimously

VOTED: To approve the January pensions as presented.

VII. Legal Counsel Report

Attorney Michael P. Robinson informed the Board that he had entered his appearance on a number of cases on behalf of ERSRI. He informed the Board that the cases were reflected in the litigation report included in their Board books. Attorney Robinson stated that he would continue reviewing the open cases and will attempt to close as many of the old cases within the next few months as possible.

Mr. Maguire asked for the rule or law that permitted ERSRI to withhold a refund from Soraya Santiago. The Treasurer told Mr. Robinson that he would also like a copy of the authority. Attorney Robinson said he would provide the information to the Treasurer and Mr. Maguire.

VIII. Committee Report

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as a result of its February 8, 2008 meeting for approval by the full Board:

Name	Membership Group	Type	Action
1. Virginia Lewis	State	Accidental	Table
2. Debra Pacheco	Teacher	Accidental	Table
3. Ivone Santilli	State	Accidental	Table
4. Jessica Cipriano	Municipal	Accidental	Approve
5. Edward Depardo	State	Accidental	Approve
6. William Ferreira	State	Accidental	Table
7. Maria Manteiga	State	Accidental	Approve
8. Thomas Schiavetti	State	Accidental	Table
9. Charles Despres	Teacher	Ordinary	Approve
10. Mauren Fletcher	State	Ordinary	Approve
11. Alan Grace	State	Accidental	Table
12. William Porter	State	Accidental	Table
13. Joanne Lebel	Teacher	Accidental	Approve
14. Lucille Desjardins	State	Accidental	Table
15. Brian Castro	State	Accidental	Table
16. Ann Krajewski	Teacher	Accidental	Deny
17. Patricia Logan	State	Accidental	Table
18. Donald Deshaies	State	Accidental	Approve
19. Wayne Flaherty	State	Accidental	Deny
20. Karen Oliver	Teacher	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 Friday, February 8, 2008 on items 2, 9 and 16.

John P. Maguire recused himself from items 2, 9 and 16.

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, February 8, 2008 on item 11.

John J. Meehan recused himself from item 11.

The Treasurer clarified that on item 11, the recommendation of the Subcommittee's action of tabling the matter was approved and not the actual request for a disability pension.

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, February 8, 2008 on items 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 17, 18, 19, and 20.

IX. New Business

The Treasurer informed the Board of the new House of Representatives Pension Study Commission. He apprised the Board that the commission was composed of 19 members. The Treasurer asked for a motion to allow the new commission access to the Retirement Board's actuary Gabriel, Roeder, Smith and Company (GRS). He informed the Board that this access would be at the Pension Study Commission's expense. Mr. Boyce asked that if an individual area of the group wanted to request information that was not agreed to by the entire commission; would access to GRS would be denied? The Treasurer stated that his intention for access to the actuary is any member of the commission or group of a representative of the commission may have access to the actuary, however, any cost associated with such study will be borne by the member or group making the request. Ms. Booth Gallogly asked if there were other parties involved that might use information from GRS and could members' privacy be compromised. Director Karpinski stated that the actuary does have access to Social Security Numbers, so a problem could arise. The Treasurer stated that he would like to amend the motion to make clear that the commission would comply with all federal and state privacy statutes regarding the information. On a motion made by Frank R. Benell Jr, and seconded Gary R. Alger it was

VOTED: To allow the Pension Study Commission access to the Retirement Board's actuary Gabriel, Roeder, Smith and Company and that all information used be subject to federal and state privacy statutes.

X. Adjournment

There being no other business to come before the Board, on a motion by Roger P. Boudreau and seconded by William B. Finelli, the meeting adjourned at 9:55 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director

