



Employees' Retirement Board Of Rhode Island Monthly Meeting Minutes Date of Meeting: March 12, 2008

The Monthly Meeting of the Retirement Board was called to order at 9:05 a.m., Wednesday, March 12, 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: Daniel L. Beardsley; Frank R. Benell Jr.; Rosemary Booth Gallogly; Roger P. Boudreau; Michael R. Boyce; Mark A. Dingley, Esq. (for General Treasurer Frank T. Caprio); William B. Finelli; M. Carl Heintzelman; John P. Maguire; John J. Meehan; Louis M. Prata; Linda C. Riendeau; and James P. Yancy.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director; Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Vice Chairman William B. Finelli called the meeting to order.

II. Approval of Minutes

A motion was made by Michael R. Boyce to postpone the approval of the February Board Meeting minutes until the April 2008 meeting when General Treasurer Caprio would be present. Mr. Boyce was requesting clarification on the Chairman's report. The motion was seconded by Roger P. Boudreau and was unanimously

VOTED: To defer the approval of the February 2008 Board Meeting minutes until the April 2008 Board Meeting

III. Chairman's Report

Vice Chairman William B. Finelli apprised the Board that the normal swearing in that occurs during the March Board meeting following elections, will take place next month as Treasurer Caprio was not present.

IV. Executive Director's Report

Director Karpinski told the Board that he and Mr. Dingley have been providing testimony to the Pension Study Commission. The Director said the information he has been providing has been demographic and historical in nature. The Board asked that he prepare the presentations for them so they may review the information. The Director then apprised the Board that the draft CEM study has been received. He said staff is reviewing the information and trying to confirm the numbers provided. He told the Board that CEM will present the information to them when a final report is issued.

Director Karpinski updated the Board on IRS Code §415(b) which is being reviewed by outside counsel. He told the Board that initial comments by the IRS Employee Benefits Division appear to suggest that the change in the final regulations may only be prospective in nature. Thus, member benefits that have been or presently are subject to reductions may not be provided relief from the final regulations. The Director told the Board he would keep them apprised.

The Director then provided the Board with the pension application processing report. He told the Board that the system is experiencing an increased volume in phone call activity and requests for counseling appointments. He said the line of questioning appears to be related to the current proposals in the Governor's supplemental budget.

Vice Chairman Finelli asked Director Karpinski what kind of impact the system would experience if any of the proposals made by the Governor came to fruition. Director Karpinski told the Board that the infusion of potentially 3,000 additional retirement applications would certainly strain the system since it currently processes about 1,200 applications annually. The Director said the system would employ group counseling sessions in order to expedite application processing. He said the processing time would be dependent on the complexity of modifications that ultimately are legislated. That said, the Director told the Board that if a change transpired by the end of the fiscal year, he felt the additional applications, in addition to the volume of Teacher applications that are processed during the summer, would be completed by November.

V. Administrative Decisions

(None)

VI. Approval of the February pensions as presented by ERSRI

A motion was made by Linda C. Riendeau and seconded by John P. Maguire and it was unanimously

VOTED: To approve the February pensions as presented.

VII. Legal Counsel Report

Attorney Michael P. Robinson informed the Board that no new cases had been initiated against the Employees' Retirement System in Superior Court this month. He apprised the Board of the progress he had been making in closing old cases. Mr. Maguire asked if the Providence Coaches matter had been settled. Director Karpinski informed him that the legal matter was resolved and that roughly 85% of the administrative processing was complete.

Attorney Robinson then apprised the Board of potential litigation regarding the Jeanne Rossi v. ERSRI matter. He recommended the Board convene in Executive Session as noted on the posted agenda.

A motion was made by Daniel L. Beardsley and seconded by Roger P. Boudreau and it was unanimously

VOTED: To convene in Executive Session pursuant to Rhode Island General Laws §42-46-5(2) to discuss potential litigation on the Jeanne Rossi matter.

Mr. Boyce recommended the Board move the matter to the end of the agenda in order to accommodate the audience present. The Board agreed and then on a motion by Michael R. Boyce and seconded by John P. Maguire it was unanimously

VOTED: To move the Executive Session to the last item on the agenda.

Mr. Maguire apprised the Board that he had received the requested statutes regarding the withholding of a refund from Soraya Santiago and thanked Attorney Robinson. He recommended that the Board take a look at the statute §11-41-31.

VIII. Committee Report

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as a result of its March 7, 2008 meeting for approval by the full Board:

Name	Membership Group	Type	Action
1. Cindy Collins	Municipal	Accidental	Deny
2. Ivonne Santilli	State	Accidental	Approve
3. Thomas Schiavetti	State	Accidental	Table
3A. Debra Pacheco	Teacher	Accidental	Approve
3B. Virginia Lewis	State	Accidental	Table
4. James Quirk	Municipal	Accidental	Approve
5. Diane Luther Baxter	Teacher	Ordinary	Table
5A. Eugene Beuparlant	Municipal	Ordinary	Approve
6. Janet Gareau	State	Ordinary	Approve
7. Karl Swanson	State	Ordinary	Approve
8. Lillian Rivera	Municipal	Accidental	Deny
9. Lucille Desjardins	State	Accidental	Deny
10. Brian Castro	State	Accidental	Table
11. Patricia Logan	State	Accidental	Table
12. Cindy Conti-Cook	State	Accidental	Table

On a motion by Michael R. Boyce and seconded by Mark A. Dingley it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, March 7, 2008 on item 3A.

John P. Maguire recused himself from item 3A.

On a motion by Michael R. Boyce and seconded by Louis M. Prata it was unanimously
VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, March 7, 2008 on item 12.

John J. Meehan recused himself from item 12.

On a motion by Michael R. Boyce and seconded by Mark A. Dingley it was unanimously
VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, March 7, 2008 on items 1,2,3,3B,4,5,5A,6,7,8,9,10 and 11.

IX. New Business

Attorney Dingley informed the Board of potential litigation for ERSRI to take a lead plaintiff action in a securities litigation matter. He said several law firms, which have been in place since last December when the Treasurer came into office, monitor securities cases where ERSRI could experience large losses in a particular investment. The firm would then make a recommendation to take a lead or named plaintiff status. Security Capital Assurance Ltd. is such a case where the company went to a public offering and had a very substantial portfolio of sub-prime debt. One of the fund managers for ERSRI invested a substantial amount into Security Capital Assurance Ltd. at \$32 dollars per share. Because Security Capital Assurance Ltd. did not disclose their sub-prime holdings, the price of the stock subsequently dropped to about one dollar per share after the sub-prime mortgage crisis. ERSRI has the largest loss of any investor at about \$4.5 million dollars. The counsel that reviewed the matter had recommended that ERSRI apply for lead plaintiff status. Attorney Dingley believed that because ERSRI has the biggest loss, it may be named lead plaintiff. He said the other entity looking to be named lead plaintiff is a Hedge Fund. However, Attorney Dingley informed the Board that Courts tend to favor public funds. He apprised the Board that he is in the process of preparing the application to become lead plaintiff and requested approval by the Board to continue to pursue the application.

On a motion John P. Maguire and seconded by Roger P. Boudreau it was unanimously
VOTED: To proceed with the application in applying for Lead Plaintiff in the Security Capital Assurance Ltd. Litigation.

There being no further new business, the Board, as voted earlier, went into Executive Session to discuss the potential litigation on the Jeanne Rossi v. ERSRI matter.

On a motion made by John P. Maguire and seconded by Linda C. Riendeau it was unanimously

VOTED: To return to Open Session.

Vice Chairman Finelli announced that no votes had been taken during the Executive Session and on a motion made by Linda C. Riendeau and seconded by Frank. R. Benell, Jr. it was unanimously

VOTED: To seal the minutes of the Executive Session.

X. Adjournment

There being no other business to come before the Board, on a motion by Rosemary Booth Gallogly and seconded by Frank R. Benell, Jr. the meeting adjourned at 10:00 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director