



Employees' Retirement Board of Rhode Island
Monthly Meeting Minutes
Wednesday, December 14, 2011
9:00 a.m.
2nd Floor Conference Room, 50 Service Avenue

The Monthly Meeting of the Retirement Board was called to order at 9:00 a.m. Wednesday, December 14, 2011, in the 2nd Floor Conference Room, 50 Service Avenue, Warwick, RI.

I. Roll Call of Members

The following members were present at roll call: General Treasurer Gina M. Raimondo, Vice Chair William B. Finelli, Gary R. Alger; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; M. Carl Heintzelman; Susan K. Rodriguez designee for Richard A. Licht; John P. Maguire; John J. Meehan; Wayne T. Hannon designee for Thomas A. Mullaney; Louis M. Prata, and Jean Rondeau.

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

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

II. Approval of Minutes

On a motion by Frank R. Benell, Jr., and seconded by Roger P. Boudeau, it was unanimously

VOTED: To approve the draft minutes of the November 9, 2011 meeting of the Employees' Retirement System of Rhode Island Board.

III. Chairperson's Report

Treasurer Raimondo welcomed Board members to the "new home" in Warwick for the Employees' Retirement System of Rhode Island. She said the move was a smooth transition and extended her thanks to the staff for their planning efforts over the past few weeks. She reiterated that there is ample parking which is good for customer service.

The Treasurer provided an investment update on the current pension assets under management which were approximately \$7 billion. She said the year-to-date fiscal return was 1.37%; and the trailing 12-month return was 5.2%.

On Monday, December 12, 2011, Treasurer Raimondo said the RFP for the Defined Contribution plan went public on the Treasury website; she said General Counsel Mark Dingley, Esq. and Andrew Marcaccio, Esq., from her office, will be coordinating the effort. She said there will be a series of public meetings and a bidder's conference in January as well as the State Investment Commission meetings which will be posted on

the Treasury website. The Treasurer said she welcomes the interest if Board Members choose to attend.

IV. Executive Director's Report

Director Karpinski welcomed Board members to the new location and said Board members were in possession of the Pension Application Report, the Disability Report, the 2012 Retirement Board/Disability Subcommittee calendar, a contact list with new phone numbers for ERSRI management and a letter from Gabriel, Roeder, Smith and Company (GRS), dated December 8, 2011 and addressed to the Retirement Board, that supplements the information inside the board book regarding the certification of contribution rates based on the Rhode Island Retirement Security Act of 2011.

Director Karpinski then updated the Board on the status of the Board Election; he said the ballots are scheduled to be delivered to the post office on December 30, 2011 for mailing and should be in the hands of members shortly after. He said the entire month of January is available for voting and ballots must be postmarked by January 31, 2012. The Director said ballot counting is scheduled for February 3, 2012 (in the event of inclement weather, the date will be February 5, 2012) at the Board of Elections and candidates are welcome to attend.

Lastly, Director Karpinski said that consistent with Rhode Island General Law § 36-10-2 - *State Contributions*, and the enacted changes, the previously approved contribution rates, as a result of the June 30, 2010 valuation, must be re-certified by the Board. He said enclosed in the board book is an analysis from GRS addressed to Chairman Helio Melo of the House Finance Committee and Chairman Daniel DaPonte of the Senate Finance Committee dated November 14, 2011. The Director said the rates contained in that analysis will become effective July 1, 2012 and will need to be certified by the Board. Treasurer Raimondo then asked for a motion to certify the contribution rates as prescribed in the referenced analysis. On a motion by Wayne T. Hannon and seconded by Gary R. Alger, it was unanimously

VOTED: To re-certify the contribution rates for fiscal year 2013 contained in the analysis from GRS addressed to Chairman Helio Melo of the House Finance Committee and Chairman Daniel DaPonte of the Senate Finance Committee dated November 14, 2011, based on the Rhode Island Retirement Security Act of 2011.

V. Administrative Decisions

Disability Appeal – Anne L. Melvin vs. ERSRI

Included in the board books, under separate cover, were the Findings of Fact as concluded by the Disability Subcommittee, transcripts from the appeal to the Disability Subcommittee, medical and supporting information for the matter of *Anne L. Melvin vs. ERSRI*.

The Treasurer asked if consistent with Regulation Number 4, *Rules of Practice and Procedure for Hearings*, there were any written briefs, legal memoranda, or exceptions to the conclusions and recommendation of the Disability Subcommittee which must have been submitted to the Executive Director not later than 10 days prior to the

hearing. Director Karpinski apprised the Board that there was additional information provided from the appellant's attorney and it was included in Board members' books.

Treasurer Raimondo said that pursuant to ERSRI's regulations, each party to the proceeding has the right to appear and to make oral arguments before the Retirement Board. She apprised the appellant that this is not an opportunity to present new factual material or evidence to the Board. She said the Board affords deference to the conclusion of its Disability Subcommittee on factual determinations and questions of credibility and will not overturn those determinations and assessments unless they are found to be clearly wrong.

The appellant was sworn in. Attorney Robinson then provided a synopsis of the *Anne L. Melvin vs. ERSRI* matter. Attorney Mark P. Gagliardi, represented Ms. Melvin. There being a stenographer present, the parties presented their cases.

At the conclusion of the hearing a motion was made by Jean Rondeau and seconded by M. Carl Heintzleman to affirm and adopt the recommendation of the Disability Subcommittee to deny Ms. Melvin's application for accidental disability benefits. A roll call was taken. The following members voted Yea: General Treasurer Gina M. Raimondo; William B. Finelli; Gary R. Alger; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; M. Carl Heintzleman; Susan K. Rodriguez, designee for Richard A. Licht; John P. Maguire; Wayne T. Hannon, designee for Thomas A. Mullaney; Louis M. Prata and Jean Rondeau. The following member voted Nay: Michael R. Boyce.

There being 13 votes cast, 12 voted in the affirmative, and 1 nay, consistent with Rhode Island General Laws §36-8-6, *Votes of the Board -- Record of Proceedings*, there being a majority vote of the members present and voting at which a quorum is present, it was then

VOTED: To affirm and adopt the recommendation of the Disability Subcommittee to deny the application for accidental disability benefits in the matter of Anne L. Melvin vs. ERSRI.

John J. Meehan recused himself from this matter.

VI. Approval of the November Pensions as Presented by ERSRI

On a motion by Gary R. Alger and seconded by Louis M. Prata, it was unanimously

VOTED: To approve the November pensions as presented.

Mr. Maguire asked a follow up question to Director Karpinski if contact was made to pending retirees who are in the process of retiring and have chosen the social security retirement option (SRA Plus) regarding any allowances to permit those members to amend their option selection, given the enactment of new legislation. Director Karpinski said letters were sent to members with pending applications who selected the SRA Plus option.

VII. Legal Counsel Report

Attorney Robinson apprised the Board with respect to a decision from Judge Gallo in the *Zambarano vs. ERSRI* matter, and he recommended that the matter be placed on next month's agenda so the Board could have an opportunity to consider whether or not to take an appeal of any portion of the decision.

Attorney Robinson then addressed two inquiries from last month's meeting. The first related to the role of the Retirement Board as a trustee under the new Defined Contribution Plan. Attorney Robinson and General Counsel Mark Dingley reviewed the language and intent of the new statute establishing the DC plan, which charges the State Investment Commission with selecting the plan's investment manager and determining investment options, in contrast to the Retirement Board's role as trustee and plan administrator. The members of the Retirement Board discussed the Board's role as trustee under the statute, and its anticipated duties with respect to administration of the DC plan.

Attorney Robinson next discussed the question presented last month by Mr. Boudreau regarding the legal status of the documents completed by members at the time of retirement related to the SRA Plus benefit option and whether they created a contract. Attorney Robinson said the forms signed by members do not create a legally binding contract between a member and ERSRI. He said the document indicates that the figures are estimates only.

VIII. Committee Reports

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications for approval by the full Board as a result of its meeting on December 9, 2011:

Name	Membership Group	Type	Action
1. Susan Petrarca	Teacher	Ordinary	Postpone
2. Joanne Palazzo	Municipal	Accidental	Approve
3. Robert Cahill, Sr.	State	Ordinary	Postpone
4. Raymond Hoyas	State	Ordinary	Postpone
5. John Czajkowski	State	Ordinary	Approve
6. Donald Cala	Teacher	Ordinary	Approve
7. Rosemary Oliver	Municipal	Ordinary	Approve
8. Linda Markey	Municipal	Ordinary	Approve

