

Minutes of the January 13, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on January 13, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 10:20 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, James F. Mahoney, Marcia B. Reback, Edna M. Snow, Jerome Williams\* and Nancy J. Mayer. \*designee for Harry Baird.

After the roll call Mrs. Mayer requested that the members introduce themselves and state their positions with the Retirement Board.

The minutes of the December 9, 1992 Retirement Board meeting were unanimously approved by voice vote on a motion by Edna Snow and seconded by James A. Gillis.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Edna Snow and seconded by Marcia Reback. Upon coming out of Executive Session Jerome Williams moved and Louis Ciaramello seconded the motion to approve the Disability report and that the issues relating to Patricia Hoag be handled administratively. Motion passed unanimously on a voice vote.

Legal Counsel Report: Angelica Gosz, Legal Counsel, updated the Board on issues regarding the domestic relations orders that we have received. She stated that she and Jim Reilly will be meeting with Judge Jeremiah to see how the Retirement System will process the requests specifically regarding pro rating the Retirement Benefits.

Old Business: James Gillis moved that the motion regarding sending a representative to a Washington Seminar pertaining Optical Imaging be brought back to the table. The motion was seconded by Marcia Reback and passed unanimously. The motion was then opposed unanimously by voice vote. Mrs. Mayer stated that she would like Stephen Palmer, Deputy General Treasurer for Administration to become familiar with the Retirement System. It was then requested that Mr. Palmer meet with Mr. Reilly, Mr. Williams and Mr. Morrissey to discuss the technical needs of the System with regard to Optical Imaging. The committee also included James Mahoney.

Continued Old Business: Mrs. Snow, Chairman of the Properties Committee, brought up the matter of new quarters for the Retirement System. She stated she wanted to bring the issue before Mrs. Mayer. Mrs. Mayer stated the matter is on the top of her list because of the inadequacy of the 40 Fountain Street quarters, and because of the amount being paid for its use. She would like to eventually see all of Treasury contained in one area.

New Business: Mr. Ciaramello reported on behalf of the Disability Committee pertaining to reviewing Accidental Disabilities. He also presented a "Continuing Statement of Disability" form that is sent out to retirees on Disability pension to review their disabilities in case they are able to go back to work. The Board stated they would like the process to be uniform and that everyone would be treated according to a specified criteria. It was decided that Administration would examine the form and report back to the sub-committee.

Mr. Beardsley questioned when the Board would receive the Assumptions from Mercer so they can vote. Mrs. Mayer stated they would be sent out

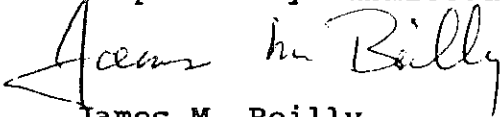
immediately.

Marcia Reback moved and Edna Snow seconded the motion that the actuary be invited to appear at the next meeting. The motion passed unanimously by voice vote.

Good and Welfare: Marcia Reback brought up the situation of parking for the Board meetings and requested that the meetings start at 9:00 a.m. in the future. Mrs. Mayer stated the request would be surveyed to see if that time would be acceptable to the Board. If all members are in agreement, all future meetings will begin at 9:00 a.m.

There being no further business to come before the Board the meeting was adjourned at 12:05 p.m.

Respectively submitted,

A handwritten signature in cursive script that reads "James M. Reilly". The signature is written in dark ink and is positioned above the typed name.

James M. Reilly  
Acting Director

vlp

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Minutes of the February 10, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on February 10, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 10:10 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, William B. Finelli, James A. Gillis, Gaston Langleis, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer.

The minutes of the January 13, 1993 Retirement Board meeting were unanimously approved by voice vote after being amended to add the name of James Mahoney to the group designated to study Optical Imaging on a motion by James Mahoney and seconded by James Gillis.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Daniel Beardsley and seconded by Marcia Reback. Upon coming out of Executive Session William Finelli moved and James Gillis seconded the motion to approve the Disability report. Motion passed unanimously on a voice vote. Please note: (Executive Session minutes reported separately and maintained in the office's of the Retirement System.

New Business: The William Mercer Company, represented by Barry Gilman and Frank Mangione, reported to the Board on the Annual Evaluation for the Rhode Island State Employees and Teachers Plan. After explaining the different Exhibits of the "hand out" to the Board, a lengthy question and answer period was held. Upon completion James Mahoney moved and Virgil Almeida seconded the motion to reject the report of the Employer contribution rates of Mercer Company and also ask that as part of the motion that Mrs. Mayer appoint a select sub-committee to review the build-up of all the numbers that were used in the report and the sub-committee and Mercer Company report back next month with the final report of contribution rates. The motion was seconded by Marcia Reback, after brief discussion the motion passed 10 to 2 with Mrs. Mayer and Mr. Morrissey opposing. Mrs. Mayer appointed a sub-committee consisting of Mr. Williams, Mr. Beardsley, Mr. Mahoney & Mrs. Snow. Mrs. Mayer will also serve on the committee. After interest was shown by the Board, the Mercer Company will come to a mini-seminar to explain the workings of the actuary. A sign up sheet will be available.

Legal Counsel Report: Angelica Gosz, Legal Counsel, updated the Board on the procedure of the Disability Committee in determining those on disability pensions.

Status Report - State Investment Commission: Mrs. Mayer stated it is her intentions to keep the Board better informed as to what the Investment Commission is doing, and she will report to the Board monthly. Mr. Morrissey reminded the Board that a resolution had been passed by the Board that it would like an employee member placed on the Investment Commission and that the Board would transmit a letter to the Speaker of the House and the Majority Leader of the Senate in this legislative session so that they would know that the sense of the Board was to have an employee member added to the Investment Board. Now that the new Speaker selected it was suggested that the letter be sent. Marcia Reback requested that Mrs. Mayer meet with interested members of the Board for an in depth discussion regarding the Investment

Old Business: Search Committee for Director - Mrs. Mayer apologized to the Board for holding up the search for the Director as she wanted to examine other alternatives which might save the state \$25,000. Mr. Stephen Palmer, Deputy Treasurer for Administration, was introduced to explain the alternatives he has examined and his background in being involved in various search committees. Upon completion of Mr. Palmer's address, Mr. Mahoney stated that the Board has already approved a contract with the Management Search of Rhode Island, Inc. and moved that it be delivered to them by the end of the day and that the appropriate monies that were agreed to be forwarded to them at the earliest possible time. The motion was seconded by Michael Boyce and passed unanimously with Mrs. Mayer abstaining.

Continued Old Business: Steve Cooper of the Bureau of Audits gave a status report on the special benefits audit and stated that they will be able to meet the time schedule of March 15, 1993. The cost will subsequently be around \$50,000.

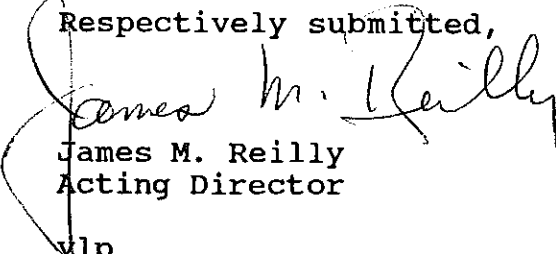
Mrs. Mayer stated that she has reviewed the lease at 40 Fountain Street and that after she meets with the partnership she will report back to the Board.

Communications: On a motion by Marcia Reback and seconded by James Mahoney it was moved to go into Executive Session. Upon coming out of Executive Session Marcia Reback moved and Edna Snow seconded a motion to grant hearings for Joseph L. Tracey and Patricia M. Hoag. Motion passed unanimously.

Good & Welfare: It was requested by Marcia Reback to have someone look into the matter of hassle-free parking for the Retirement Board on the day of their meeting. It was stated that they are to park in the upper-lot.

There being no further business to come before the Board the Marcia Reback moved and Edna Snow seconded the motion to adjourn at 11:35 p.m.

Respectively submitted,

  
James M. Reilly  
Acting Director

vlp

## Minutes of the March 10, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on March 10, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer.

The minutes of the February 10, 1993 Retirement Board meeting were unanimously approved by voice vote after being amended to include "and maintained in the office's of the Retirement System", after Executive Session minutes reported separately, on a motion by James Mahoney and seconded by Louis Ciaramello. Legal Council will review the law concerning Executive Session minutes and check court cases on open records.

Mrs. Mayer introduced Stephen O'Neill, Esq., the newly appointed Legal Council and he gave a brief synopsis of his experience. Mrs. Mayer also had the Board sign a letter to Angelica Gosz, Esq., thanking her for her dedicated service to the Board.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Edna Snow and seconded by Mr. Ciaramello. While in Executive Session the hearings for Patricia M. Hoag & Joseph L. Tracy were held. Upon coming out of Executive Session Marcia Reback moved and Mrs. Snow seconded the motion to approve the Disability report. Motion passed unanimously on a voice vote.

After a brief explanation of Accidental & Ordinary Disabilities it was moved by Marcia Reback and seconded by Mr. Ciaramello to refer Ms. Hoag's case back to Administration for written procedural purposes denying her the right to apply for Accidental Disability. Motion passed unanimously on a voice vote.

Marcia Reback moved and Edna Snow seconded the motion to allow Dr. Tracy to purchase service credits for the period of 1990 and 1991. Motion passed on a show of hands with Mr. Ciaramello voting against and Mr. Mahoney and Mrs. Mayer abstaining.

Legal Counsel Report: Stephen O'Neill, Legal Counsel updated the Board on two court cases pending. One case is Lombardi vs. Lombardi. In this case the Court has ordered the Retirement System to pay one half of Mr. Lombardi's pension to his spouse, and that she has questioned whether she should be given the opportunity to elect some other form of pension. She feels she should receive some sort of benefit after his death. He also referred to the Qualified Domestic Relations Order Procedure which was passed out. The Federal Law requires that any plan have in place how the QUADRO procedures are to be carried out. Marcia Reback moved and Edna Snow seconded the motion to adopt the written procedure as presented by Mr. O'Neill to deal with the Qualified Domestic Relations Orders.

Marcia Reback moved that Legal Council look into whether or not the state is obligated under Federal Laws to make payments to the Retirement Fund. Motion was seconded by Mrs. Snow and unanimously

passed by voice vote.

Status Report - State Investment Commission: Mrs. Mayer gave a brief update on the activities of the Investment Commission.

Old Business: Mrs. Snow moved and Mr. Mahoney seconded the motion to approve the Employer Contribution Rates. The motion passed unanimously on voice vote.

Continued Old Business: Mrs. Snow inquired as to whether there has been any further information regarding the building at 40 Fountain Street. Mrs. Mayer has met with the owners of the building. She stated that they were looking for a five year extension of the lease. Marcia Reback requested an overview of what portion of the \$11 million rent for the five years is being charged to Retirement. Mrs. Mayer requested that Mr. Palmer will be looking into the matter. Marcia Reback also stated that a codification of all the policies of the Board requested in a motion and has never been carried out. She would like to know if there are monies available to carry out the request.

Mr. Ciaramello inquired into the Newsletter and the Board was informed that a new issue would be coming out shortly.

Mr. Palmer reported on the progress of the search for the Executive Director. Mrs. Mayer requested of the Board to allow Mr. Palmer to perform management assistance to Management Search, Inc. Ads have been run as of Sunday, March 7th, 1993, plus a search is being conducted in investment papers, pensions funds and areas connected with recruiting Executive Directors.

New Business: After a lengthy discussion regarding the pensions of certain individuals receiving Workers' Compensation along with retirement pensions, Marcia Reback moved that the pensions in total, be reinstated until the Board has time to discuss the issue and decide if it supports a retroactive application of the law, a prospective application of the law or keeping the interpretation of the law that has been in force. Motion passed with a 6 to 5 vote. A special meeting to discuss the issue was scheduled for March 19, 1993 at 9:00 a.m.

Mr. Mahoney then moved that the Board support two pieces of legislation being presented, specifically 93-H5742 and 93-H6395 and reject 93-H6864. Motion passed with Mr. Williams and Mr. O'Keefe abstaining and Mrs. Mayer voting against the motion.

Marcia Reback inquired as to when the Board would receive a digest of the retirement laws. Mr. Reilly stated they would be passed out at the next Board meeting.

Good and Welfare: Mrs. Snow informed the Board members that the husband of Frances Campbell had past away.

There being no further business to come before the Board the meeting was adjourned at 12:45 p.m.

Respectfully submitted,

James M. Reilly  
Acting Director

Minutes of the April 14, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on April 14, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:15 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Kenneth Brown, designee of Antonio J. Pires, Louis Ciaramello, C.L.U., James A. Gillis, Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer.

The minutes of the March 10, 1993 Retirement Board meeting, March 19, 1993 and April 12, 1993 Special meetings were unanimously approved after correcting the wording of Worker's Compensation in the March 10th minutes, on a motion by Edna Snow and seconded by Marcia Reback.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Edna Snow and seconded by Mr. Ciaramello. Upon coming out of Executive Session on a motion by Ms. Reback and seconded by Mr. O'Keefe, Ms. Reback moved and Mr. Gillis seconded the motion to approve the report of the Disability sub-committee subject to Mr. Reilly reviewing the applications to ensure that any offsets that should apply are in force. After reassuring the committee that their judgement was not being questioned, but that because of the issues of the past month Mr. Reilly is just acting as a precaution to make sure all offsets are in place that should be, the motion passed unanimously on a voice vote.

Legal Counsel Report: Stephen O'Neill, Legal Counsel updated the Board on whether or not discussing the Disabilities recommendations in an open meeting destroyed the confidentiality of the minutes relating to the disability hearings themselves that were conducted by the Disability Committee, he stated they were not as long as the minutes themselves are not read into the meeting and as long as no discussion of the physical or mental condition is included in the report. Secondly, dealing with the Rhode Island General Laws dealing with access to public records state that public records can be inspected and copied by any member of the public. There are numerous exceptions to the definition of public records and included in these exceptions are any minutes of a meeting of a public body which are not required to be disclosed pursuant to the open meetings law. So as long as the minutes of the disability meeting are not disclosed in the public portion of the meeting, the minutes of the executive session are not subject to disclosure but must be kept under separate cover.

Mr. O'Neill also stated he received a letter from the Northern Rhode Island Conservation District on behalf of the Rhode Island Association of Conservation Districts stating they are a quasi-public organization and they wish to offer the employees of their organizations some type of retirement plan and they were wondering if they could join the state retirement plan. There isn't anything in the state retirement plan that would allow them to come in. It was suggested that the burden be put on them and that if they feel they should be part of the plan to provide the state with legal opinion that spells out the reasoning for their being a part of the system. Mr. O'Neill then stated that he will update the Board on the Perrotti case at the next meeting.

Status Report - State Investment Commission: Mrs. Mayer gave a brief update on the activities of the Investment Commission.

Old Business: Executive Director Search Committee: James Meyer, Exec. Director and Doug Stearns, Assoc. Manger of the Management Search, Inc. updated the Retirement Board on their progress in searching for the new Executive Director for the Retirement System. Their target date for a list of finalists is April 23. They have contacted candidates on the East Coast and as far as Michigan. They have processed at least 300 resumes. They will be presenting the best six or seven candidates that will benefit from the \$62,300 salary offered. There will also be a second tier of candidates to consider. After a brief question and answer period Mr. Meyer then made suggestions to the Board as to how the Board should interview the candidates, possibly three or four members for a Select Committee and then target dates for the interviewing process. He also suggested that procedures be set before the Board starts to interview.

Mr. Beardsley moved that an ad hoc committee be formed comprised of members of the Retirement Board to conduct, as has been recommended by Management Search Inc., interviews with the list of candidates pursuant to whatever schedule may be presented to the ad hoc committee, plus subsequent to today's meeting until such time as Mrs. Mayer determines as Chairman of the Board, that members of the Retirement Board express to Mrs. Mayer, either verbally or in writing, their desire to serve on the committee, she will then select from that group by her authority to do so pursuant to the General Laws. The motion was seconded by Marcia Reback and passed unanimously by show of hands.

Dan Beardsley then moved that the ad hoc committee, once formed, have the authority to work with Management Search, Inc., and develop the procedures and time table. The motion was seconded by Edna Snow and passed unanimously by voice vote.

Continued Old Business: Mrs. Mayer then introduced Special Counsel Lynette Labinger to present to the Board a draft set of Rules and Regulations for 36-10-31 Offset Proceedings. (see attached) After questions from the Board were answered by Ms. Labinger, the issue that a preliminary motion to wave a seven-day requirement for the amendment of the Rules and Regulations may be needed. Mr. Williams then moved to suspend the seven day rules for purposes of adopting emergency rules and Mrs. Snow seconded the motion. Motion passed unanimously by voice vote. Mr. Beardsley moved and Edna Snow seconded the motion that the Retirement Board adopt the Rules and Procedures as have been proposed which shall govern all proceedings to review and or implement the actions of the Retirement Board as they may relate to offset proceedings. After discussion on the motion regarding verification of receiving mail, question of faulty advise, number of hearing officers, clarification of several portions of the document, friendly amendments by Marcia Reback to substitute in line 4 of paragraph 9 the words of "the parties" in place of "Retirement Board or the individual" and upon adoption modify #1 by adding "only" between "shall" and "apply" in the first sentence, upon voting on the question which included the two friendly amendments, the main motion was voted on as amended and passed unanimously by voice vote. Ms. Labinger was thanked by Mrs. Mayer on behalf of herself and the Board for her excellent work on the Rules and Regulations.

Mrs. Snow requested that the subject of Bills 93-H 6395 & 93-H 5742 be put on the agenda for the next meeting for reconsideration.

New Business: Mr. Frank Mangione of the William Mercer Company presented to the Board the Rhode Island Municipal Plan Valuation (see attached). He recommended the Board recognize market value rather than book value and asked the Board to take two steps, one, to vote the methodology for



recognizing market value so they can get from book to market and two, authorize Mercer to adopt these changes applicable to the current valuation which is actually for the 1994-95 fiscal year and if against the rules, adopt for 1993-94 year. Mr. Mangione spoke on the smoothing going from originally 10 years, to five years and now to three and also on the differences of town contributions and employee contributions. Mr. Beardsley then moved adoption of the actuarial valuations of 1991 for fiscal year 1993-1994. Ms. Reback seconded the motion which passed unanimously by voice vote. Ms. Reback did express concern regarding the issue that should the decision have to come before the Board that would negatively impact on a municipality, that before the Board took action the Board would communicate with the municipalities and give them the opportunities to relay their feelings to the Board through Mr. Beardsley.

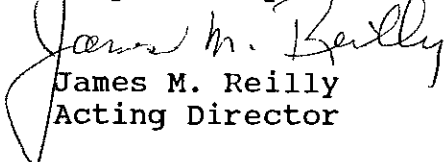
Other New Business: Ms. Reback then moved that the Treasurer's Office be authorized to solicit bids from actuarial firms with respect to 36-12-2 sub-paragraph C, which is the actuarial evaluation of the restricted fund for purposes of health care benefits. The motion was seconded by Mr. Williams. The question as to who is going to pay for the evaluation and it was general consensus that the Retirement Board would have to pay for it. A friendly amendment was added that the Retirement Board would pay for it. The motion passed unanimously by voice vote.

Ms. Reback then requested that the subject of how much of the Retirement System is supporting what percentages of the Treasury functions be put on the agenda. Also she and Mrs. Snow have requested that the minutes be researched to categorize policies and when they came about and requests some type of progress report be given at the next meeting. Mrs. Mayer suggested that the policies adopted in the minutes be listed on paper so that they could be studied and that Mr. Reilly and Mr. Palmer are presently initiating work on the project. Mr. Palmer stated that they would be reporting back to the Board on its progress monthly.

Communications: Mrs. Snow moved and Marcia Reback seconded the motion that hearings be granted to Sharon Lyman and Frederick Talbot at the next meeting. The motion passed unanimously by voice vote.

There being no further business to come before the Board the meeting was adjourned at 12:40 p.m.

Respectfully submitted,

  
James M. Reilly  
Acting Director

vlp

Minutes of the May 12, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on May 12, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:00 a.m. by Marcia Reback, Vice Chairperson.

The following members were present: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Michael O'Keefe, Edna M. Snow, Jerome Williams and Marcia B. Reback.

The minutes of the April 12, 1993 Retirement Board meeting unanimously approved on a motion by James Mahoney.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Edna Snow and seconded by Mr. Ciaramello. Upon coming out of Executive Session it was moved by Mr. Ciaramello and seconded by Mr. Gillis to approve the pending applications from the May Disability meeting that had been checked for offsets, the motion passed unanimously on a voice vote. Mr. Ciaramello then moved and Mr. Gillis seconded a motion to accept the May Disability Report as presented by the Committee. That motion also passed unanimously by voice vote.

Legal Counsel Report: Stephen O'Neill, Legal Counsel gave a brief report to the Board as a follow-up to the inquiry from the Northern Rhode Island Conservation Districts and stated he replied to them and suggested that they have their legal counsel look into the matter to determine whether or not the association could come under the Employees' Retirement System. Mr. O'Neill then updated the Board on the Perrotti case stating that Loren Jones, Esq., who is handling the case for the Board, has entered an appearance and it is in the Supreme Court. The Supreme Court has requested pre-briefing statements and they will be filed by Mr. Jones and Mr. Perrotti's attorney before the 17th of May to preserve their right for appeal. It is unlikely that this case will be heard before the Fall. Mr. O'Neill stated that he has entered appearances in all other legal matters to make sure that the System is covered either by himself or another attorney acting on his behalf. Mr. Mahoney questioned whether Mr. Jones' name had ever been brought before the Board to represent the Board in the Supreme Court. Ms. Binder stated it had not and Mr. O'Neill stated that his expertise is not as a trial attorney and in order to have the Board represented, the Treasurer had hired Mr. Jones to represent the Board in this matter. Mr. Mahoney then stated he would object should Mr. Jones not meet the guidelines established for hiring consultants by the State or any of its subsidiary agencies. He felt this item should have been brought before the Board with knowledge that it would not exceed the limits set by the State Purchasing Act which the Board must operate under or establish rules and regulations concerning the purchase of services. Ms. Reback asked for verification that the issue the Board is concerned with in the Perrotti Case is whether or not the Retirement Board must provide a hearing to Mr. Perrotti. Mr. O'Neill confirmed same. Mr. Ciaramello then requested that the Disability Committee have legal counsel at its meetings. Mr. O'Neill assured the Board either he or his representative would be present at future Disability meetings at 9:00 a.m. the Friday before the monthly Retirement Board Meetings.

Status Report - State Investment Commission: Due to the absence of the General Treasurer the report was by-passed.

Old Business: Mrs. Snow moved that the position the Board took on Bills

93-H 6395 and 93-H 5742 be reconsidered at this time. After reassuring Mr. Mahoney that Mrs. Snow was on the prevailing side of the vote Mr. O'Neill stated that the motion should be to rescind, not reconsider. The motion was then revised to read, "rescind" its position on the two pieces of legislation. Mr. Beardsley requested an explanation of the two bills and then moved that the motion be put to the bottom of the agenda until he and others have time to review the two bills. The motion was seconded and passed to move the motion to a later part of the meeting.

New Business: Mr. Mahoney requested a discussion on the Bureau of Audits audit. Mr. Steven Cooper then introduced members of Simmons and Associates, the actuaries that assisted in the compilations of the report, and members of his staff. Mr. Mahoney then questioned several areas of the report and had concern that the public impression of this report might be clouded. He then asked what the dollar estimate of the report would be. Mr. Cooper stated it was estimated to be \$50,000. The actuary was a flat rate of \$15,000. After a lengthy question and answer period on the report, Mr. Mahoney requested an extension of 15 days so that legal counsel could make an appropriate response to the audit and Ms. Reback stated that she felt 15 days was not long enough and requested that the discussion of possible responses be placed on the next agenda and that a draft response be drawn up by the Treasurer and Legal Counsel.

Other New Business: Mr. Mahoney then questioned the RFP Audit Services put out to bid by State Purchasing and State Audit on behalf of the Retirement Board of the Employees' Retirement System. He then asked of Mr. Reilly how many records are in the System. Mr. Reilly stated there are about 50 thousand records in the office and that 30 to 40 thousand would have to be looked at because the audit will take into consideration any type of service that was either purchased or bestowed on someone other than the actual time a person contributed to the Retirement System. Each folder would have to be pulled to determine if any action was taken by the employee. Mr. Mahoney then questioned that at over \$300 an hour, at an hour a folder, is the Board prepared to pay out this sum of money. Mr. Williams made note that the Board has not been requested to fund the audit and should there be any request for funding, it would be placed on the agenda and brought to the Board. He also stated that it is subject to available funds. At present they are looking to find out what the cost of a full audit of the special benefits would be. Ms. Reback stated that the consensus of the Board is that action should not be taken on behalf of the Retirement Board without first being brought before the Board for authorization. Mr. Beardsley stated that in the past, actions of the "Retirement System" have been unjustly reported as actions of the "Retirement Board". Ms. Reback stated further that the Board's role is to empower the System to set benefits, should there be a discrepancy in a decision, the Board would rule for or against the appeal, also set the interest rate as recommended by the actuary and should not be accountable for decisions made by Administration or the General Assembly. Ms. Reback also stated that the Treasurer and her staff strenuously objected to the RFP going forward. The Treasurer did feel however, that at some point a performance audit should be done of the System once the new Executive Director was appointed, subject to approval of the Board. Mr. William's then requested that any further comments relating to the RFP be forwarded to him in writing.

Other New Business: Mr. Ciaramello then moved that the actuary look into increasing the amount of Accidental Death Benefits to a minimum of 66 2/3% for state workers. The motion was seconded by Mrs. Snow. Mr. Beardsley felt that the actuary would not be the proper source for recommendations. Mrs. Snow then moved to table the motion to be put on the agenda of the

next regular meeting. Motion passed unanimously by voice vote. Mr. Ciaramello then brought up the problem of the telephone system at Retirement. Mr. Reilly stated that the problem is being looked into so that it will be more efficient to the people of Rhode Island.

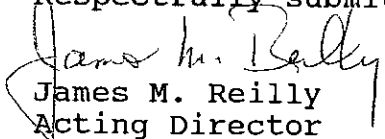
Mr. Palmer was then questioned as to the progress of the Executive Director Search. A special meeting has been called for the Retirement Board to establish procedures. After discussion on the Friday date, it was determined by the majority of the Board to hold the meeting on Wednesday, May 19, 1993 at 9:00 a.m. in Room 35 of the State House.

Ms. Reback then questioned Mr. Palmer as to information about the way Retirement Funds are being utilized to administer the System. Mr. Palmer stated that task forces are being set up throughout the Treasury to deal with financial accounts for each of the areas of the Treasury and the Retirement System is included in this. It will give them the ability to track expenses and expenditures. A full report should be expected within three months and then monthly after that. Mr. Mahoney suggested that Statement A and B be used, and he was requested by Ms. Reback to bring them in for explanation at the next meeting.

Mrs. Snow then moved to put the tabled motion back on to the agenda which failed for lack of a seconded.

It was unanimously voted to adjourn at 10:50 on a motion by Mr. Ciaramello and seconded by Mr. Gillis.

Respectfully submitted,

  
James M. Reilly  
Acting Director

vlp

Minutes of the June 9, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on June 9, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:15 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer.

The minutes of the May 12, 1993 Retirement Board meeting and the Special Meeting of May 19, 1993 were approved on a motion by Louis Ciaramello, and seconded by Edna Snow.

Hearings: After Legal Council explained that only job performance or health matters would require executive session for hearings Mr. Talbot and Ms. Lyman's cases were heard.

Mr. Boyce requested to be excused from the matter prior to Edward Gomes, Esq. presenting Frederick C. Talbot's case. After hearing the facts regarding Mr. Talbot's discrepancy with the Retirement System and the COLA benefit he is receiving, Mrs. Mayer asked Mr. Reilly to explain how the Retirement System calculates the benefits, Social Security Option and Cost of Living. Marcia Reback then questioned if possibly the Retirement System has been misapplying their interpretation of R.I.G.L. 45-21-72. She also requested that Mr. Talbot and his counsel be present when the Retirement Board makes their decision as to the application of the COLA. Mr. William's moved and Mr. Ciaramello seconded the motion that Legal Council review the interpretation of the law and report back to the Board with his recommendation at the next meeting. The motion passed on a voice vote.

Legal Counsel Report: Stephen O'Neill, Legal Counsel gave a brief comment as to the request from the Bureau of Audits and stated the matter is still under review. Also, the Qualified Domestic Order, Furia vs Furia, is being briefed before the Supreme Court and he is in the processing of preparing the brief. A recommendation is being considered that new forms for Qualified Domestic Orders be developed and whether the actuary should develop them. Mr. O'Neill will give a further report at the next meeting. Mr. Mahoney then requested that the Retirement Board should be made aware of the status of cases in the future. Mrs. Mayer explained that Mr. Mazaway was hired to work with the Board in the IRS matter. Mr. O'Neill stated that in the future a written status report of all cases will be prepared to be presented to the Board.

Status Report - State Investment Commission: Mrs. Mayer updated the Board regarding an allocation to the Pacific Basin under the old asset allocation model as part of international investing. A new RFP is being readied to go out in a search for a new manager of the Pacific Basin. Within the next few months the State Investment Commission will have an investment manager in the Pacific Basin. Mr. Mahoney moved and Mrs. Snow seconded the motion to accept the State Investment Commission report. The motion passed on a voice vote.

Old Business: Mr. Reilly then responded to the audit of the Special Retirement Legislation. He stated he reviewed the 14 cases that were brought up and found that in two of them a mistake was made by the Retirement System which is being corrected. He is going to write out and explain why he feels the other 12 are correct and in accordance with the

law and will have a complete explanation for the Board at the next meeting. Mr. Mahoney moved and Marcia Reback seconded the motion to accept Mr. Reilly's report and allow him to proceed. Motion passed unanimously on a voice vote.

Hearing: Ms. Lyman, with her legal counsel, read her statement and presented exhibits to the Board regarding purchasing of casual and/or seasonal time. After a brief question and answer period by the Board, On a suggestion from Mrs. Mayer, Mr. Ciaramello moved and Mrs. Snow seconded the motion that the issue of casual and student employment be referred to legal counsel and he will report back his opinion at the next scheduled Board meeting. Motion passed on a voice vote. It was also suggested that all parties concerned be invited back.

Mr. William's suggested that the material regarding hearings should be gotten to legal counsel in a timely manner so he may research the matter and be prepared to comment at the Board meetings.

Committee Reports: The Board then moved into Executive Session to hear the report of the Disability Committee on a motion by Edna Snow and seconded by Marcia Reback. Upon coming out of Executive Session it was moved by Mr. Ciaramello and seconded by Mr. Gillis to approve the pending applications from the May Disability meeting that had been checked for offsets, the motion passed unanimously on a voice vote. Mr. Ciaramello then moved and Mr. Gillis seconded a motion to accept the May Disability Report as presented by the Committee. That motion also passed unanimously by voice vote.

New Business: Mr. Reilly explained the "Request from Cumberland Hill Fire District - 20 Year Plan" and requested that the Board waive the April 1st deadline. Marcia Reback moved to waive the April 1st deadline and allow Cumberland Hill Fire District to adopt the 20 Year Plan at the date it was received. Edna Snow seconded the motion which passed unanimously on a voice vote.

The recommendations of the Hearing Officers relative to the offset of the Ordinary Disability retirees who are also collecting Workers Compensation benefits were reviewed. All members of the Board had previously been sent same. Mr. Reilly was questioned as to whether the health benefits could be deducted from the Workers Compensation. Mr. Reilly will look into the matter. Mr. Reilly stated he would like to contact the six individuals, with the Board's approval, and explain their benefits which might include purchases. Mrs. Snow then moved that the Board accept the report of the Hearing Officers, which Mr. Ciaramello seconded. Mr. Reilly explained some of the adjustments that were made, and also that the six individuals that did not respond will not be included in the motion, the motion. Two friendly amendments were made, one that Mr. Reilly pursue the individuals that had not responded and secondly to allow those that may have been allowed to purchase service credits and if it would benefit them, to allow them to do so. Mrs. Snow moved the question to accept the recommendations of the Hearing Officers, also pursue those people who have not responded and to make sure that all people who may have had credits that would enhance or help their pension be so advised and allow them to buy these service credits. The motion passed on a voice vote.

Other New Business: Mr. Ciaramello requested that the matter of increasing the amount of the Accidental Death Benefit to 66% be put on the Agenda for the July meeting.

Mr. Ciaramello moved and Mr. Mahoney seconded the motion to go into

Executive Session with the request that Mr. Palmer be made available to the Board. The motion passed by voice vote.

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Upon coming out of Executive Session Mr. Ciaramello moved and Mrs. Snow and Ms. Reback seconded the motion to cast one unanimous vote for the hiring of Joann Flaminio as Executive Director of the Employees' Retirement System.

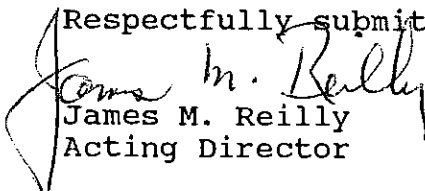
Edna Snow then moved and Mr. Almeida seconded the motion to accept the report of the Disability Committee.

Edna Snow suggested that the Board thank Mr. Steven Palmer for his assiduous work in the hiring of the Executive Director.

Communications: Edna Snow moved and Mr. Almeida seconded the motion to grant a hearing to Shirley T. Dunn for the July Board Meeting.

There being no further business the meeting was adjourned.

Respectfully submitted,

  
James M. Reilly  
Acting Director

vlp

Minutes of the July 14, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on July 14, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:12 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Harry J. Baird, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, Marcia B. Reback, Edna M. Snow, and Nancy J. Mayer.

The minutes of the June 9, 1993 Retirement Board meeting were approved on a motion by Louis Ciaramello, and seconded by Edna Snow with Mr. Baird abstaining.

Mrs. Mayer took a moment to welcome Joann Flaminio, the newly appointed executive director of the Employees' Retirement System.

Hearings: After Legal Counsel stated that Mrs. Lyman's issue was still being studied and he needed to gather more information from the staff of the Retirement System, he requested that her case be postponed to the next Board meeting. Mr. Ciaramello moved to do so with a second from Edna Snow. After discussion the motion passed by voice vote.

Ms. Dunn also requested her hearing be postponed to the August Board meeting and on a motion by Marcia Reback and seconded by Virgil Almeida her request was granted on a unanimous voice vote.

Committee Reports: Mrs. Mayer requested the report of the Disability Committee. At that point Mr. Mahoney inquired as to whether new committees had been appointed. Mrs. Mayer stated that the standing committees are serving until new committees are appointed. Mr. Mahoney moved that we table the action of the Disability Board until all committees of the Retirement Board are filled. After lengthy discussion as to whether or not the old committees had been dissolved, and since there had not been a second to the motion, it was determined that the Disability Committee should be heard so as not to be unfair to the employees whose applications had been evaluated. Mrs. Mayer did state that members had been polled to see which committees they would like to serve on and that new committees are being assembled.

Prior to receiving the Disability Committee report Mr. Talbot's hearing was held. Mr. O'Neill read a statement he had prepared (see attached) in which he recommended that Mr. Talbot's appeal be denied regarding his COLA. Mr. Talbot's attorney, Edward Gomes, felt that the law has been consistently applied incorrectly. Mr. Reilly explained how the computation of the pension and COLA are determined. Marcia Reback moved to sustain Mr. Talbot's appeal with Virgil Almeida seconding the motion. The cost to the System was then discussed at length plus the intent of the law. Sen. Gray moved to table the motion and it was seconded by Louis Ciaramello. The table failed on a 5-7 vote. Mr. Baird asked Legal Counsel if the Board should get an advisory opinion in order to determine what was meant by said legislation. Mr. O'Neill stated he would see if the Board could seek an advisory opinion from the court. Mr. Mahoney stated that Article 10 Section 3 of the Rhode Island Constitution prohibits the Supreme Court from rendering an opinion to other than the Governor, or the General Assembly. Mr. Baird moved to amend the motion to allow the Board 30 days to come back with an opinion as to whether the Board may get an advisory opinion. The amendment was seconded by Louis Ciaramello. Marcia Reback accepted it as a friendly amendment on the



condition that it not be limited to 30 days but to report back at the next scheduled Board meeting with respect to certifying a question to the supreme court on this issue. The amended motion passed with Mr. Boyce abstaining. Marcia Reback moved to continue Mr. Talbot's hearing to the next meeting with a second from Virgil Almeida. Motion passed unanimously by voice vote.

It was moved by Louis Ciaramello and seconded by Marcia Reback to go into Executive Session. Motion passed with Mr. Mahoney voting against the motion. Upon coming out of Executive Session it was moved by Marcia Reback and seconded by William Finelli to approve the recommendations of the Disability Committee. The motion passed with one abstention.

Legal Counsel Report: Stephen O'Neill, Legal Counsel, presented his report on pending court cases (see attached) which he will have for the Board each month. He stated that the Treasurer has engaged other law firms to handle the active litigation as his firm is not a litigation firm. For the Abbatametteo case, Richard Galli has been hired. For the Perotti case, Lauren Jones has been hired. The Furia case deals with whether a pension not yet in pay status can be attached by a spouse in a divorce and is a very significant issue. Mr. O'Neill will present the written report at future meetings. Mr. Mahoney questioned as to how Mr. Galli and Ms. Ellen Alexander (the Donald Galli case) were hired to the Board. Mrs. Mayer stated that they were hired to represent the state in litigation pending against it. Mr. O'Neill manages the litigation load and matters his firm cannot handle are given to lawyers qualified in specified areas. After further discussion it was brought out that in the past the Board had been advised at special meetings about new counsel being employed by the Board.

Status Report - State Investment Commission: Mrs. Mayer updated the Board regarding a Request for Proposal for a Pacific Basin manager. She is planning on proposing to the Investment Commission next week to do a search for an emerging manager (minority or female). She also stated she had just returned from an Institute of Fiduciary Education Conference where she served on one of the panels. It is the general consensus in the industry that because of a stagnant economy we cannot anticipate the type of returns we experienced in the 80's.

New Business: Mr. O'Neill reported on the Azar and Pouliot issues. The Treasurer's office has been communicating with the Attorney General's office regarding these matters and they will represent the Board in civil actions pursuant to the new Pension Revocation and Reduction Act. Marcia Reback moved that we seek the Attorney General to represent the Board in a hearing before the Superior Court with respect to the revocation or reduction of the Mr. Azar's retirement. Louis Ciaramello seconded the motion. After lengthy discussion, the motion passed unanimously by voice vote.

Other New Business: Mr. Ciaramello again requested increasing the amount of the Accidental Death Benefit to 66 2/3%. Edna Snow moved that the matter go to the Legislative Committee once the committee is formed. The motion was seconded by Louis Ciaramello. After discussion the motion passed on a voice vote.


Mr. O'Keefe requested the Board certify the retirement rate in the June/July meeting for the Fiscal Year 1995. Josh Ravitz stated that the request was made by Jerry Williams and it has been passed on to the actuary.

Mr. Boyce raised a question regarding the document on the 1992/1993 Budget. Mr. Palmer gave a brief explanation regarding putting together a document which will inform the Board what the line items are for the Budget regarding the Retirement System. It will be updated quarterly for the Board. Mrs. Mayer also indicated that she has requested to see documents that led to the rental of 40 Fountain Street. She stated that there are two more years to the lease.

Good & Welfare: Marcia Reback again welcomed Joann Flaminio as the Executive Director.

There being no further business the meeting was adjourned at 11:40 on a motion by Edna Snow and seconded by Louis Ciaramello.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp

Minutes of the August 11, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on August 11, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:20 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham, William B. Finelli, James A. Gillis, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, and Nancy J. Mayer.

The minutes of the July 14, 1993 Retirement Board meeting were approved on a motion by James Mahoney and seconded by Edna Snow.

Executive Directors Report: Joann E. Flaminio gave a brief overview of the progress and activities relating to the Retirement System. New work stations and furniture have been ordered. She has interviewed all the members of the staff in an effort to update and streamline the functions of the retirement system. Friday Forums' have been instituted to educate the staff on important matters concerning the department. Staff meetings are being held and she has been working on a new FY95 budget. Finally, a research file is being formulated by statute and subject area in order that consistent information will be given by staffmembers to all ERSRI members. Marcia Reback requested that a Table of Organization be prepared so the members of the Board may be aware of each staffmember's function. Joann also suggested that an open house be arranged in the near future for the Board members to see the new furnishings and meet the staff.

William M. Mercer Company Report: Unanimous approval of the Municipal Valuation was given on a motion by Marcia Reback and seconded by Edna Snow. Mr. Beardsley congratulated the firm on their commendable report. Frank Mangione and Barry Gilman gave their presentation of the Retiree Medical Plan, Employer Contribution Rate and State Police & Judges Valuation FY'95 (see attached). After a discussion period regarding where the 7 3/4% paid by employees for health purposes is dispersed, Mr. Mangione stated he would speak to Mr. Franklin to get an answer regarding the issue.

Edna Snow moved and Marcia Reback seconded the motion to accept Option 1 to amend Board policy regarding valuation data (i.e. switching from 2-year-old data to 3-year-old data) which will help the budget office in their preparation of the FY 1995 budget. Motion passed unanimously by voice vote. Following approval of the change in valuation methodology from use of two-year-old data to use of three-year-old data, discussion was held regarding the FY 95 state and teachers' rate. Frank Mangione reported that by changing methodology, the Retirement Board had effectively approved the rates for FY 1995, since (this year only) those rates would be identical to the FY 1994 rates.

Edna Snow moved and Louis Ciaramello seconded a motion that the Board accept the actuarial assumptions for the State Police. The motion passed unanimously by voice vote.

Marcia Reback moved and Thomas Morrissey seconded the motion to adopt the actuarial assumptions for Judges. Motion passed unanimously by voice vote.

Update on Frederick Talbot and Sharon Lyman's hearings: Mr. O'Neill stated that he had contacted Betsy Meyer of the Governor's Legal Counsel Office regarding whether an advisory opinion of the interpretation of the statute regarding the applicability of the COLA to Mr. Talbot's pension. To date they have not been able to discuss the matter but expects to have a report by the next Board meeting. He has also spoken

to the actuaries to get their input on the actuarial impact if the Board takes the position that Mr. Talbot and his attorney request. Regarding Mrs. Lyman, a meeting is going to be scheduled to talk with her, her attorney, and members of the Retirement Staff to try to find out exactly what information she was given.

Legal Counsel Report: Mr. O'Neill passed out information regarding all legal matters concerning the Board (see attached). He also spoke on the Furia matter. He stated a brief has been written and that is being filed with the Supreme Court. He also discussed the new case, the Retirement Board vs Azar. On July 29, 1993 a complaint had been filed by the Attorney General on behalf of the Retirement Board in accordance with the new Pension Revocation & Reduction Act. He has also requested in writing to the U.S. Attorney & Attorney General that all future cases that flow within the statute be brought to his attention so that he may then bring them to the attention of the Board.

Committee Reports: It was moved by Marcia Reback and seconded by Louis Ciaramello to go into Executive Session. Motion passed on a voice vote. Upon coming out of Executive Session it was moved by James Gillis and seconded by Marcia Reback to approve the recommendations of the Disability Committee. The motion passed on a voice vote.

Mr. Mahoney questioned how the Board Committees were formed. Mrs. Mayer stated that the preference of the Board members was taken into consideration.

Mr. Boyce then questioned the legality of Mrs. Mayer appointing designees as was stated in her letter sent to the Board members. Mr. Mahoney stated that Rule 2, Section 1 does not allow the General Treasurer to appoint a designee to attend meetings as her agent. Mr. Ciaramello moved and Edna Snow seconded the motion to refer the issue to the Rules & Regulations Committee. The motion passed with Mr. Mahoney voting no. Mrs. Mayer stated that her appointment of designees will be suspended until a determination has been made by the committee.

Ms. Reback requested that the administration send out a calendar of committee meetings to enable Board members to attend meetings that they have to be appointed to. Mr. Ciaramello also questioned as to whether or not there was a Building Committee. It was stated that it is an ad hoc committee and will be discussed at the next meeting.

Status Report - State Investment Commission: The Investment Commission will have a special workshop meeting August 23rd at 1:00 p.m. Mrs. Mayer stated that members of the Board are invited to attend. Lou Ciaramello moved and Edna Snow seconded the motion to accept the status report. Marcia Reback questioned how the portfolio of the Investment Commission is doing and how our pension fund compares to other public pension funds. Some of the portfolio managers have fallen short of their bench mark but others have made substantial gains this quarter. Mrs. Mayer emphasized that we should look at long range performance in viewing the retirement funds but that the past quarter was profitable. Motion passed after the discussion.

New Business: James Mahoney moved and Marcia Reback seconded a motion that the state FY95 appropriation request be put on the agenda for the next meeting and the Board members receive ball-park figures. Motion passed unanimously by voice vote.

Request for Hearing: The request for a hearing for Gaetano Califano was granted.

Good & Welfare: Mr. Mahoney congratulated the Executive Director for information regarding her availability to the Board and also on the new folders.

There being no further business the meeting was adjourned at 11:45 on a motion by Edna Snow and seconded by James Mahoney.

Respectfully submitted,

  
**Joann E. Flaminio**  
Executive Director

vlp

Minutes of the September 8, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on September 8, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:23 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Michael O'Keefe, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer, Chairman.

The minutes of the August 11, 1993 Retirement Board meeting were approved on a motion by Louis Ciaramello and seconded by Edna Snow.

Executive Directors Report

Joann Flaminio and Stephen Palmer, Deputy General Treasurer for Administration gave an overview of the Retirement Budget for Fiscal Year 1994. (see attached) A question and answer session was held. Joann Flaminio responded to inquiries on expenditures pertaining to doctor fees, actuarial fees, and the purchase of retirement management software to computerize the functions of the retirement system. She reported that there would be a 1/3rd increase in the amount of medical and legal expenses for Fiscal Year '94. A computer system has been looked at but the Board will have to give its approval to begin the bid process.

Marcia Reback requested that the issue of codification of the rules and regulations of the Board from the minutes and documents be put on the agenda for the next meeting. She also requested that Board members be notified of all committee meetings in the future.

Mr. Williams advised the Board that the Rules and Regulations did meet and its first task is to come up with a Table of Contents for a Rules and Regulations Manual.

Presentation of IRS Closing Agreement: Louis Mazaway

Mr. Mazaway recommended that the Board go into Executive Session in order that current negotiations with the IRS not be jeopardized in any way. Edna Snow moved and Louis Ciaramello seconded the motion to go into Executive Session. The motion failed. Mr. Mazaway gave his presentation with a question and answer period following (See attached letter). Frank Mangione & Barry Gillman of the William Mercer Co., Inc. reviewed with the Board how the amortization payment of the monies owed by the state to the Retirement System will affect the Retirement Fund. Marcia Reback moved that the Board ratify the proposal as it was presented and recommend to the Executive and Legislative branches they adopt the recommendations as well. Louis Ciaramello seconded the motion. The motion carried with James Mahoney and Sen. Gray abstaining.

Hearings

Gaetano Califano, Ronald T. Corey & Stephen Trainor: Joann Flaminio explained to the Board that in an effort to expedite the appeal process, she had all three cases presented at

the same time since they all deal a with similar issue, i.e. the application of Rhode Island General Law 36.10.9, which provides that in order to retire members must be 60 years of age and have ten years of service as a contributing member. Public Laws Chapter 93-231 signed by the Governor on July 22, 1993, amended one sentence that said "provided however a person who has ten years service credit shall be vested" and changed it to say "provided however a person who has ten years service credit on or before June 16, 1991 shall be vested". As of June 16, 1991 Califano, Corey and Trainor did not have ten years of contributing service. Mr. Califano's lawyer maintained his client purchased the time in good faith under the law that was in effect at that time and that a subsequent change in the law should not affect his client adversely. Louis Ciaramello moved and Edna Snow seconded the motion to refer the matter to legal counsel for analysis on all cases similar to the Califano case. Motion passed with Marcia Reback abstaining and Michael Boyce opposing. Mr. Corey and Mr. Trainor were also given the opportunity to speak to the Board regarding their individual situations.

Marcia Reback moved that Italia Sardelli be granted a hearing before the Board and the motion was approved. Ms. Flaminio requested a motion from the Board to refer the case of Gerald J. Pouliot to the Attorney General's office for prosecution under the Pension Revocation and Reduction Act. The motion was moved by Marcia Reback seconded by Edna Snow and passed unanimously by voice vote.

#### Legal Counsel Report

Mr. O'Neill gave a brief update regarding the Talbot situation. His legal opinion was that the Board should deny the appeal based on his research and after consultation with the Board's actuary. After lengthy discussion, Sen. Gray moved the appeal of Mr. Talbot be denied on advise of Legal Counsel and the motion was seconded by Louis Ciaramello. After more discussion the vote was six to deny, five to sustain and 2 abstentions. Marcia Reback stated she would like the Social Security Option discussed at the next Board meeting.

#### Disability Committee Report

The Board then moved into Executive Session in order that the Disability Committee could give its report. Upon coming out of Executive Session, Louis Ciaramello moved and James Gillis seconded the motion to accept the report. Motion passed unanimously by voice vote.

Jerry Williams moved and Michael O'Keefe seconded the motion to adjourn at 12:45 p.m. Motion passed.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

## Minutes of the October 21, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on October 21, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:18 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Michael O'Keefe, Rep. Antonio J. Pires, Thomas Morrissey, Marcia b. Reback, Jerome Williams, and Nancy J. Mayer, Chairperson.

After being amended to show Jerome Williams present at the meeting, the minutes of the September 8, 1993 Retirement Board meeting were approved on a motion by Marcia Reback and seconded by James Gillis. The motion passed unanimously by voice vote.

### Chairperson's Report

Mrs. Mayer told the Board that it had been requested to have a rollcall vote on all motions that are not unanimous in order to reconstruct the tabulation of the votes. This should aide the Retirement Board's ability should a question arise concerning a motion at a later date.

Mrs. Mayer introduced the new Legal Counsel, Stephen J. Carlotti, of Hinckley, Allen & Snyder, Esqs. She also thanked Mr. Stephen O'Neill, of O'Neill & Gregory, for his services and stated Mr. O'Neill found the workload to be overwhelming given the small size of his law firm.

### Executive Director's Report

Joann Flaminio requested the Board allow the Barrington Fire & Police to come into the System as two separate units as of July 1, 1993 per a Supreme Court decision. Marcia Reback moved that the Board accept the recommendation of the Director to allow the police and fire unit from Barrington to separate effective July 1, 1993. The motion was seconded by Louis Ciaramello and passed unanimously by voice vote.

The next issue Ms. Flaminio presented to the Board concerned which organizations the Retirement System should give a list of members to. There has been a request from the retired branch of AFSME Chapter 94 and SECA or State Employee Charitable Appeal. Mr. Ciaramello registered his opinion against such a practice stating he felt the System should do the work and charge the organizations for the service. Mr. Morrissey pointed out that the System has complied with the request in the past in order to help them with their charitable appeal. Ms. Reback recounted the Board has had the same discussion in the past and it was determined the staff is unable to comply as it would take them away from their daily work. She stated we have accommodated AFSCME in the past and felt we should also accommodate AFSCME in the past and felt we should also accommodate SECA's request. Marcia Reback moved that the Board



authorize the Executive Director to provide the listing of the retired members to SECA, United Way, if they request, and the Municipal and State retirees to the Retirees' Chapter of AFSCME. Mrs. Mayer interjected that should a retiree or active member request their name not be given out, the ERS would honor that request. Ms. Reback incorporated the suggestion into her original motion. Mr. Carlotti also suggested another proviso that the recipient organization agree to keep the list confidential and not redistribute the list to any other organization. Mr. Williams seconded the motion.

The motion was then read that the current list of municipal and state retirees be provided to AFSCME and the list in its entirety be provided to SECA, that should United Way make a similar request for access, it be granted to United Way on an annual basis and that the individual organizations receiving the list be constrained by prior agreement to utilize the list only for purposes requested and that no other use be allowed, any individual retiree who wishes to not have their name forwarded, be allowed to so request, and be eliminated. Mr. Williams seconded the amended motion. A rollcall vote taken: Virgil Almeida, yes; Jerry Williams, yes; Michael Boyce, yes; Louis Ciaramello, No; William Finnelli, yes; James Gillis, yes; Sen. Gray, yes; James Mahoney, yes; Tom Morrissey, yes; Michael O'Keefe, yes; Rep. Pires, yes; Marcia Reback, yes; Nancy Mayer, yes. The vote passed 12 to 1.

Ms. Flaminio update the Board with regard to the application of Kathleen Connell. Because of the delinquency of the posting of the additional agenda item, it was not allowed to be put on as an agenda item for that meeting. Since she has not made an official decision on Ms. Connell, Ms. Flaminio felt that it was not appropriate to discuss it at that time. The information sent the Board was merely to explain the circumstances and request the Board's input. Mr. DeLuca, Ms. Connell's attorney, was contacted and he will await the Executive Director's decision so long as the decision is made prior to October 28, the date in his original letter.

Ms. Reback questioned posting agenda items. Mr. Carlotti stated that under the Open Meeting Statute the Board can add items to the agenda provided they are done 48 hours in advance. Should a new issue come up within the 48 hour period, the Board has the authority under the Open Meeting Act to add it to its agenda by majority vote of the Board.

#### Hearings

Henry J. Sardelli, deceased: Attorney Thompson, Mrs. Sardelli's attorney, contacted Joann Flaminio to advise her that he and his client were unable to attend the October 21, 1993 meeting and asked for a postponement until the next meeting. Marcia Reback moved and James Gillis seconded the motion to postpone the issue until the next meeting. Motion passed unanimously.

Request for hearing - Matthew Smith Mr. Mahoney asked if an Executive Director denied benefits to anyone based on a complaint prior to this person. Ms. Flaminio answered no but that this is the first time she has become aware of an Ethics

Complaint. She feels that it is the responsibility of the Executive Director to make sure that every application comply with the applicable rules and statutes.

Ms. Flaminio stated that Judge Gagnon related to Mr. Lynch, Mr. Smith's attorney, that he would be able to address the Board at the October 21, 1993 meeting. The Board will be asked to grant Mr. Smith a hearing for the November 10, 1993 meeting. Mr. Mahoney moved to suspend article 4 section 8 and proceed with the hearing of Mr. Smith. Marcia Reback seconded the motion. Ms. Mayer requested that Mr. Mahoney read the rule (see attached). Discussion followed regarding the suspension of the rule for an immediate hearing. Ms. Reback felt that since Mr. Smith's lawyer was present and before he could proceed in the courts, he had to exhaust his administrative remedies, she felt he should be allowed to have his hearing.

Ms. Mayer suggested the Board allow the Executive Director to further prepare for the hearing by delaying it until the next meeting, especially since it would be in approximately two weeks. Mr. Palumbo, from the Attorney General's Office, stated that the only representations made to Judge Gagnon was that the matter would be placed before the Retirement Board October 21, 1993, on its agenda, for a determination as to whether the Board would give Matthew Smith a hearing. The second was that Mr. Lynch would be given the opportunity to briefly address the Board. Mr. Palumbo felt that the full Board should have the opportunity to attend the hearing. Mr. Lynch stated his opinion as to the workings of the Board and felt that he should be given his answer as to why Mr. Smith should not receive his pension at the present time. Mr. Mahoney did question whether Mr. Smith's family was being deprived of medical benefits. Ms. Mayer stated there is a provision for all state employees that upon termination all may sign up for COBRA. Mr. Boyce voiced his opinion that the Board grants too many delays in hearings and felt the Board should proceed with the hearing immediately. Mr. Almeida stated he would not be at the November meeting and would also like to have the hearing immediately. There being no further discussion by a member of the Board, a rollcall vote was taken. Mr. Almeida, yes; Mr. Williams, no; Mr. Boyce, yes; Mr. Ciaramello, no; Mr. Finelli, yes; Mr. Gillis, no; Sen. Gray, no; Mr. Mahoney, yes; Mr. Morrissey, no; Mr. O'Keefe, no; Rep. Pires, no; Ms. Reback, yes; and Mrs. Mayer, no. The motion failed 8 to 5. Ms. Mayer entertained a motion that the Board have Mr. Smith's hearing at the next scheduled meeting of November 10. Mr. Williams seconded the motion.

Mr. Mahoney stated he had a request by six members of the Board to request a special hearing to be held for this purpose on Thursday, October 28. Ms. Reback then questioned legal counsel that if the Board voted to hold Mr. Smith's hearing on the regular meeting, November 10th, does it negate Mr. Mahoney's petition requesting a special meeting. Mr. Carlotti felt that the rules and regulations governing the Board state that two weeks notice be given to the parties that are appearing. He said that the motion to suspend the ruling did not pass, therefore he did not feel that the Board could have a special meeting without suspending the rules.

The motion to schedule the meeting on November 10, 1993 was voted on by rollcall. Mr. Almeida, no; Mr. Williams, yes; Mr. Boyce, no; Mr. Ciaramello, yes; Mr. Finelli, no; Mr. Gillis, no; Sen. Gray, yes; Mr. Mahoney, no; Mr. Morrissey, yes; Mr. O'Keefe, yes; Rep. Pires, yes; Ms. Reback, yes; Ms. Mayer, yes. The motion carried. Mr. Mahoney requested Mr. Carlotti's opinion in writing which Mr. Carlotti agreed to.

Mr. Ciaramello requested to be excused at 10:10 a.m. His requested was granted by Ms. Mayer.

#### Legal Counsel Report

Mr. Carlotti passed out a copy of his litigation report (see attached). He updated the appeals of Mr. Califano, Mr. Trainor and Mr. Corey. Those appeals relate to the language in certain provisions of the statute which was amended by the General Assembly. After being questioned by Mr. Carlotti regarding his client's contributing service and purchases, Mr. Califano's lawyer underlined the distinction between Title 36, Chapters 8-10 which governs State Employees' Retirement System and Title 45, Chapter 21 which governs the Municipal Retirement System. He referenced the June 16, 1991 date when the amendment to Title 36 went into affect. He maintained the act specifically affected state employees. Mr. Califano's request should be determined under Title 45, Chapter 21, which has not been amended and which uses the January 1, 1993 date. Mr. Carlotti then gave an overview of both laws during which he stated that the Legislature's actions with regard to the statute could indeed be interpreted to mean two different application dates. After lengthy discussion as to the legislative intent, the Board agreed to apply the statute in such fashion. Mr. Boyce moved state employees who have a combination of ten years of service and purchase credits as of June 16, 1991, are eligible to retire when they meet the age requirement. With regard to Municipal employees, those employees who on January 1, 1993 had a combination of ten years of service credits and purchase credits will be eligible to retire. The motion was seconded by James Mahoney and a rollcall vote was taken. Mr. Almeida, yes; Mr. Williams, yes; Mr. Boyce, yes; Mr. Finelli, yes; Mr. Gillis, yes; Sen. Gray, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Rep. Pires, yes; Ms. Reback, abstain; Ms. Mayer, abstain. The motion carried. Ms. Flaminio will advise Mr. Trainor and Mr. Corey of the Boards decision.

#### Pension Revocation & Reduction Act

Ms. Flaminio, referring to Raymond Azar, stated the case is on-going and pending the beginning of the case, we are currently paying Mr. Azar his pension. Ms. Reback requested that the Board be provided with a transcript of Judge Needham's comments when he ruled on the motion.

#### Committee Reports

Rules and Regulations: Mr. Williams related to the Board they have prepared a table of contents and they have determined to work on the Administrative Rules and Regulations. Sub-committee members have been assigned different rules and will report to the committee at the next meeting November 4th in the Executive Directors

office. Upon completion, they will discuss the rules and regulations dealing with pension areas.

Disability Committee: On a motion by Marcia Reback seconded by William Finelli, the Board went into executive Session for purposes of hearing the report. Motion passed. Upon coming out of Executive Session the motion to accept the Disability Committee's report by Mr. Finelli and seconded by Mr. Gillis passed unanimously by voice vote.

Status Report: State Investment Commission

Ms. Mayer related to the Board that the Commission is searching for a Pacific Basin Manager and the recommendation for a finalist should be presented at the next Investment Commission meeting. The manager should be selected by November or December. This marks the states first entry into the Pacific Basin.

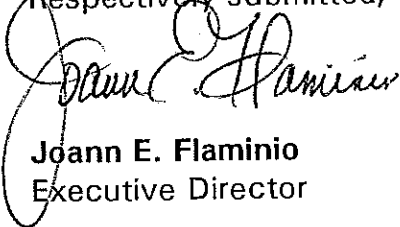
Good and Welfare

Sen. Gray announced there would be a Legislative Committee meeting immediately following the Board meeting.

Michael Boyce questioned why it takes so long to process retirements. Ms. Flaminio said she would look into the matter.

There being no further business to come before the Board, the meeting adjourned at 10:55 a.m.

Respectively submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the November 10, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on November 10, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, Marcia B. Reback, Edna M. Snow, Jerome Williams, & Nancy J. Mayer.

After being amended to show Thomas Morrissey present at the meeting, the minutes of the October 21, 1993 Retirement Board meetings were approved on a motion by Mr. Ciaramello, seconded by Jerome Williams. The motion passed unanimously by voice vote.

### Executive Director's Report

Joann E. Flaminio, Executive Director introduced two members of her staff, Elaine Drapeau and Joyce Tesseris. She mentioned that many of the members of the Retirement System have never attended a Board meeting and during the next few months, they will have the opportunity to attend should they so desire.

Ms. Flaminio reported that the Retirement office sent out letters in September to all active members requesting that they make an appointment before coming into the office. This will enable our staff to counsel the members in a more orderly fashion. In addition, members wishing to retire are sent out revised forms prior to their appointment. When they come in, the options are explained to him/her in greater detail so they may make an informed opinion and they may choose which form of retirement they wish. She also stated that many members of the staff are taking computer courses to assist them in performing their jobs to the fullest.

The counseling staff is holding seminars in towns and agencies that request same. They will be visiting Bristol Town Hall on November 15th. They will gladly honor all such requests.

One of the important issues the Rules and Regulations committee will be addressing is purchasing regulations. In order to computerize the department, purchasing regulations have to be finalized to enable the department to begin the RFP process for retirement management software.

Mrs. Mayer has requested that Legal Counsel review the matter of what credit is purchasable. To her knowledge there have never been consistent guidelines. He will report back to the Board at the next meeting with his report. Mr. Beardsley questioned whether Mr. Carlotti's report should provide suggested statutory amendments that the Board should pursue to clarify any ambiguous laws on the books.

Jerry Williams commended the Executive Director for bringing many unresolved issues to the Board.

### Hearings

#### Hearing. Italia Sardelli

Ms. Sardelli's lawyer requested her hearing be postponed to the December meeting.

#### Hearing, Matthew Smith

Mr. Carlotti enlightened the Board as to the history of Mr. Smith's hearing and his request for his pension. He reviewed the records that were sent to each Board member. Mr. Smith's legal counsel, John Lynch and Robert Friel, introduced themselves. Mr. Lynch did not feel any extra information was needed. He felt the record was in order and that his client was entitled to his pension. Mr. Carlotti

stated that the issue the Board has to decide is whether or not as a matter of policy, in light of the Almeida decision, it wishes to make the determination of honorable service before the granting of any pension. In his view, the Board could adopt such a standard if it so determined. If the Board decided to adopt such a standard, they need to address the issue of , what will be the basis for denying or delaying the pension? The Board may either (1) conduct independent investigations, or (2) follow decisions in other jurisdictions that raise the quality of the applicant's service. If 2nd alternative is chosen , the Board must decide in the case of Mr. Smith, whether or not the pendency of one or more complaints before the Ethics Commission raise a sufficient issue about honorable service to deny a pension pending the outcome of those proceedings. Once the proceedings are completed, and they are favorable to the applicant, the Board could then grant a pension. If the proceedings are not favorable, then the Board would have to apply the factors set forth in the Almeida decision to make a determination as to whether or not the service has been honorable. Once a pension has been granted, the Board loses any authority to revoke or reduce pension based on the quality of service.

Mr. Lynch passed out his response to Mr. Carlotti's memorandum. Mr. Mahoney moved that Mr. Carlotti's memo of November 4th be made a part of the record and Mr. Morrissey also requested that Mr. Lynch's memo of November 9th be made part of the record. Mr. Morrissey seconded the motion that passed on a voice vote.

A five minute recess was called to enable the Board to read Mr. Lynch's memo.

Sen. Gray moved to affirm the action of the Executive Director of the State Retirement System to defer Mr. Smith's pension benefits pending the outcome of the pending Ethics Commission complaints filed against him. He stated if the findings of the Ethics Commission are favorable to Mr. Smith, and if he has met all the other requirements necessary to receive a pension, then his pension will be granted retroactively with interest. If the findings of the Ethics Commission are adverse to Mr. Smith, then Mr. Smith will have the opportunity to appear again before the Board to review his application in light of the honorable service criteria outlined in the Almeida decision. The motion was seconded by Nancy Mayer.

Mr. Beardsley questioned Mr. Carlotti regarding page 10 of counsel's memorandum to the Board, 2nd paragraph. Mr. Carlotti indicated that since the Revocation Act requires a judicial determination, the court concluded that the Retirement Board cannot disrupt or delay the payment of benefits until that determination is made. Mr. Beardsley felt in light of that statement and others plus the motion, he requested a clarification because the motion made was contrary to the information that was provided to the Board. Mr. Carlotti stated that in his view, before pensions benefits are award, R.I. Supreme Court has made for all public employees the condition that the service be honorable. Before the benefits are awarded, it is his view that the Board has the authority to make that determination. However, it is also his view that if pensions benefits are being paid then they may only be revoked by the mechanism contained in the Pension Revocation act. After the pension has been paid, the Board has no authority to withdraw them at a later date.

Mr. Morrissey then questioned Mr. Carlotti as to whether he was advising the Board that prior to the award of benefits to Mr. Smith, the Board may have the power to suspend or revoke but in order to do that it must investigate honorable service on the part of Mr. Smith. Mr. Mahoney questioned Mr. Carlotti that If that is done, then is the Board bound to investigate every employee? Mr. Carlotti responded that this is a policy question for the Board. He re-emphasized his earlier explanation of the Board's options.

After further clarification, Mr. O'Keefe expressed his concern regarding the authority of the Retirement Board to make such determinations. Mrs. Mayer responded that the Board does have the authority to make a determination as to honorable service as honorable service is a pre-condition to the awarding of a pension. Mr. Gillis expressed concern regarding the interpretation of honorable service. Mr. Mahoney stated we do not have a determination of honorable service and also quoted Ethics Commission ruling 36-14-13-4 indicating a presumption of innocence on the part of any person alleged

to violate the provision in the chapter, and that the burden of proof shall fall on those who alleged the violation. Mr. Williams also expressed concern regarding the Board's role in determining honorable service. He asked Mr. Carlotti where the Board's specific authority comes to defer a pension pending the resolution of the Ethics Commission. Mr. Carlotti responded that a specific statute does not exist, but exists only if the Board concludes that the Almeida decision applies to this issue. He has suggested to the Board two possibilities: (1) make its own investigation; (2) look at the possibility of identifying other proceedings that are pending which relate to the question as to whether the service was honorable and to await the outcome of those proceedings. Marcia Reback read from page 8 of the Azar decision. She stated that in her opinion the Board does not have the authority to withhold a "property right." Since Mr. Smith qualified for a pension we should have processed it. Mrs. Mayer stated that the Court has stated that the pre-condition of the awarding of a pension was "honorable service." Ms. Reback maintained that the pronouncement was made before the General Assembly acted on the Almeida issue. Michael Boyce moved the question with a second by Marcia Reback. Sen. Gray read back the previous motion which was voted on by roll call as follows: Almeida, No; Williams, No; Beardsley, No; Boyce, No; Ciaramello, No; Finelli, No; Gillis, No; Gray, Yes; Mahoney, No; Morrissey, No; O'Keefe, No; Reback, No; Snow, Abstain; Mayer, Yes. Motion failed.

Mr. Mahoney moved that the Executive Director be directed to institute the pension rights for Matthew J. Smith and that the August, September and October payments be afforded to Mr. Smith forthwith. Mr. Almeida seconded the motion. Roll call vote was taken: Almeida, Yes; Williams, Yes; Beardsley, Yes; Boyce, Yes; Ciaramello, Yes; Finelli, Yes; Gillis, Yes; Gray, No; Mahoney, Yes; Morrissey, Yes; O'Keefe, Abstain; Reback, Yes; Snow, Abstain; Mayer, No. Motion carried.

#### Request for Hearing, Kathleen Connell

Marcia Reback moved and Edna Snow seconded the motion to grant Kathleen Connell a hearing for the December 8th Board Meeting. The motion passed unanimously by voice vote.

#### Legal Counsel Report

Mr. Carlotti reported that the only change from last month's report is pending litigation against the Board by the American Federation of Teachers involving the deferred pay items. The AFT has been requested to submit their request for interpretation to the Executive Director. She will reply with a written decision. If the AFT is dissatisfied with the interpretations, they will come before the Board.

#### Committee Reports

Rules & Regulations: Mr. Williams informed the Board that they met and are trying to complete rules and regulations pertaining to Administration, which include purchasing, hearings, administrative functions of the Board, so that they may then turn their attention to review the broader issues, such as retirement, purchase issues, at the beginning of the year. Drafts are being reviewed by the committee and he is hoping to get them to the Board for review in the near future.

Disability Committee: It was moved by Edna Snow and seconded by Mr. Gillis to go into Executive Session. Upon coming out of Executive Session, the issue of going into Executive Session for the Disability report was discussed. The Board decided that unless one of the members wants to discuss a particular case, Executive Session is not necessary. Marcia Reback moved adoption of the Disability report. Motion passed with Mr. Boyce abstaining from applicant number four.

Legislative Committee: Mr. Ciaramello questioned whether the Legislative Committee will be considering the issue of amending the statute so that accidental death recipients receive 2/3rds of final average salary instead of the present 50 percent. Mr. Gray, being a newly appointed chairman, was not aware of the issue being put on the agenda.

State Investment Commission

Mrs. Mayer gave a status report on the State Investment Commission. She requested that the members take time to read all the materials submitted to them regarding last month's activities. The search for a Pacific Basin Manager should be completed shortly with a recommendation to the Board and the manager selected by the beginning of the year. An RFP process has been instituted for an advisor to advise on alternative investments. The Investment Commission is hopeful that the closing of the Old Stone Bank will be completed soon. The acquiring institution is still waiting for Federal approval. Once that sale is consummated, cash will be put back into the fund.

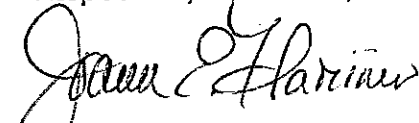
Good and Welfare

Mr. Morrissey remarked on the verbal conduct of an attending member of the bar, and apologized to the Executive Director on his behalf.

Edna Snow questioned the appearance of the Social Security Number on the pension report that is distributed to the Board. She requested that the amount of the Social Security Adjustment be included. Ms. Flaminio will investigate the matter.

There being no further business to come before the Board, Marcia Reback moved and Louis Ciaramello seconded the motion to adjourn at 11:25 a.m.

Respectfully submitted,

  
**Joann E. Flaminio**  
Executive Director

vlp



## Minutes of the December 8, 1993 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on December 8, 1993 in Room 35, State House, Providence, RI. The meeting was called to order at 9:15 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham, William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, & Nancy J. Mayer.

After being amended to delete "spoke eloquently and" from Mr. O'Keefe's statement on the second page; on the 6th line of page 3 delete "of the Reduction and Revocation Act" and insert "of the Azar decision"; on line 8 page 3 remove "established" and insert "stated" and under "Disability Committee report, change "Marcia Reback voted adoption" to "Marcia Reback moved adoption", Marcia Reback moved the corrections to the minutes of November 10,, 1993 Retirement Board meeting be adopted. The motion was seconded by Virgil Almeida and approved by voice vote. Ms. Reback then moved adoption of the corrected minutes of November 10, 1993 which was seconded by Edna Snow and passed on a voice vote.

### Chairperson's Report

Ms. Mayer commented on the study authored by her office comparing the Rhode Island Retirement System with the retirement systems of 49 other states. If members would like a copy they may request it from her office. The study compares the Rhode Island benefit structure to the benefit structure of other states.

### Executive Director's Report

After wishing the members of the Board a very happy holiday and presenting each member with a mug from Jim Reilly and herself, Ms. Flaminio, introduced Ray Kiernan of the Accounting Department, to the Board. In keeping with her policy of having members of the staff attend a Board meeting, she indicated Mr. Kiernan had been with the Retirement System for 19 years and had never attended a Board meeting.

Ms. Flaminio stated that at the completion of the Board meeting, there is going to be a demonstration of a retirement management software package. Ms. Flaminio requested any Board member that is available to stay for the demonstration. She feels that it is the best software package she has seen to manage a retirement system of our size. the system is presently being used by Alaska, Louisiana, and has been approved by retirement systems in both New York and Connecticut.

The Rules and Regulations Committee is going to try to have a draft of purchasing regulations for the Board to approve in January. The establishment of purchasing regulations will enable the Retirement System to pay their bills more easily and will assist with the daily operations of the system.

The Retirement System is cooperating with the investigation of the MacDougal issue. He is presently being prosecuted for fraudulently trying to receive creditable service from the system. Ms. Flaminio will keep the Board informed.

Ms. Flaminio spoke on the reorganization of the Retirement and Treasury staff. She has increased the salaries of a few staff members and established an organizational structure for all staff.

Ms. Flaminio also informed the members of the Board that she, Mr. Reilly and the Retirement Counselors have been giving seminars. The most recent were Bristol and South Kingstown and both were very successful presentations. She also offered the presentation to state departments if they are interested. New forms are being produced by the retirement system to assist retirees in the retirement process.

### Hearings

Americo DiGregorio and Edward A. McGrath requested hearings before the full Board. Marcia Reback moved to grant the request for hearings and to have them appear at the next retirement board meeting. Edna Snow seconded the motion. During discussion Mr. Ciaramello questioned whether the need for the 'request for a hearing'. Mr. Carlotti stated that according to the Rules and Regulations all requests must go before the Board unless a new policy is set down. Ms. Flaminio related to the Board that after the Rules and Regulations committee completes the purchasing regulations, the committee is going to look at the notion of appeals. The motion was then voted on and passed by voice vote.

Discussion was held on changing the date of the Board meeting. Chairman Mayer informed the Board that the next Board meeting will be held Thursday, January 13, 1993.

#### Hearing. Italia Sardelli:

Ms. Sardelli's lawyer notified Mr. Carlotti that his client was dropping her appeal.

#### Hearing, Kathleen Connell:

Attorney Amato DeLuca, representing Kathleen Connell in her appeal of the denial of her pension, presented to the Board all information pertaining to his client's application for retirement. Prior to her application she inquired of the Retirement Staff how much in-service time she had with the System and the cost of buying back additional time to attain the necessary 28 years for retirement. Because of a miscalculation of time, she fell short 5 days of the 28 years. Mr. DeLuca requested the Board to reconsider the Executive Director's decision not to grant Ms. Connell the pension as had she not been misinformed, she would have purchased the necessary time prior to termination. He requested the Board to allow her to purchase the necessary time to reach the 28 years because she had originally been misinformed and there had been a clerical error. Mr. Beardsley asked Ms. Flaminio to collaborate Mr. DeLuca's statement, which she did. Mr. Carlotti requested that Mr. DeLuca present his supporting papers to the stenographer to be marked as evidence. Mr. DeLuca stated the papers were not all inclusive.

Mr. Carlotti, legal counsel for the Board, informed the Board that the statute clearly states that in order to purchase time, a person must be a member of the System and the Board must decide if they have the authority to correct the mistake or let the courts decide. Mr. Mahoney reminded the Board that in the memo dated October 15, 1993, she was advised by the Retirement Office that she had reached the 28-year requirement. Sen. Gray questioned Mr. Carlotti on three issues, (1) had not an error been made regarding the calculations of Mrs. Connell's retirement, would she have received her pension, (2) would some kind of precedent be established where the Board re-negotiates the terms of a retirement retroactively and whether there might be any other retirees who might feel that they too have been disadvantaged by calculations and could appeal, and (3) would there be a possibility of Mrs. Connell being re employed for the six day period in order to legitimize the 28 year period. Mr. Carlotti stated that the issue before the Board is that a mistake was made, and that Mrs. Connell relied upon the information. The Board must then determine if they can permit the mistake to be corrected by permitting Mrs. Connell to purchase the time even though she is not a member of the System and membership is a precedent to the condition of the purchase of time. To Mr. Carlotti's knowledge, there is no opinion of either the Superior Court or the Rhode Island Supreme Court interpreting the provisions of the Employees' State Retirement System Act or the Municipal Employees' System Act which deals with the Board's authority to do so. He does not know what the R.I. Supreme Court would say with respect to the statutory authority of the Board where the statute is clear that only members may make a purchase and if the Board has the power to correct a mistake. After further discussion Marcia Reback moved to sustain Kathleen Connell's appeal and Mr. Ciaramello seconded the motion. Mrs. Snow requested that Mr. Reilly, Assistant Director, be called to testify. After being sworn in Mr. Reilly verified that all information

given to the Board was accurate. There being no further questions, the motion was then restated by Mr. Carlotti as follows: "The Board having found that an authorized representative of the System represented to the appellant that she could purchase certain time in order to effect a total service credit of 28 years, the appellant having received that information and relied thereon, that reliance being found by the Board to be reasonable in the circumstances, and the Board having concluded a mistake was made and that as a result the appellant was adversely affected by such mistake and ought to be offered the opportunity to purchase such additional time as she may be legally authorized to do pursuant to the statutes and regulations of both the State Employees' Retirement System and Municipal Employees' Retirement System, it is hereby moved that the appeal be granted and that Mrs. Connell be authorized within 30 days to make application to the Retirement System to purchase such additional time as she is legally authorized to do as if she were still a member of the System in order to secure 28 years of service and service credit." Ms. Snow questioned if it would be retroactive to June 30, the time she originally applied for retirement. Mr. Carlotti included that in the motion. A roll call vote was taken with all members in attendance voting affirmative. Motion passed unanimously.

#### Legal Counsel Report

Mr. Carlotti stated he provided to every member of the Board an update of the litigation report (see enclosed). The only change is a response to Mr. Skolnik with respect to the AFT litigation. He also summarized his opinion on the active employment requirement set forth in the provisions of the Municipal Retirement System Act, which was requested by the Chair at the last meeting. (see attached)

#### Committee Reports

##### Rules & Regulations:

Mr. Clingham, speaking on behalf of Mr. Williams, reported that the purchasing rules are being drafted and will be distributed to the Board members prior to any discussion and vote.

##### Disability Committee:

It was moved by Mrs. Snow and seconded by Mr. Gillis to accept the recommendations of the Disability Committee. Motion passed unanimously by voice vote.

#### State Investment Commission

Mrs. Mayer gave a status report on the State Investment Commission. She once again invited members that were interested to attend the meeting. At the next meeting they will be interviewing the two finalists for a Pacific Basin Investment Manager: (1) Scudder, Stevens & Clark and (2) Duneden of Scotland.

#### Request to rescind motion regarding Mr. Talbot:

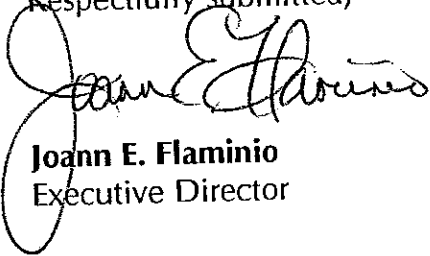
Mr. Almeida moved to rescind the motion made September 8, 1993. The motion was seconded by Edna Snow. Mrs. Mayer clarified to the members the contents of the motion which had to do with the application of the COLA to Municipal retirees who selected the Social Security Option. Mr. Almeida stated he would like to allow Mr. Talbot's attorney the opportunity to present further evidence. Mrs. Snow stated Mr. Talbot was supposed to be present at the time the vote was taken. Mr. Mahoney also stated the matter was voted on without being on the agenda. Ms. Flaminio related that she felt he had been given ample time to present his case when his hearing was heard before the Board. She did not feel any of his rights had been denied. She would also like to speak to her Retirement Counseling staff as they are not in agreement regarding Mr. Talbot's affidavit. After further discussion Mr. Almeida withdrew his motion and Mrs. Snow withdrew her second. It was then determined that Mr. Talbot's motion to reconsider be put on the agenda for the next month's meeting, January 13, 1994.

Ms. Reback requested that New Business and Good and Welfare be placed on the agenda. She would also like to have referred to the Legislative Committee the question under the statute with respect to scheduling of Retirement Board meetings.

There being no further business to come before the Board, Marcia Reback moved and James Gillis seconded the motion to adjourn at 11:45 a.m.

Because of limited time the computer demonstration of retirement management software was postponed to a future meeting.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joann E. Flaminio".

**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the January 13, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on January 13, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:25 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, William B. Finelli, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams, Nancy J. Mayer. Mr. James Mahoney and Rep. Antonio Pires were also in attendance.

After being amended to correct the spelling of Mr. Carlotti's name on page 3, Marcia Reback moved the minutes of the December 8, 1993 Retirement Board meeting be adopted as amended. The motion was seconded by Mr. Morrissey and approved by voice vote.

### Executive Director's Report

Joann E. Flaminio, Executive Director, introduced two members of her staff, Dolores Igliazzi and Jodi Stevenson, to the Board.

Ms. Flaminio stated to the Board that a letter had been received from IRS stating that all accidental disability pensions granted by the System are in the nature of Workmen's Compensation and thus are not taxable. She also mentioned the letter from Eleanor B. Panichas and said it indicated to her that there was additional work to be done in communicating retirement information to members of the Retirement System.

Ms. Flaminio then turned the floor over to Barry Gillman and Frank Mangione of the William M. Mercer, Inc. who spoke on adopting assumptions for the State Police and Judicial Pension Plans in preparation for the annual valuation done in accordance with Rhode Island General Laws. (See attached actuarial assumptions). After explaining the assumptions to the Board, a question and answer session was held. Mr. Williams requested to see the employer rates based on 4 1/2, 5, 5 1/2 and 6. The issue was tabled until the February meeting to enable the Mercer Company to prepare additional information.

### Hearings

#### Hearing: Americo DiGregorio:

Mr. DiGregorio presented a letter from C.O. Granai M.D. from Women's and Infant's Hospital. He stated that he felt his wife had been misinformed when she applied for retirement. Mrs. Igliazzi gave an overview, to the best of her memory, on the application for retirement of his late wife, Josephine. Mr. Carlotti, Legal Counsel, stated there was not enough evidence to sustain an appeal. Ms. Reback moved to deny the appeal with Mr. Mahoney seconding the motion. A roll call vote was taken, which passed unanimously.

#### Hearing: Frederick Talbot:

Attorney Gomes, representing Frederick Talbot, introduced Mr. Robert Gaipo, a witness for Mr. Talbot. On behalf of his client, Attorney Gomes stated that Mr. Talbot had been misinformed regarding the Cost of Living at the time of retirement. Mr. Gomes stated they were not there to change the law but to base the decision on the facts surrounding Mr. Talbot's case. Mr. Carlotti asked Mr. Gomes if he felt the Board has the authority to overturn a statutory provision. Mr. Gomes felt the Board has the authority to change their decision if an affirmative misrepresentation was made. Mr. Carlotti restated what he had previously advised the Board, that is where there is

an expressed statutory provision which governs the Retirement System, misrepresentations made, or inaccuracies made by any employee of the system, cannot overturn or negate a statutory provision which governs the retirement benefits to be awarded. Mr. Carlotti added where there were benefits that could have been awarded under statute but were not  
Page 2

taken by a retiree because of some kind of misrepresentation from a member of the system, there the Board does have the authority to correct the wrong. Mr. Carlotti asked Mr. Gomes the statutory basis for his claim. Mr. Gomes replied that his claim relied on the equitable principle that if someone relied on facts and representations to his detriment, that the Board could circumvent the law. He felt the Board had the responsibility and legal authority to do so.

Mr. Gaipo stated what was in his affidavit of October 14, 1993. The affidavit states that during a meeting with Mr. Hickey and Mr. Boyce, he was told the COLA would be based on the higher amount of retirement and that it was never mentioned that the COLA would be reduced at age 62. Mr. Gomes indicated that was the reason many retirees took the Social Security Option at that time. Mr. Talbot stated he would have worked until age 62 if he knew the COLA would be reduced. Ms. Flaminio informed the Board that members of her staff gave all applicants the same information. Mr. Gomes relayed to the Board the names of Richard Francis and Robert Grace as additional witnesses who contend that they were given the same information.

After further discussion and questions by Board members, Mr. Carlotti again referred to the statute with respect to the Social Security Option, and indicated that he felt the General Assembly clearly intended that people who elected the Social Security Option would not do any better than the people who retired generally.

Frank Mangione, explained to the Board the financial impact of the various calculations. Assistant Director James M. Reilly stated the policy of the System during the time in question. Mrs. Mayer summarized the issue and then moved to deny Mr. Talbot the enhanced COLA. Mr. Williams seconded the motion. A roll call vote was taken, Mr. Almeida, no., Mr. Williams, yes, Mr. Beardsley, yes, Mr. Boyce, abstain, Mr. Finelli, yes, Mr. Mahoney, yes, Mr. Morrissey, yes., Rep. Pires, yes, Ms. Reback, yes, Mrs. Snow, yes and Mrs. Mayer, yes. Mr. Talbot's appeal was denied.

#### Hearing: Edward McGrath:

Mr. McGrath presented his appeal with respect to his retirement and the application of the 10-Year Contributing Rule to Municipal Employees. As of December 31, 1992, Mr. McGrath had only nine years, two months and 22 days of service credit. Relying on Board policy adopted on October 21, 1993, Rep. Pires moved to deny Mr. McGrath's appeal, with Mr. Mahoney seconding the motion. Roll call vote: Mr. Almeida, yes, Mr. Williams, yes, Mr. Beardsley, yes., Mr. Boyce, yes, Mr. Finelli, yes, Mr. Mahoney, yes., Mr. Morrissey, yes, Ms. Reback, yes, Mrs. Snow, yes and Mrs. Mayer, yes. The appeal was denied.

Mr. Boyce requested that the Board submit legislation that would correct the inequity of people who purchased time prior to the enactment of the legislation. In addition, he inquired about the possibility of giving interest. Ms. Flaminio stated there was no provision within the confines of our statute to give back any money with interest. Ms. Snow requested that it be referred to the Legislation Committee.

#### Request for Hearings:

Hearings were requested by Richard I. Millar, James Coyle and Rhode Island Federation of Teachers. Mr. Morrissey moved to accept the request for appeals of Mr. Coyle and the Rhode Island Federation of Teachers. Motion was seconded by Mrs. Snow and passed on a voice vote with Ms. Reback abstaining.

Executive Director Flaminio discussed the Millar appeal and its de minimis nature and the fact that the law clearly does not allow for any Board action to rectify Mr. Millar's situation. Ms. Reback moved to deny Mr. Millar's request to purchase military service time and that such decision be

Page 3

communicated to him together with an invitation to provide the Board with new evidence. Mr. Mahoney seconded the motion. Motion passed on a voice vote.

### Committee Reports

#### Rules & Regulations:

Mr. Williams thanked the sub-committee for the tremendous job they have done. Mr. Williams passed out three proposals: (1) The proposed regulations on purchasing (one for supplies, and the other for consultants; (2). Rules and Regulations relating to administrative hearings and appeals; (3). Sample work plan through June. Any suggestions or additions will be welcomed. Ms. Flaminio informed the Board that the Purchasing Regulations are scheduled to be voted on at the February meeting.

#### Disability Committee:

Edna Snow moved to accept the Disability Committee report. Mr. Mahoney seconded the motion which passed by voice vote.

### Legal Counsel Report

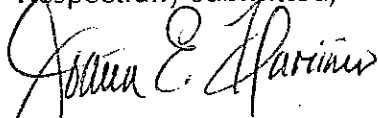
Mr. Carlotti informed the Board that the Furia appeal would be argued in the Supreme Court in January. In addition, he is investigating with the Attorney General as to whether or not his firm will be representing the Board in the Smith litigation. He will advise the Board as to the outcome of his investigation.

### State Investment Commission

Mrs. Mayer stated in the interest of time she will give a more expansive report at the next meeting.

There being no further business to come before the Board, Edna Snow moved and Mr. Finelli seconded the motion to adjourn at 11:30 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the February 14, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on February 14, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 10:15 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present at roll call: Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham, designee for Jerrold L. Lavine, William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Marcia B. Reback, Edna M. Snow and Nancy J. Mayer, Chairperson.

Marcia Reback moved the minutes of the January 13, 1994 be accepted as presented. James Gillis seconded the motion which passed on a voice vote.

### Chairperson's Report

Mrs. Mayer gave a brief report as to the settlement executed with the IRS and answered questions regarding Legislative pensions. By June 30, 1995 the maximum annual pension will be \$10,000 unless Congress passes a bill eliminating Section 415 restrictions on governmental plans. The settlement also requires that the state return \$20.8 million to the employees' pension fund in addition to \$2 million in "excess benefits" paid to retired legislators since July 1991. Ms. Reback questioned the rights of the Legislators. Mr. Carlotti responded they have a right to sue if they have a right that is being abridged, but the Board had to enter into the agreement in order to maintain the tax-exempt status of the retirement fund.

### Executive Director's Report

Executive Director Flaminio introduced two members of her staff, Diane Bourne, Members' Services Coordinator and Charles Casey, Retirement Analyst. Sen. Gray moved to adopt the Purchasing Regulations and Louis Ciaramello seconded the motion. Mr. Mahoney questioned certain items within the regulations which prompted Sen. Gray to amend his motion to approve the Purchasing Regulations as proposed provided that one subsequent meeting be held by the committee at which time additional amendments may be offered. Mr. Ciaramello and Mrs. Snow seconded the motion that passed unanimously on a roll call vote. Ms. Flaminio thanked Jerry Williams, Tom Morrissey and Steve Carlotti for their help with the Purchasing Regulations.

Mr. Ciaramello questioned the Director if the retired members receiving Accidental Disability had been informed that this type of pension was non-taxable. She replied that they would receive a letter indicating that the pension was indeed non-taxable.

Mr. Mangione and Mr. Gilman of William M. Mercer, Inc., presented the additional information requested by Mr. Williams at the January meeting pertaining to employer rates based on 4 1/2, 5, 5 1/2 and 6%. After a brief question and answer period, Ms. Reback moved to adopt the assumptions as presented. Mrs. Snow seconded the motion that passed unanimously by voice vote.



### Hearings

#### Hearing: Alice Coyle, wife of James Coyle, deceased

Richard Riendeau, Esq., presented additional evidence and witnesses concerning his client's desire to have her late husband's pension reinstated. The following witnesses gave testimony regarding the case: James D. Coyle, John E. Jones, Dorothy M. Jones, Raymond H. Brouillette, Marilyn Ann Bissier and Alice M. Coyle. James M. Reilly, Assistant Director and the counselor that assisted Mr. Coyle with his application for retirement, testified that Mr. Coyle signed the application and that he routinely advises all members of all options upon retirement. Mr. Mahoney moved the pension be denied; Mr. Ciaramello seconded the motion. Discussion was held at which time Ms. Reback moved to table the motion pending the receipt of a copy of the estimate sheet. Michael Boyce seconded the motion that was taken by a show of hands. The motion to table failed 3 votes in the affirmative, 5 votes in the negative. The motion to affirm the decision of the director was voted on by a roll call vote. Mr. Boyce - No, Mr. Ciaramello - Yes, Mr. Finelli - No., Mr. Gillis - Yes, Sen. Gray - Yes, Mr. Clingham - Yes, Mr. Mahoney - Yes, Ms. Reback - No, Mrs. Mayer, Yes (Mrs. Snow was not present for vote). Motion passed.

#### Hearing: Rhode Island Federation of Teachers:

Richard A. Skolnik, Esq., counsel for the AFT presented information to the Board members regarding the position of the Federation. Mr. Carlotti gave a brief outline of the suit in the Superior Court brought against the Board by the AFT. The suit involves the interpretation of the provisions of the General Laws as they relate to past salary deferments and how those salary deferments were to be included or not included in determining the average final compensation of a member seeking retirement. During discussion Mr. Skolnik made a brief statement as to the position of the AFT. Mr. Ciaramello moved and Sen. Gray seconded the motion to table the appeal until the next meeting. The motion was tabled. Ms. Reback recused herself from any discussion regarding this case.

#### Request for Hearings:

Ms. Reback moved and Mr. Ciaramello seconded the motion to grant hearings to Antonio J. Craveiro and Wilford B. Eccles at the March 9, 1994 meeting. Motion passed on a voice vote.

### Committee Reports

Disability Committee: Mr. Ciaramello moved the report be accepted as presented. Ms. Reback seconded the motion that passed by voice vote.

Mr. Carlotti explained to the Board that the Disability Committee has an application before it for an accidental disability by an individual who was at the time of application a convicted felon. The question the committee has asked is whether or not honorable service is a precondition to a pension under the system. The first question is whether there is a distinction between the honorable service requirement enunciated in the Almeida decision which was based on a service pension, and the pension that arises out of either

an ordinary or accidental disability. His view is that the requirement of honorable service applies to all categories of pensions: accidental disability or years of service. The question the sub-committee is asking the Board is whether the Board is prepared to establish as a matter of principle whether it should consider the question of honorable service in granting or denying a pension of whatever variety. Ms. Reback asked if the individual utilized his/her public position for public gain and if the crime is related to the job. It was established that the person was terminated because of his conviction of a felony. The Sub-Committee has not yet addressed the issue of the member's disability. Mr. Carlotti suggested the issue be discussed at the next meeting. Ms. Reback asked Mr. Carlotti to present different views on this matter at the next meeting.

Status Report: State Investment Commission

Mrs. Mayer briefly spoke on the termination of one portfolio manager and that an RFP is being prepared to go out for a large value manager. The State Investment Commission has adopted a minority women-owned business enterprise policy that will award 2% of the state pension fund to qualified women and minority firms.

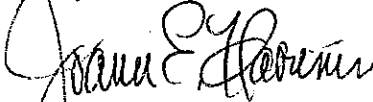
New Business/Good & Welfare

Mr. Boyce questioned the notification to Accidental Disability recipients regarding the tax exempt status of their pension. Ms. Flaminio related that a copy of the letter from IRS stating ERS Accidental Disabilities are tax-exempt will be sent to each disability recipient. In addition, it will be included with the initial Accidental Disability application form.

Mr. Boyce also inquired about the possibility of having a spouse sign off if a retiree takes a maximum pension. Executive Director Flaminio stated that the retirement application process has been revamped and that the retiree is fully aware of his option choice. She will look into the matter of conformance with the requirements of ERISA.

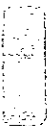
There being no further business to come before the Board, Ms. Reback moved and Mr. Ciaramello seconded the motion to adjourn. The motion passed at 12:45 p.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp



## Minutes of the March 9, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on March 9, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Nancy J. Mayer, General Treasurer.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham, designee for Jerrold L. Lavine, William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Marcia B. Reback, Edna M. Snow and Nancy J. Mayer, Chairperson.

Marcia Reback moved the minutes of the February 14, 1994 meeting be accepted as presented. William Finelli seconded the motion which passed on a voice vote.

### Executive Director's Report

Executive Director Flaminio introduced two members of her staff, Kelly Fay and Jackie Coia, Retirement Support Clerks. Ms. Flaminio distributed samples of the revised Annual Statement to the Board members. All members of the System should be receiving the statement the latter part of March.

Ms. Flaminio commented on the Open House and computer demonstration held March 3rd and stated that she has materials on computerization should members desire additional information. She also thanked the Board for their attendance at all the different meetings and for their commitment to the retirement system.

The Director reminded the Board that the next Legislative Sub-Committee meeting would be at 1:00 p.m., Thursday, March 17 in Room 309, State House.

Ms. Flaminio asked the Board members to review the draft of the actuarial valuation prepared by the Mercer Company as it will be discussed at the April meeting. She reviewed the amendments to the Purchasing Regulations suggested by Mr. Mahoney at the last Sub-Committee meeting of the Rules and Regulations Committee. After Mr. Carlotti highlighted the changes, Mr. Clingham moved to approve the amendments. Mr. Ciaramello seconded the motion with all present voting in the affirmative.

The letter regarding tax exemption has been sent to all Accidental Disability retirees.

The parties for the scheduled hearings had not arrived so the Chairman proceeded to Item VI, on the agenda, Legal Counsel Report.

### Legal Counsel Report

Mr. Carlotti stated he would answer questions regarding the report he distributed to the members. Mrs. Mayer responded briefly to Mrs. Snow inquiry regarding a recent initiative by Governor Sundlun that the unfunded liability of the retirement system be paid off through the issuance of municipal bonds. Ms. Mayer stated that the question of bonding is one of many options that the Administration is considering to attack the of unfunded liability issue.

### Hearings

#### Hearing: Wilford B. Eccles

Mr. Wilfred B. Eccles appealed the Retirement System's decision not to apply Mr. Eccles' military service toward the ten year 'contributing service' requirement. After discussion, Mr.

Carlotti stated the Boards policy, adopted October 21, 1993, is that a Municipal employee must have ten years of contributing service as of December 31, 1992, in order to be eligible to retire. Mr. Eccles had only 9 years, 2 months and 0 days as of that date. Mr. Mahoney moved to deny Mr. Eccles appeal. Mr. Gillis seconded the motion which carried by voice vote.

#### Hearing: Rhode Island Federation of Teachers:

Prior to the hearing, Ms. Reback requested that the record show that she recused herself from any and all discussion on this matter. Richard A. Skolnik, Esq., counsel for the AFT discussed the position paper that he had shared with the Board at last month's meeting in support of allowing teachers who have previous deferred compensation to use such compensation in the computation of retirement. Mr. Carlotti stated the Retirement System's position is based on the statute and a previous administrative interpretation by then Acting Director James Reilly. Mrs. Mayer suggested the appeal be denied because of the past policy. Mr. Beardsley seconded the motion. A rollcall vote was taken, Mr. Almeida - no, Mr. Beardsley - yes, Mr. Boyce - yes, Mr. Ciaramello - yes, Mr. Finelli - no, Mr. Gillis - yes, Sen. Gray - yes, Mr. Clingham - yes, Mr. Mahoney - yes, Ms. Reback - recused, Mrs. Snow - yes, Mrs. Mayer - yes. Motion to deny carried by 9 votes affirmative, 2 votes negative.

#### Hearing: Antonio J. Craveiro:

Mr. Craveiro was present to appeal the Retirement System's decision not to proceed with his application for disability retirement. Mr. William J. Lynch, Esq., counsel for Mr. Craveiro, passed out a prepared document to the Board members. A five minute recess was called to enable to Board members to read the material. Mr. Lynch then presented evidence of his client's injury to the Board and requested the Board honor Mr. Craveiro's application for an Accidental Disability. After a brief question and answer period, it was moved by Mr. Boyce to refer Mr. Craveiro's application to the Retirement Board and subsequently to the Disability Sub-Committee. The motion was seconded by Mr. Almeida and Mr. Beardsley. The motion passed unanimously by voice vote.

#### Update - Sharon Lyman:

Ms. Flaminio explained to the Board that a decision on Sharon Lyman's appeal has never been made and she will be putting the matter on the April 13th agenda.

#### Request for Hearings:

Ms. Reback moved and Mr. Mahoney seconded the motion to grant a hearing to Bradford Sampson for the April 13th meeting. Motion passed on a voice vote.

### Committee Reports

#### Disability Committee:

Mr. Ciaramello moved the report be accepted as presented. Mr. Gillis seconded the motion that passed by voice vote.

The matter of William A. Quatrocchi was brought before the Board. A five minute recess was called to enable the Board members to review a memo prepared by Mr. Carlotti defining honorable service. Mr. Carlotti presented the Board with options regarding Mr. Quatrocchi application for an accidental disability. Mr. Carlotti stated (1) that the Board may require honorable service as a precondition for a government pension based on the Alameda decision and proceed with a hearing regarding honorable services; or (2) return the matter to the Disability Sub-Committee for a determination of whether or not the applicant qualifies for a

disability and then rely on the provisions of the Pension Revocation and Reduction Act to determine if the applicant's offense is covered under the Act. After discussion, Mr. Mahoney requested that the matter of honorable service be held for the time being and moved to remand the matter back to the Disability Sub-Committee to determine whether the applicant is entitled to a disability pension based on the evidence of his application. The motion was seconded by Mr. Beardsley and Mr. Boyce and passed by voice vote.

Status Report: State Investment Commission

Mrs. Mayer informed the Board that the Investment Commission has commenced a search for a Large Cap Value Manager. They have voted to allocate a small portion of the portfolio to minority and women owned business enterprises. The Investment Commission has voted to support repeal of the South Africa restrictions contingent on the certification by the President of the United States that free elections are taking place in South Africa. She invited the Board members to attend the Investment Commission meeting on March 22 or call her or her office if they have any questions.

New Business/Good & Welfare

Mr. Ciaramello requested that all committee chairman give a report at the Board meetings. He feels some issues are not being adequately discussed.

Ms. Reback commended the staff for recent information that was received by the Board.

There being no further business to come before the Board, Mrs. Snow moved and Mr. Beardsley seconded the motion to adjourn. The meeting adjourned at 11:00 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp



## Minutes of the April 13, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on April 13, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Marcia Reback, Vice Chairperson of the Retirement Board.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham, designee for Jerrold L. Lavine, William B. Finelli, James A. Gillis, Sen. Walter J. Gray, Michael O'Keefe, James F. Mahoney, Thomas V. Morrisey, Edna M. Snow and Marcia B. Reback, Vice Chairperson.

After amending the minutes to include Mr. Boyce as voting yes on the vote regarding the Rhode Island Federation of Teachers, Mr. Ciaramello moved and Mrs. Snow seconded the motion to accept the minutes as amended. Motion carried.

### Executive Director's Report

Executive Director Flaminio introduced a member of the ERSRI staff to the Board, Marion Solomon. She also informed the Board that the new retirement booklet will soon be printed. A proposed set of hearing rules will be mailed to all members so that they may be reviewed in advance of the May meeting. Discussion and adoption of the hearing rules will take place in May.

Ms. Flaminio commented on the retirement seminars being held and again reminded the Board they are available to all agencies and municipalities who request them. At the present time, the Retirement System honors all such requests. In the future, the System would like to adopt a more systematic approach to communicating with the membership.

Mr. Finelli requested information from the Investment Commission regarding the relationship of the Retirement System (and Investment Commission) to Fleet National Bank. Ms. Flaminio stated she would be happy to comply with his request.

The meeting was turned over to Barry Gilman and Francis Mangione of the William Mercer Company to present the results of the State's actuarial valuation.

### Actuarial Valuation FY July, 1995 - William Mercer Co.

Mr. Mangione and Mr. Gilman highlighted the results of the valuation and answered question from Board members. Joshua Ravitz of the General Treasurer's Office answered a question from Vice-Chairperson Reback regarding payments to the Health Care Fund. In order to comply with the IRS, the Pension Fund has stopped making contributions for Health Care payments, while the state has commenced making payments to the retiree health care fund. Mr. Ravitz stated that any payments made by the pension fund to the health care account would be paid back to the pension fund by the state. There being no further questions, Mr. Beardsley moved to accept the actuarial valuation and commended the Mercer Company for the completeness of the valuation. Mrs. Snow seconded the motion which passed by voice vote.

### Hearings

#### Hearing: Bradford Sampson

Stephen Dennis, the attorney representing Mr. Sampson, gave an overview of Mr. Sampson's appeal. Mr. Carlotti, Board counsel, explained the R.I.G.L. 36-10-31 does not differentiate between accidental and ordinary disabilities. After further discussion, Mr. Mahoney moved the request be denied which Mr. Ciaramello seconded. Sen. Gray moved to table to the next meeting. Mrs. Snow seconded the motion which was taken on a rollcall vote. Mr. Almeida - no, Mr. Beardsley - no, Mr. Boyce - no, Mr. Ciaramello - no, Mr. Finelli - no, Mr. Gillis - no, Sen. Gray - yes, Mr. Clingham - no, Mr. Mahoney - no, Mr. O'Keefe - no, Ms. Reback - yes, Mrs.

Snow - yes. Vote tally: (3) affirmative; (10) negative. Motion failed. The original motion to deny the appeal was taken by rollcall vote. Mr. Almeida - yes, Mr. Beardsley - yes, Mr. Boyce - no, Mr. Ciaramello - yes, Mr. Finelli - no, Mr. Gillis - yes, Sen. Gray - no, Mr. Clingham - yes, Mr. Mahoney - yes, Mr. Morrissey - yes, Mr. O'Keefe - yes, Ms. Reback - no, Mrs. Snow - no. Vote tally (8) affirmative; (5) negative votes. Motion to deny passed.

#### Hearing - Sharon Lyman:

Ms. Lyman's appeal was postponed at the request of her attorney.

#### Request for Hearings:

Mr. Ciaramello moved and Mr. Finnelli seconded the motion to grant a hearing to Mr. Thomas Perrotti. The motion passed on a voice vote.

#### Legal Counsel Report

Mr. Carlotti informed the Board that the Supreme Court has sustained the position of the Retirement Board in the Furia appeal which is that a non-member spouse in a divorce proceeding may not require benefits be paid prior to the retirement of the member spouse.

#### Committee Reports

##### Disability Committee:

Mr. Ciaramello moved the report be accepted as presented. Mr. Boyce seconded the motion. Mr. Clingham moved to amend the motion to remove the name of William Quatrocchi from the list. The amendment passed on a voice vote. The motion to accept the report as amended passed on a voice vote.

It was moved to go into Executive Session by Mr. Morrissey and seconded by Mr. Mahoney. Motion passed.

Upon coming out of Executive Session Ms. Flaminio expressed serious policy reservations to granting a pension to a convicted felon, and recommended that the case be referred to the Attorney General's office for prosecution under the Pension Revocation & Reduction Act. After discussion, Mr. Ciaramello moved and Mr. Morrissey seconded the motion to grant Mr. Quatrocchi an accidental disability pension. A rollcall vote was taken, Mr. Almeida - yes, Mr. Beardsley - yes, Mr. Boyce - yes, Mr. Ciaramello - yes, Mr. Finelli - yes, Mr. Gillis - yes, Sen. Gray - no, Mr. Clingham - no, Mr. Mahoney - no, Mr. Morrissey - yes, Mr. O'Keefe - no, Ms. Reback - yes, Mrs. Snow - yes. Motion passed. Vote tally: (9) votes affirmative; (4) votes negative. Mrs. Snow moved that the matter be referred to the Attorney General for consideration in bringing an action under the Pension Revocation Act to revoke the pension that was granted by the Board. The motion was seconded by Mr. Gillis and passed unanimously on a voice vote.

##### Legislative Pension Report

Sen. Gray related that the committee met March 15 and Mr. Beardsley and Sen. Gray were the members in attendance. Ms. Flaminio, Mr. Reilly, Mr. Ravitz and Mr. Grybowski also attended. The report represents the opinion of the committee of bills that were available as of that date. After discussion it was the consensus of the Board that it would not be feasible to take any action on the report as the Board members did not have time to study each bill. Sen. Gray feels there isn't a need for the Legislative Committee other than to convey information on legislation to the Board. Ms. Flaminio suggested the matter be taken up at the Rules & Regulations meeting which is reviewing the Committee structure of the Board. Mr. Boyce suggested the Board receive the report as information only. Mr. Clingham moved to accept the report and take no further action on it. The motion was seconded by Mr. Boyce and passed unanimously by voice vote.

New Business/Good & Welfare

New Business:

Mr. Beardsley questioned the Governor's decision to realize \$15 million dollars by refinancing a portion of the unfunded liability. He requested the actuaries to give a brief explanation as to what this would mean as it was his understanding that correspondence had been received from the actuaries indicating the plan was a sound and proper one. Mercer responded that they did respond to a request from Board member Jerrold Lavine in which they commented as to whether such a plan would aid the fund from a liability perspective. Mr. Beardsley asked if they deemed it prudent for the Board to support such an action. Mr. Mangione stated that was an issue for the Investment Commission to analyze. Mr. Clingham related that he spoke to Mr. Lavine and Mr. Lavine stated that before anything was formalized, he would make a full presentation of the proposal to the Board. Mr. Mahoney brought up the question as to who pays for these type of inquiries. Many of the Board members felt the question of who has access to the actuary should be brought before the Rules and Regulations Committee.

Because of the Retirement Board's past press, Mr. Beardsley wondered if a representative from the Administration could make a presentation to the Board regarding the issuance of Pension Obligation Bonds and the Governor's program.

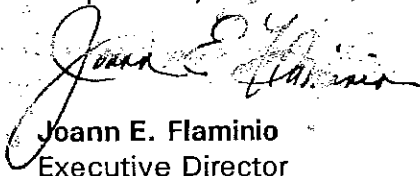
Mr. Boyce commended the staff and especially Diane Bourne on the thorough and unbiased reports the disability committee has been receiving for the past few months. Mr. Gillis spoke of her cooperation any time a committee member requests additional information.

Mr. Mahoney commented on the favorable letters received by the Retirement System regarding the seminars being conducted by the staff.

Mrs. Snow questioned if the contract for 40 Fountain Street could be reexamined. Mr. Palmer stated the contract runs out in 1996.

There being no further business to come before the Board, Mr. Boyce moved and Mrs. Snow seconded the motion to adjourn. The meeting adjourned at 11:50 a.m.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp



## Minutes of the May 11, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on May 11, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:08 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, William B. Finelli, James A. Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer, Chairperson. Michael O'Keefe arrived at 9:30 a.m.

Mr. Gillis moved and Mrs. Snow seconded the motion to approve the minutes of the April 13, 1994 meeting. Motion passed unanimously on a voice vote.

### Executive Director's Report

Executive Director Flaminio introduced the new ERSRI Assistant Director of Finance, Frank Karpinski, to the Board.

Ms. Flaminio also introduced the new retirement handbooks to the Board. The handbooks are specifically designed for people who are close to retirement. She detailed plans for another booklet focusing on issues for active members. Ms. Flaminio apologized to Mrs. Snow for the omission of her name and stated that she will rectify the problem. The next printing of the booklets will be revised to include her name. Ms. Reback stated it would be appropriate for the booklet to be distributed to all active personnel.

Next Ms. Flaminio spoke about the reforms to the disability process including a standardized fee schedule for doctors and new physicians forms. The new fee schedule will become effective June 1st.

Ms. Flaminio informed the Board that the attorney for Thomas Perrotti requested the hearing be postponed to June.

Ms. Flaminio highlighted the issues regarding the Lyman appeal scheduled for 10:00 a.m.. She indicated that she and her attorney appeared at the June, 1993 meeting and presented her case at that time. The Board referred the case to the previous counsel. No decision has been made to date. The Board continued with the posted Agenda until the arrival of Ms. Lyman's attorney.

### Legal Counsel Report

Mr. Carlotti distributed a schedule of litigation's pending and had no further report.

### Committee Reports

#### Rules and Regulations Committee:

Mr. Williams, Chairman of the Rules and Regulations Sub-Committee, explained the Sub-Committee's rationale in proposing a Hearing Officer to do fact-finding for the Board on administrative appeals. It was the opinion of the Sub-Committee that the Board would then have more time for policy issues and other issues deemed relevant. After making findings of fact, the Hearing Officer will present the findings and a recommendation to the Board for their adoption. Mr. Williams stated that the sub-committee tried to make the Rules and Regulations as user friendly as possible. There is also an option for re-hearing which the sub-committee felt would be prudent should there be additional information to be presented. Mr. Williams commended the sub-committee and all other Board members who attended the various meetings.

Ms. Reback moved for adoption which was seconded by Mr. Morrissey. A rollcall vote was taken of members present. Mr. Beardsley yes; Mr. Boyce, yes; Mr. Finelli, yes; Mr. Gillis, yes; Sen. Gray, yes; Mr. Williams, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Ms. Reback, yes; Ms. Snow, yes; Mrs. Mayer, yes. Vote tally: (12) affirmative. Motion passed

Mr. Carlotti suggested that the Executive Director be asked to get a list of hearing officers to present to the Board for approval. They would then be appointed to hearings by the Executive Director on a rotating and impartial basis. He and Ms. Flaminio agreed that five would be an acceptable number.

Disability Committee:

Mr. Finelli moved the report of the May 6, 1994 meeting be accepted as presented. Mrs. Snow seconded the motion which passed unanimously by voice vote.

State Investment Commission

Mrs. Mayer stated that the Commission is in search of a large-cap value manager. They are interviewing eight companies and invited the Board to attend the meeting when they interview the finalists.

Ms. Reback moved for a recess at 9:35 a.m. pending the arrival of the Lyman counsel. The meeting reconvened at 9:45 a.m. for the Sharon Lyman hearing.

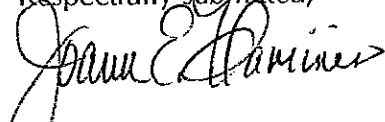
Hearing

Sharon Lyman:

Attorney William J. Lynch, counsel for Mrs. Lyman, stated he was at the meeting to obtain the decision of the Board regarding Mrs. Lyman's ability to purchase past credit for time as a student worker at Rhode Island College. Ms. Flaminio stated that the reason for the initial denial was the policy of the retirement system to disallow the purchase of credit for time employed as a student worker since such time is casual or seasonal in nature. The Legislature formally codified this policy in January of 1993 by specifically amending the definition of employee to exclude duties of a "casual or seasonal nature." R.I.G.L. 36-8-1. Mr. Lynch stated that Mrs. Lyman's request was not precluded by the passing of the statute. Mr. James Reilly, Assistant Director, stated to the Board that to the best of his knowledge, such a policy had always been in effect at the Retirement System. Ms. Reback stated she would recuse herself from any votes taken on this issue. Senator Gray moved to deny the request which Mr. Mahoney seconded. A rollcall vote was taken as follows: Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Finelli, yes; Mr. Gillis, yes; Sen. Gray, yes; Mr. Williams, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Mrs. Snow, yes, Mrs. Mayer, yes. Vote tally: (11) affirmative. Motion to deny passed.

There being no further business to come before the Board, Mr. Boyce moved and Mrs. Snow seconded the motion to adjourn. The meeting adjourned at 10:05 a.m.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp

## Minutes of the June 8, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on June 8, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., James Gillis, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams and Nancy J. Mayer, Chairperson. William B. Finelli arrived at 9:45 a.m. and Michael O'Keefe arrived at 9:50 a.m.

Mrs. Snow moved and Mr. Ciaramello seconded the motion to approve the minutes of the May 11, 1994 meeting. Motion passed unanimously on a voice vote.

### Chairperson's Report

Mrs. Mayer requested advice from the Board regarding 18 former Legislatures that purchased credit under General Law 36-9-20(b). Mrs. Mayer stated that it appeared that some purchases may have been illegally made. At that point, Mr. Mahoney called for a point of order and suggested Mrs. Mayer's comments were in the nature of 'opinion' only and that her report asked for no action by the Board. Mr. Carlotti, board counsel, stated that the Board in the past has been flexible in allowing Board members to speak. Mrs. Mayer then proceeded to explain the three 'groups' or types of purchases that were made under the statute in question. Mr. Ciaramello asked why the material was not put in writing. Mr. Mahoney moved to table the report which Mr. Ciaramello seconded. A rollcall vote was taken of members present: Mr. Almeida, yes; Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Ms. Reback, yes; Mrs. Snow, no; Mr. Williams, yes and Mrs. Mayer, no. Vote tally: 9 affirmative, 2 negative. Motion passed.

### Executive Director's Report

Executive Director Flaminio made note that the Board members had all received a copy of the completed Deloitte & Touche report. She introduced Gloria Bernstein as a new member of the Retirement office working in the Member Support area and also related the fact that Raymond Kiernan, Retirement Analyst, had retired at the end of May.

Next Ms. Flaminio requested the Board's approval of the Request for Proposal for a retirement management software program. Mrs. Snow so moved with Mr. Ciaramello seconding the motion. The motion passed unanimously by voice vote.

Ms. Flaminio informed the Board that 600 state school lunch employee positions were being eliminated at the end of June. ERSRI staff members were part of a state wide program that went out to seven locations to assist them with retirement and retirement related issues.

Marcia Reback informed Board members of a discussion with Executive Director Flaminio regarding her participation in a National Council of Teacher Retirement Trustee/Fiduciary workshop in Norfolk, Virginia in September. Since Board members had not previously attended such events, Ms. Reback wanted to ensure that all members were knowledgeable of her planned attendance. A motion was made to approve Ms. Reback's attendance, but was withdrawn as it was deemed unnecessary. There was no objection by any Board member to Ms. Reback's attendance at the workshop.

The meeting was turned over to Mr. Mangione and Mr. Gilman of the Mercer Company to discuss the Municipal Valuation draft. Upon completion of the detailed report, Mr. Boyce moved and Mr. Beardsley seconded the motion to accept the draft as presented. Motion passed unanimously on a voice vote. Mr. Beardsley commended the Mercer Company for their excellent report and service.

### Hearings

Thomas Perrotti: Ms. Flaminio reported that at the request of Thomas Liguori, legal counsel for Thomas A. Perrotti, the hearing was to be postponed.

### Legal Counsel Report

Mr. Carlotti distributed the monthly schedule of pending litigation. He then summarized a letter from Assistant Attorney General Robin Feder to Ms. Flaminio with respect to William Quatrocci, a disability retiree whose case was referred to the Attorney General under the Pension Revocation and Reduction Act. Ms. Feder's recommendation is to reconsider the Quatrocci matter before his receipt of any benefit payment as it is her legal opinion that the Board has sufficient authority to do so. Mrs. Mayer moved that the Board reconsider the granting of Mr. Quatrocci's pension. Mrs. Snow seconded the motion. After lengthy discussion regarding the issues in this case, it was requested that Ms. Feder of the Attorney General's office be invited to the next Board meeting to address questions raised by the Board. Mrs. Snow moved to table the original motion and reconsider pending appearance of Ms. Feder. A rollcall vote was taken. Mr. Almeida, yes; Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes., Mr. Finelli, no; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Ms. Reback, yes; Mrs. Snow, yes; Mr. Williams, yes, Mrs. Mayer, yes. Vote tally: 12 affirmative, 1 negative. Motion passed.

Mr. Almeida moved and Mrs. Snow seconded the motion to go into Executive Session in order for Mr. Carlotti to report on pending litigation. Motion passed by voice vote.

The Board recessed briefly at 10:40 a.m.

Upon coming out of Executive Session the Disability Committee report was presented.

### Committee Reports

#### Disability Committee:

Mr. Boyce moved to accept the report with the exception of the last person on the second page. Mrs. Snow seconded the motion. The motion passed by voice vote.

Ms. Flaminio told Mr. Ciaramello she would honor his request and redo the Disability report eliminating the wording 'one year review' from the report.

Mr. Williams then raised the issue of a disability applicant whose application was approved at the last sub-committee meeting. The basis of the applicant's injury is a dislocated shoulder which the independent physicians state will make him unable to return to his position as a guard at the ACI. Mr. William's concern is that the medical reports state that corrective surgery would in all likelihood repair his shoulder. The applicant has declined surgery at this point. He raised the question as to whether the Board upon the recommendation of the Disability Committee should grant a pension to an individual who has refused invasive surgery, that is likely to result in his ability to return to work. Mr. Beardsley moved to table the issue to allow legal counsel to do research pertaining to many of the questions the Board raised regarding the case. Mrs. Snow seconded the motion. A rollcall was requested of members present. Mr. Almeida, no; Mr. Beardsley, yes; Mr. Boyce, no; Mr. Ciaramello, no; Mr. Finelli, no; Mr. Gillis, no; Mr. Mahoney, yes; Mr. Morrissey, yes; Ms. Reback, no; Mrs. Snow, yes; Mr. Williams, yes; Mrs. Mayer, yes. Vote tally: 6 affirmative, 6 negative. Motion failed.

Mr. Boyce moved to approve the disability of the person omitted from the original sheet. Mr. Ciaramello seconded the motion. A rollcall was taken of members present. Mr. Almeida, yes; Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Ms. Reback yes; Mrs. Snow, yes; Mr. Williams, no; Mrs. Mayer, no. Vote tally: 10 affirmative. 2 negative. Motion passed.

Mr. Beardsley moved counsel to report actions taken by similar Boards when confronted with this type of situation so that in the future the Board has policies and regulations at hand. Mr. Williams seconded the motion. During discussion Ms. Reback suggested the Executive Director do the research, Mr. Beardsley amended his motion to include such. Motion passed by voice vote with Mr. Ciaramello abstaining.

State Investment Commission

Mrs. Mayer informed the Board there is a purchase and sale agreement on the Old Stone Bank of California. She also informed that at the last Investment Commission meeting it was voted to invest \$250,000 in bonds in the State of Israel. She stated that she had voted against that investment.

New Business

Mr. Williams requested that the April 8 letter regarding the status of Retirement System employees be put on the July agenda. Mrs. Mayer agreed to Mr. William's request.

Mr. Ciaramello requested that the issue of increasing the Accidental Death Benefit be placed on the next agenda. Executive Director Flaminio agreed to report on that issue at the next meeting.

There being no further business to come before the Board, Mr. Ciaramello moved and Mr. Gillis seconded the motion to adjourn. The meeting adjourned at 11:30 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp

## Minutes of the July 14, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on July 14, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:05 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Virgil N. Almeida, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Jerrold Lavine, William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Edna M. Snow, and Nancy J. Mayer, Chairperson.

Mr. Ciaramello moved and Mrs. Snow seconded the motion to approve the minutes of the June 8, 1994. Mr. Mahoney amended the motion by adding Mr. Gillis as being present at the May meeting. Motion unanimously passed as amended on a voice vote.

### Legal Counsel Report

The Board diverted from the scheduled agenda in order to receive the requested report from Robin Feder of the Attorney General's Office. Ms. Feder recapped the issue of William Quatrocchi and the letter of May 18th she had received from Executive Director Flaminio indicating the Board approved a disability pension for Mr. Quatrocchi, a former ACI correctional officer who had also been convicted of some drug offenses. In the letter Ms. Flaminio also indicated the matter was being referred to the Attorney General's office to pursue pension revocation under the Pension Revocation statute. Ms. Feder's reply suggested that a more efficient course of action would be to not award the pension in the first place rather than initiate suit. In her letter she set forth some case law which indicated the Board could revisit their decision. Ms. Feder stated the whole issue evolves around the issue of 'honorable service'. She indicated that there was possibly two courses of action: 1) The Almeida course of action which states in the common law there is an inherent requirement that every public employee serve honorably before a public pension may be received. The body making the determination to award a public pension would be the body to determine whether service was rendered honorably; or 2) The Pension Revocation Act which allows a lawsuit to be filed when a public employee has been convicted of a certain number of enumerated crimes in the statute with a request to the Court that the pension be revoked, suspended or limited in some fashion based upon the conviction having been received.

Ms. Feder recommended the Board follow the track laid out in the Almeida case which would entail a hearing followed by a Board determination as to whether he had served honorably. She felt the Pension Revocation Act was more limited than the common law course under Almeida and added that it is not entirely clear that Mr. Quatrocchi fits into the parameters of the Act. Thus, the chances of the pension being revoked are limited. Secondly, the determination of 'honorable service' is the Board's responsibility.

Mr. Carlotti asked Ms. Feder if the Attorney General has a position on whether or not the decision by the General Assembly to enact the Pension Revocation Act in effect preempts and defines the Almeida decision. Ms. Feder stated that the statute does not preempt the common law.

Mrs. Mayer and Mr. Clingham agreed that common law trust principles and fiduciary responsibility is not pre-empted by any legislation that a state might pass regarding specific fiduciary duties.

Mr. Mahoney stated that it was his opinion that the Pension Revocation and Reduction Act clarifies the role of the Board after the Almeida decision.

After further discussion, Mr. Carlotti attempted to summarize the Attorney General's position that the Pension Revocation Act does not preclude the Board from acting on the basis of the honorable service requirement of Almeida because it does not say it shall be the sole and exclusive remedy for determining entitlement to a pension based upon honorable service. He further stated that even if one were to view it as the sole remedy it could only be the sole remedy in those situations where the pension has already been granted and there is no other effective remedy except the means provided by the General Assembly in the Pension Revocation Act.

In response to a question by Mr. Morrissey, Ms. Feder did state that honorable service has not been defined for the Board by the state but that there a lot of factors to look at both in the Pension Revocation Act and the Almeida case to guide the Board in a determination.

Mrs. Mayer inserted that as these cases go up on appeal standards will be developed by the court. Mr. Gillis expressed his concern and felt that the criteria should be developed first. Ms. Feder responded by reading the 11 different factors listed in the Almeida case.

Mr. Mahoney questioned if honorable service has ever been defined in any state and felt that as a lay-person he didn't feel qualified to make that determination. Ms. Feder responded once again that the Attorney General felt it was the Board's responsibility to make the determination. Mr. Morrissey stated that in his opinion the Legislature had the opportunity to tell the Board to make the determinations but didn't, and it appears that it was the Legislature's wisdom to place that question before the courts and not the fifteen members of the Board.

Ms. Flaminio interjected that she felt it was unfortunate that the Legislature decided to adopt such a weak response to the Almeida decision. In Massachusetts, there are statutes that state that if a member is convicted of certain offenses applicable to his/her office or position, his/her pension is automatically suspended. She felt that the Pension Revocation Act was not strong enough as there are ERSRI members convicted of offenses who are still collecting pensions in Rhode Island.

Mr. Clingham said the act by nature is a Pension Revocation Act that applies after a pension has been granted. In his opinion, it provides a method to revoke a pension which is an indication that the Legislature did not intend it to be all-encompassing.

Mr. Mahoney reminded the Board that the pension was awarded on a 9-4 vote at the meeting of April 13, 1994. He stated the Board has already taken an action. The matter was referred to the Attorney General's office to apply the Pension Revocation Act as stated in the statute. He didn't understand how the Board could now grant Mr. Quatrocchi a hearing.

Mrs. Mayer responded that Ms. Feder had researched the case and informed the Board that they had the right to reconsider the issue.

Mr. Carlotti explained that the Attorney General is advising the Board that the Almeida decision finds and determines that as a matter of common law honorable service is a precondition of receiving a pension. The court did not say it was a precondition only to judges pensions but that it was a precondition for all public

employees. Mr. Carlotti summarized for the Board: (1) Should the Board reconsider William Quatrocchi; or (2) Should the Board in the future consider honorable service as a condition precedent to the awarding of a pension.

Mr. Boyce questioned if the Board takes no action, would Mr. Quatrocchi receive his pension? He also asked would the Board be within their right to forward to the Attorney General with a request that in accordance with the Pension Revocation Act to commence proceedings to revoke the pension pursuant to the statute. Ms. Feder responded that if that is done the Attorney General may likely say that the case does not fit the parameters of the Pension and Revocation Act.

Mr. Boyce moved to receive the letter from the Attorney General and place the matter on file. Mr. Ciaramello seconded the motion. A rollcall vote was taken. Mr. Almeida, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Clingham, no; Mr. Mahoney, yes; Mr. Morrissey, yes; Mrs. Snow, no; Mrs. Mayer, no. Vote tally, 7 affirmative. 4 negative. The motion did not carry as a majority was not present.

Mr. Clingham requested the matter of the status of the Retirement Staff Employees that was placed on the agenda at the request of Mr. Williams be continued for a month and be put on August agenda.

Mr. Carlotti informed the Board that Attorney John Gyorgy of Galli and Gyorgy, Associates, would be discussing litigation pending against the Board. The litigation involves a lawsuit being brought to set aside special pensions. He questioned if anyone on the Board thought they were potentially a defendant in the litigation on the basis that they are the recipient of a pension pursuant to a statute which could be classified as a special pension. Such members should recuse themselves from listening to the legal advice that was to be received. Secondly, the information should be received in Executive Session. Mrs. Snow so moved and was seconded by Mr. Ciaramello. A rollcall vote was taken. Mr. Almeida, yes; Mr. Boyce, yes, Mr. Ciaramello, yes, Mr. Finelli, yes; Mr. Gillis, yes; Mr. Clingham, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mrs. Snow, yes; Mrs. Mayer, yes. Vote tally. 10 affirmative votes. 0 negative.

The Board recessed briefly at 10:15 a.m. and went into Executive Session.

Upon coming out of Executive Session, Mrs. Snow moved the Board approve the recommendation of counsel in the Abbatamatteo Litigation that the Board take no position on the merits of the case and that the Board's action be confined to assuring that necessary parties to the litigation be joined. According to Board counsel this would assure a fair judgment and one that does not subject the system to conflicting judgments from other courts which the System would find impossible to enforce uniformly. The motion was seconded by Mr. Ciaramello and passed by voice vote with Mr. Mahoney abstaining. Mr. Boyce, Mr. Clingham and Mrs. Snow voted in support on the motion based on legal counsel's interpretation that it was not necessary to recuse.

#### Committee Reports

##### Disability Committee:

Mr. Ciaramello moved the Disability report be approved. Mr. Finelli seconded the motion which passed unanimously by voice vote.

##### Executive Directors Report

Ms. Flaminio requested a motion to extend the Mercer Contract as it expired on June 30, 1994 and she wished them to continue on an interim basis. Mr. Clingham moved same with Mr. Ciaramello seconding the motion which passed unanimously by voice vote. It was noted that she will initiate a new RFP for actuarial services on behalf of the Board.



Ms. Flaminio summarized the contents of her Year in Review memorandum included in the Board packets and outlined the projects that will be emphasized in Year Two: continued codification of our retirement rules, automation of the system, and increased communication with the membership. She thanked the General Treasurer and her staff, Mr. Josh Ravitz, James Reilly and Steve Carlotti, and the Board for their assistance during her first year.

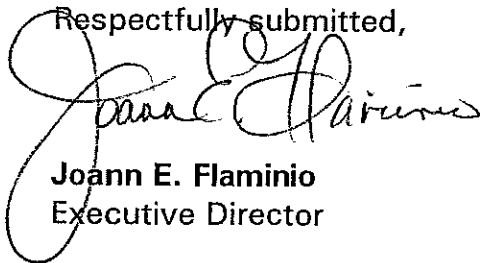
She then discussed a report within the packet regarding whether or not the Board could require a disability applicant to undergo invasive treatment and referred the Board to the Molack case which was identical to a recent ERSRI disability case. There the court held that although the Board does not have the right to order invasive treatment, an individual's refusal to have reasonable medical treatment could preclude an award of disability.

She then reported on accidental death benefits in response to a request by Louis Ciaramello. Rhode Island with a death benefit of 50% to all state employees and 75% to state troopers seems to be average when compared with benefits from across the country. Mr. Ciaramello recommended that the benefit be increased to 75% for all. Mr. Reilly will provide a listing of accidental death statutes to Mr. Ciaramello.

Mr. Gillis questioned the way pensions are calculated. Ms. Flaminio informed him that they are all done in-house. Discussions are underway to prepare an RFP for a retirement management software program.

There being no further business it was moved to adjourn at 11:05 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the August 10, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on August 10, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:05 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Marcia B. Reback, Edna M. Snow, Jerome Williams representing Jerrold Lavine and Nancy J. Mayer, Chairperson. Mr. Michael O'Keefe arrived at 9:35 a.m.

Mr. Gillis moved to approve the minutes of the July 14, 1994 Board Meeting. Before seconding the motion, Mr. Mahoney requested to amend the tally of the vote on page 3, 2nd paragraph to read 7 affirmative, 3 negative. Motion unanimously passed as amended on a voice vote.

### Chairperson's Report

Mrs. Mayer informed the Board that the State Investment Commission is currently conducting a search for two managers: one Small Cap Value Manager and one Small Cap Growth Manager. There were 39 responses to the Request for Proposal. At the September meeting of the SIC meeting they will vote on the finalists.

Mrs. Mayer reported that the Board, Mrs. Mayer, Ms. Flaminio and the Attorney General have all been named as defendants in a suit brought by NEARI, RIFT, and other union members of the retirement system. The Attorney General will be defending the suit on behalf of the General Treasurer, the Retirement Board, and the Executive Director.

Mr. Mahoney questioned the necessity of the full SIC report given to the Board members. Ms. Flaminio stated that other members of the Board find the information worthwhile and appreciate having certain investment facts on hand when they are asked about different matters by constituent groups.

### Executive Directors Report

Ms. Flaminio reported that she is in the process of compiling system annual reports for FY '93 and FY '94. Within the FY '94 Annual Report she would like to include a photograph of the Retirement Board.

**NOTE:** A short recess was taken for the photograph by the Governor's photographer.

Ms. Flaminio referred to the summary of legislation included in the Board packets. This information will be sent in newsletter form to all members to update the membership on all of the changes taking place in January, 1995.

The Executive Director also informed the Board that the first Administrative Hearing was conducted and appeared to run smoothly. The Hearing Officers' decisions will be included within future Board packets for final approval by the Board.

Ms. Flaminio also reported on new computer installations and the heavy volume of teacher retirements during the month of July.

### Legal Counsel Report

Mr. Carlotti submitted his report in the Board packet and had nothing further to report. Ms. Reback asked a question regarding the previous memorandum on disability

and the requirement of invasive treatment and whether that report covered the full spectrum of cases on the subject. Mr. Carlotti agreed to respond to Ms. Reback's inquiry.

### Committee Reports

Disability Report: Mr. Ciaramello moved and Mr. Finelli seconded the motion to approve the report as presented. Motion passed unanimously by voice vote.

Rules and Regulations: Mr. Williams reported that at the last meeting the sub-committee approved a final draft of the general rules for the Board. The draft will be sent to the Board and placed on the Agenda for September. The next phase will be regulations regarding specific areas of retirement. He congratulated the Executive Director and the sub-committee on their excellent work.

Before moving on to New Business, Mr. Ciaramello spoke regarding the issue of increasing benefits for accidental death beneficiaries. Ms. Flaminio stated that she had researched the issue at his request and suggested the formulation of legislation. It will be placed on a subsequent agenda.

### New Business

Status of Retirement Staff Employees: Mr. Williams spoke on an issue that was raised during the Rules and Regulations meeting. He stated that under the Board and Ms. Flaminio's direction, the Retirement System has made significant progress in many substantive areas.

Because of the many improvements, the Board has additional time to review organizational matters or policy matters that come before the Board. Presently, the Executive Director and Assistant Executive Director are hired by the Board. However, retirement system staff are hired by the General Treasurer. His research has revealed that in other retirement systems throughout the country, retirement system staff reports to and is under the direction of the Executive Director. Mr. Williams expressed his desire for a Legislative Sub-committee to explore the issue and discuss it further.

Mr. Mahoney expressed his agreement with Mr. Williams' statement. Mrs. Mayer responded that since she has been in office there have not been any political hirings within the Treasury Department, and that the present process is a good one.

Ms. Reback acknowledged that under Mrs. Mayer's administration there has been considerable reform. But she stated that it simply does not make sense for retirement staff to be employed by a department other than the retirement system. She stated that it is an issue ripe for further discussion and thanked the Treasurer for her willingness to do so.

Mrs. Mayer stated she would appoint a Legislative Sub-committee as requested. She stated that the Board, unlike the General Treasurer, is not accountable to the public. Because of that, she would oppose any legislation placing retirement staff under the Board's direction. Those Board members wishing to serve on the sub-committee should indicate his/her desire to serve.

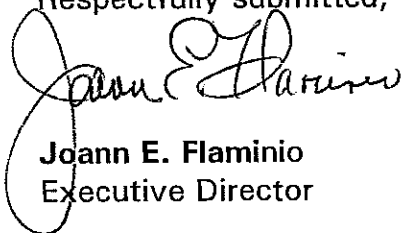
Mr. Williams moved to establish a Legislative sub-committee. The motion was seconded by Ms. Reback. Mrs. Mayer stated it wasn't necessary for a motion and that the sub-committee would be appointed.

Ms. Reback questioned July minutes pertaining to a vote taken on an issue which did not pass because less than a majority of the Board voted. Mr. Carlotti responded that the statute reads that each member of the Board shall be entitled to one vote in the Board and a majority of all the votes of the entire Board shall be necessary for the decision of the Board. (R.I.G.L. 36-8-6).

Ms. Reback stated that because there is no attendance requirement the Board might not be able to act because votes taken may not pass by a majority of the full Board. She requested that further investigation of this issue be taken by the retirement system administration and that the previous ad-hoc committee take the issue up. Mrs. Mayer agreed

There being no further business it was moved to adjourn at 9.55 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the September 14, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on September 14, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Chairperson, Nancy J. Mayer.

The following members were present at roll call: Virgil N. Almeida, Michael R. Boyce, Louis Ciaramello, C.L.U., William B. Finelli, James Gillis, Sen. Walter J. Gray, James F. Mahoney, Marcia Reback, Edna M. Snow, Jerome Williams representing Jerrold Lavine and Nancy J. Mayer, Chairperson. Mr. Michael O'Keefe arrived at 9:35 a.m..

Marcia Reback moved to approve the minutes of the August 10, 1994 Board Meeting. Mr. Ciaramello seconded the motion which passed unanimously on a voice vote.

### Chairperson's Report

Mrs. Mayer reported on the pending NEA-RIFT Litigation against the Board. Briefs have been filed on the motion for preliminary injunction by the Attorney General's Office representing Executive Director Flaminio and the Board, and Ropes and Gray representing General Treasurer Mayer. A motion to dismiss was also filed by the defendants.

Mrs. Mayer also updated the Board that the State Investment Commission is currently conducting a search for two Small Cap Managers, one in the area of small cap growth and one in the area of small cap value. Upon conclusion of this search, the reallocation of the equity portion of the portfolio will be completed. Mrs. Mayer invited Board members interested in attending the final interviews of the candidates to call the Treasurer's office for the time of the meeting. Mr. Mahoney had a question regarding a discrepancy in the market value of the portfolio as of June 30, 1994. Mrs. Mayer stated she would look into the matter but requested the Board members who have questions bring those to her attention prior to the Board meeting so that answers may be prepared.

### Executive Directors Report

Frank Karpinski, ERSRI Assistant Director of Finance, gave a yearly overview of the Fiscal 1995 Budget in accordance with proposed General Rules. A handout was given to each Board member of his presentation.

Ms. Reback suggested that the Board begin to investigate the relocation of the retirement system as the lease at 40 Fountain Street will expire on June 30, 1996. Ms. Reback suggested the use of a consultant to assist the system in properly preparing for the relocation.

Ms. Reback requested copies of the statutes that established the State Police and Judicial Retirement Plans.

Executive Director Flaminio spoke regarding a new member guide which will be ready for distribution in a few weeks. It will be distributed by mail to all new members of ERSRI and MERS.

### Legal Counsel Report

Mr. Carlotti highlighted communication between himself and the Board of Governors for Higher Education office regarding the passage of S-3391. This new law prohibits retired members of ERSRI and MERS from being re-employed by any state agency unless retirement benefits are suspended. In his response, Mr. Carlotti indicated that part-time teacher employees of CCRI and RIC are subject to the new statute but

only if the contracts signed by the part-time employees were signed after the effective date of the act (July 7, 1994).

Mr. Carlotti explained that due to an amendment to this year's budget, the Retirement Board is now subject to the Administrative Procedures Act (APA) and is thus unable to vote on the new general rules proposed by the Rules and Regulations Committee. Ms. Reback requested a copy of the APA and all retirement legislation passed this year so that board members can update their handbooks.

In answer to Ms. Reback's question at the previous meeting concerning invasive treatment and disability, Mr. Carlotti stated that the previous memorandum written for the Board did cover the range of cases both supporting and opposing a Retirement Board's right to deny a disability applicant benefits based on his/her refusal to have invasive or otherwise reasonable medical treatment.

#### Committee Reports

Disability Report: Mr. Ciaramello moved and Ms. Reback seconded the motion to approve the report as presented. Motion passed unanimously by voice vote.

Rules and Regulations: Mr. Williams spoke regarding the proposed new General Rules for the operation and administration of the Employees' Retirement Board and our need to comply to the APA. Ms. Flaminio stated that she would investigate the APA statutes regarding the promulgation of rules and comply with the new requirements.

Ms. Flaminio thanked Mr. Williams for his service as a Board member and specifically for his chairmanship of the Rules and Relations Sub-Committee. Mr. Mahoney also thanked Mr. Williams for his outstanding work not only with the Board but with the State of Rhode Island

There being no further business it was moved to adjourn at 10:40 a.m.

Respectfully submitted,

  
**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the October 12, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on October 12, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Vice-Chairperson, Marcia Reback.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Leonard Clingham representing Jerrold Lavine, William B. Finelli, James Gillis, Sen. Walter J. Gray, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, and Marcia Reback.

James Mahoney moved to approve the minutes of the September 14, 1994 board meeting. Mr. Gillis seconded the motion which passed unanimously on a voice vote.

Due to the absence of Chairperson Mayer, the Chairperson's Report was dispensed with.

### Executive Directors Report

Executive Director Flaminio gave a short explanation of the new pink membership booklet. This booklet is geared to those issues facing new members of the system while the blue booklet is sent to those members nearing retirement. The next in the series will be a booklet on disability retirement.

The board members also received a draft copy of the newsletter which contains important information regarding statutory changes effective January 1, 1995.

Ms. Flaminio also announced that monies from the State Police Retirement Plan have been transferred to State Street Bank, and that accounting for that plan will commence as of the date of the transfer.

Ms. Flaminio presented a copy of a Board Handbook unveiled at the NCTR conference which she has ordered for Board Members. She then asked Ms. Reback who also attended the meeting for her comments. Ms. Reback stated that on the whole our retirement system performs well in many areas. She did highlight the following areas where our present system does not meet accepted national standards:

- (1) lack of an independent actuarial review of the actuary;
- (2) lack of an evaluation procedure for the performance of the Executive Director and Assistant Executive Director;
- (3) lack of an internal audit program;
- (4) lack of a back-up file system in case of disaster or natural catastrophe; and finally
- (5) lack of control by the Executive Director over retirement system employees.

Ms. Flaminio also commented on the need for a back-up file system. Mr. Morrissey added that when automation takes place, back-up will be built in. Mr. Mahoney suggested that the records be placed on microfiche.

Ms. Flaminio addressed those members of the Board representing large member groups regarding the delay in processing purchases. She stated there is a large backlog and asked them to be patient while a solution to the situation is addressed.

Mr. Beardsley commended the Director on the new booklet. He asked if a representative of the system met with prospective communities before they joined the system. He wondered if all new members understood that they had to work ten years as a contributing member prior to retirement. Mr. Boyce asked about past municipal service for retirees prior to the existence of a retirement system. Mr. Beardsley asked for a legal opinion or further clarification regarding the treatment of past municipal or other public service for new members of the retirement system. Mr. Carlotti agreed to research the area.

Mr. Gillis posed a question regarding those retirees on direct deposit with Old Stone who would soon be customers of Citizens Bank. Ms. Flaminio said she would investigate the issue.

Mr. Morrissey questioned Ms. Flaminio regarding John DeMeo's letter. She responded that he is entitled to some state-paid medical benefits at age 60 and is presently receiving them. He will also receive a refund for the time period after his 60th birthday when he was eligible but not covered. This information will be given in a new disability booklet to all disability applicants.

#### Legal Counsel Report

Mr. Carlotti informed the Board that under the state's Administrative Procedures Act whenever a board or commission acts upon a hearing officer's report that notice shall be given to opposing counsel and that counsel will have the opportunity to appear and make argument. He is uncomfortable with the Board's present procedure. He feels the Board should give notice to the appellant first with an opportunity to present argument. He has requested Ms. Flaminio to continue the scheduled hearings until next month. He will also supply Ms. Flaminio with an amendment to the rules which will bring the procedure in conformance with the APA.

Regarding the Abbatemateo case, he reported that the Board's counsel has filed a motion to dismiss for failure to join indispensable parties. Alternatively, the plaintiffs have filed a motion for summary judgment.

Ms. Reback stated she felt it would be appropriate for the Rules and Regulations Committee to meet regarding the amendment of the hearing rules. She also stated that a new chair needs to be appointed with the departure of Jerry Williams.

#### Committee Reports

Disability Report: Mr. Finelli moved and Mr. Gillis seconded the motion to approve the report as presented. Motion passed unanimously by voice vote.

Rules and Regulations: Ms. Flaminio stated that in compliance with the APA, an ad has been placed for a hearing pertaining to the adoption of the General Rules. If no interest is shown, the (General Rules) may be adopted at the next meeting.

#### Good and Welfare

Ms. Reback stated that she has been notified by several constituents regarding the large reduction to a pension check when the Social Security Option takes effect. She specifically asked what information is provided the potential retirees regarding that option.

Ms. Reback suggested that counselors be made more aware of the need to give very specific information regarding the reductions the retiree will receive upon age 62. Mr. Beardsley inserted that potential retirees may contact Social Security for the exact



amount they will be receiving from Social Security. Mr. Morrissey suggested software is available that will provide retirees with information regarding their benefit.

There being no further business to come before the Board, Mr. Boyce moved and Mr. Gillis seconded the motion to adjourn the meeting at 9:50 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the November 9, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on November 9, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:18 a.m. by Nancy J. Mayer, Chairperson.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Leonard Clingham representing Jerrold Lavine, William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe, and Marcia Reback and Nancy J. Mayer.

Leonard Clingham moved to approve the minutes of the October 12, 1994 board meeting. Mr. Gillis seconded the motion which passed unanimously on a voice vote.

### Chairpersons Report

Mrs. Mayer stated that the search for small cap value and small cap growth managers is near completion. She further stated there would be two more searches: (1) for an international fixed income manager and (2) for a minority/women owned business manager.

### Executive Directors Report

Executive Director Flaminio requested the Board Member's car type and registration numbers which will be needed for entry into the State House parking facility January, 1995.

Ms. Flaminio spoke on the consolidation of the 1993 State and Municipal Annual Financial Reports which was recently mailed to Board members. She thanked Jeff Grybowski of the General Treasurer's Office for his assistance in completing the report.

Ms. Flaminio also thanked Mr. Gillis for alerting the Retirement System to the merging of Old Stone Bank and Citizens and its affect on retiree direct deposit. Ms. Flaminio informed him that a computer program was run which identified 351 Old Stone retirees. She will be working in concert with Information Processing for a smooth transition in January.

Mr. Reilly responded to concerns Vice-Chairperson Reback raised at the October meeting regarding the Social Security Option. She feels the dramatic reduction retirees experience at age 62 isn't adequately explained by the Member Services Department.

Ms. Flaminio introduced Mr. Mangione and Mr. Gillman of the William Mercer Company who presented the FY'96 employer contribution rates for the Judges and State Police Retirement Plans. The judges rate is 11.80% and the state police rate is 20.87%. This information is needed by the State's Budget Office for construction of the FY'96 budget. Ms. Reback moved and Mr. Gillis seconded the motion to accept the report and rates as presented. The motion passed unanimously by voice vote.

In answer to an inquiry by Vice-Chairperson Reback regarding the application of retirement rules (Chapters 8,9,10 of Title 35) to the state police and judges' retirement plan, both Ms. Flaminio and Mr. Reilly commented that the state police and judges statutes are limited and provide little direction. Mrs. Mayer requested that Attorney Claire Richards, of Hinckley, Allen and Snyder, take the question back to Mr. Carlotti for clarification at the next meeting.

### Hearing Officer Decisions

Ms. Richards explained to the Board the procedure to be followed to approve the Hearing Officer's decisions. She stated that the Board may disturb the decision only if it determines the Hearing Officer's findings were clearly erroneous. Under the APA, the Board must give the member's attorney the right to comment if the decision was adverse to the member before the Retirement Board renders a final decision.

Note: (Both the attorney's for Mr. Malm and Mr. Cappelli were not present at the times given for their appearance).

Ms. Richards informed the Board that since the lawyers in the two cases were given the opportunity to be heard and failed to appear, it is the equivalent of a default. Thus, the Hearing Officers' decisions stand. Mr. Clingham moved and Mr. Morrissey seconded the motion to approve the decisions of the Hearing Officer. The motion passed unanimously on a voice vote.

Mr. Beardsley wanted to verify the fact that the members and counsel were officially notified by the Board regarding the time, place and date of the meeting. Ms. Flaminio confirmed that they had been notified but stated that notification had not been by registered mail.

Vice-Chairperson Reback questioned whether legal counsel would attend all hearings. Ms. Flaminio advised her that since Ms. Richards of Hinckley, Allen was familiar with the subject matter of the two cases just heard and she represented the Retirement System. But that in all subsequent cases, Mr. Neil Steingold, Esq., a Treasury staff attorney, will represent the Retirement System at no cost to the system.

### Legal Counsel Report

Mr. Mahoney questioned the status of Giramma v. Retirement Board and Sampson vs. Retirement Board as he felt they related to the cases considered for approval. Ms. Richards stated that she will request an update from the Attorney General's office on both cases

Ms. Reback also requested that cases be dated when the first entry is made to enable Board members to easily track their progress. Ms. Richards stated that they would be glad to comply with the request.

Ms. Richards informed the Board that Mr. Carlotti is in Chicago and has not completed his report on "Treatment of Past Service" that was requested at the last meeting, however, she stated it would be available at the December meeting.

Mr. Mahoney requested the status of the following cases at the next meeting: Furia v. Furia; Matthew Smith; and Louis Perotti.

### Committee Reports

Disability Report: Mr. Finelli moved and Mr. Clingham seconded the motion to approve the report as presented. Motion passed unanimously by voice vote.

Rules and Regulations: Mr. Morrissey reported that the Rules and Regulation Sub-Committee has re-scheduled the public hearing on the General Rules for the Retirement Board to Tuesday, November 29, 1994. Because the public did not understand the reason for the prior public hearing, they were not able to comment on the proposed rules. Thus, Mr. Thomas Morrissey adjourned the meeting and told the public it would be readvertised.

There being no further business to come before the Board, Mr. Beardsley moved and Mr. Finelli seconded the motion to adjourn the meeting at 9:50 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp



## Minutes of the December 14, 1994 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on December 14, 1994 in Room 35, State House, Providence, RI. The meeting was called to order at 9:10 a.m. by Nancy J. Mayer, Chairperson.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Jerrold Lavine, William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Marcia Reback, Edna M. Snow and Nancy J. Mayer.

Mr. Ciaramello moved to approve the minutes of the November 9, 1994 Board Meeting. Mr. Boyce seconded the motion which passed unanimously on a voice vote.

### Chairpersons Report

Mrs. Mayer informed the Board that the State Investment Commission has selected two new managers: (1) David L. Babson (small cap value); and (2) J.W. Seligman (small cap growth). In response to a question by Board member Edna Snow about the financial troubles in Orange County, California, Mrs. Mayer assured Mrs. Snow that the Orange County, California incident will not be repeated in Rhode Island. There is, according to Mrs. Mayer, one million dollars invested in derivatives in a mortgage fund invested by Fidelity Investments.

Mr. Mahoney requested an update on his September 30th letter. Mrs. Mayer assured him that the matter is being researched by a member of her staff.

### Executive Directors Report

Executive Director Flaminio reminded the Board to inform the Retirement Office of the make and registration of their vehicles in order to gain admittance into the lower parking lot of the State House for future Board meetings.

Ms. Flaminio summarized a very successful meeting she had in November with the Rhode Island Association of School Business Officials (RIASBO). She also explained at the meeting that she is revising many of the Employer forms in an effort to eliminate miscellaneous information and to decrease the number of phone calls to retirement for salary information. She also stressed the importance to RIASBO of submitting contributions to the Retirement System on time. The response from the meeting was very favorable. She reported that RIASBO was pleased with the increase of communication from the retirement system to teacher employer units.

Ms. Flaminio reported that a new Retirement Counselor, Lisa Tirocchi, has been hired. Ms. Tirocchi was formerly employed by the Department of Employment and Training and came highly recommended.

The hearing required by the Rhode Island Administrative Procedures Act regarding new general rules was held November 29th. The Rules and Regulations Sub-Committee needs to meet in order to make final recommendations to the Board.

Mr. Reilly spoke to the Board regarding the new purchase limitation of five years effective January 1, 1995 that was noted in the last newsletter. He informed the Board that any purchase requests in by December 31st will not be subject to the new limitations. The purchase of withdrawal time is not included in the five year limitation.

Ms. Flaminio publicly thanked Senator Gray for his outstanding service to the Board. Ms. Mayer requested that all members leaving be officially thanked by the Board.

Ms. Flaminio and Mr. Reilly wished all members a Merry Christmas and presented each member with an ERSRI tee shirt. She thanked everyone for their attendance at the meetings

#### Hearing Officer Decisions

Ms. Flaminio gave a brief background of the appeal filed by International Brotherhood of Police Officers on behalf of Barrington Police officers who adopted a 20 year retirement plan as of July 1, 1991. The issue of the appeal concerns the date an additional 1% member contribution (required by the plan) becomes effective. The hearing officer rendered a decision which was in agreement with the Retirement System position that the additional 1% should have begun on the date the plan was adopted. Under the Rhode Island Administrative Procedures Act, Attorney Gary Gentile representing IBPO, spoke against the hearing officer's decision and contested that the additional 1% contribution is due as of the date the specific ordinance was adopted by the Town of Barrington.

After a lengthy discussion and question and answer period, it was moved by Mr. Mahoney to reject the decision of the Hearing Officer based on the fact that the Hearing Officer did not consider the total statute, specifically 45-21.2-6.1, as it relates to South Kingstown Police Department, and 45-21.2-14. Ms. Reback seconded the motion. A roll call vote was taken of the members present. Mr. Beardsley, no; Mr. Boyce, yes; Mr. Ciaramello, no; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Clingham, no, Mr. Mahoney, yes; Mr. Morrissey, no; Ms. Reback, yes; Mrs. Snow, yes; Mrs. Mayer, no. Vote tally: 6 affirmative. 5 negative. The motion did not carry as R.I.G.L. 36-8-6 requires that a majority of eight affirmative votes are necessary for a decision of the Board. Final action on the decision was tabled for consideration at the next meeting.

#### Legal Counsel Report

Mr. Mahoney posed questions to Mr. Carlotti regarding his monthly legal report. Mr. Carlotti stated that the Supreme Court has issued an opinion in the Furia decision, but that additional action is necessary between the two parties within the family court.

#### Good and Welfare

Ms. Reback questioned what form of communication is used between the member cities, towns and school districts. Ms. Flaminio stated that some larger communities send payrolls on tape but most of the small communities still submit member names and contribution amounts on paper.

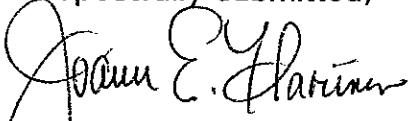
Ms. Reback expressed her feelings that all requests for information by members of the Board should be honored. Ms. Mayer agreed with her completely but emphasized that the requests must be prioritized because of her limited staff.

Committee Reports

Disability Report: Ms. Reback moved to go into Executive Session. The motion was seconded by Mrs. Snow and passed unanimously by voice vote. Mr. Clingham moved to accept the sub-committees disability report. Mr. Ciaramello seconded the motion which passed unanimously by voice vote.

There being no further business to come before the Board, Mrs. Snow moved and Mr. Finelli seconded the motion to adjourn the meeting at 10:50 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the January 11, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on January 11, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:13 a.m. by Nancy J. Mayer, Chairperson.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Leonard Clingham representing Gayl W. Doster, William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Marcia Reback, Edna M. Snow and Nancy J. Mayer. Michael O'Keefe arrived after roll call. Mrs. Mayer informed the Board that Craig Scott of Hinckley, Allen would serve as Board counsel for the meeting.

Mrs. Snow moved to approve the minutes of the December 14, 1994 Board Meeting. Mr. Finelli seconded the motion which passed unanimously on a voice vote.

### Chairpersons Report

Mrs. Mayer stated the State Investment Commission has hired two new managers: (1) David L. Babson (small cap value); and (2) J.W. Seligman (small cap growth). Currently, the State Investment Commission is conducting a search for an Alternative Investment Consultant. After the completion of this search, they will conduct two additional searches: one for a global fixed income manager and one for Emerging Investment Managers.

Mr. Mahoney requested a report as to the amount of money the state has in uncollateralized funds. Mrs. Mayer agreed to furnish the information.

### Executive Directors Report

Executive Director Flaminio introduced the new Retirement Counselor, Lisa Tirocchi to the Retirement Board. She then conveyed the contents of a note from Senator Gray thanking the Board for the cordiality shown him while he was a Board member.

She distributed Board Member Handbooks written by the National Council on Teacher Retirement to each member of the Retirement Board and stated that the Treasurer's Office is planning a joint seminar for both the State Investment Commission members and the Retirement Board in the area of fiduciary responsibility.

Director Flaminio informed the Board that there remains a severe backlog of purchase requests and that processing requests for members will be delayed.

Ms. Flaminio expressed concern regarding an upcoming grievance filed by Council 94 on behalf of a Treasury (non-Retirement) employee. She spoke of the monthly complaints that she receives from Retirement Board members regarding the quality of our counseling services and the need to hire qualified candidates for that particular position. She stated that employment vacancies occur rarely at the Retirement System and when she was given the opportunity to fill the position of retirement counselor, she wanted to hire a competent employee. To that end, she hired the best qualified person to do the job. The union has filed a grievance regarding her selection. Ms. Flaminio stated that if she is ultimately unsuccessful in defending this type of grievance, she will be unable to make the kinds of changes that the retirement board expressed they desired when hiring her for the position of Executive Director.

General Treasurer Mayer spoke to support the Executive Director's remarks and stated that she has been the first Treasurer to give the Executive Director latitude in the



hiring of employees. Executive Director Flaminio thanked the General Treasurer for her flexibility in this area.

Ms. Reback commented that all employees make mistakes and that she did not agree to any policy that required a shortage in one retirement area to compensate for an additional retirement counselor.

#### Hearing Officer Decisions

IBPO, Local 351 v. ERSRI - Ms. Flaminio indicated that unless a member requested to take this previous decision off the table, the Board would proceed to the next matter.

Morsilli v. ERSRI - Mr. Levin, attorney for Mr. Morsilli, appeared on behalf of his client as allowed by the Rhode Island Administrative Procedures Act. Under the exceptions provision, Mr. Levin disputed the Hearing Officer's finding as to the voluntary nature of Mr. Morsilli's decision to retire. After hearing Attorney Levin's exceptions, Ms. Reback moved the decision of the Hearing Officer be upheld. Mr. Boyce seconded the motion. A roll call vote was taken of the members present. Mr. Almeida, abstain; Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Clingham, yes; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Ms. Reback, yes; Mrs. Snow, yes and Mrs. Mayer, yes. Vote tally 11 affirmative, 1 abstain. The motion carried.

Furtado v. ERSRI - Ms. Reback moved and Mrs. Snow seconded the motion to uphold the Hearing Officer's decision. The motion passed unanimously on a voice vote by those present.

#### Legal Counsel Report

Attorney Scott informed the Board that in December the Supreme Court affirmed the Board's decision in the Sampson case which allowed the Retirement Board to offset the amount of a workers compensation lump sum settlement (minus attorney's fees) upfront rather than apply a yearly offset based on life expectancy.

Regarding the Matthew Smith case, Attorney Scott informed the Board that the Attorney General's Office was asked to dismiss that litigation.

Mr. Scott stated that there is oral argument scheduled in the Perotti case for March, 1995.

#### Committee Reports

Disability Report: Mr. Finelli moved and Mrs. Snow seconded the motion to approve the Disability Sub-committee report. The motion passed unanimously by voice vote.

#### New Business

Mr. Mahoney requested a list of the cases that are going before the Hearing Officer's. Ms. Flaminio responded that such a list would be provided.

There being no further business to come before the Board, Mrs. Snow moved and Mr. Mahoney seconded the motion to adjourn the meeting at 10:10 a.m.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp

## Minutes of the February 8, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on February 8, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:14 a.m. by Nancy J. Mayer, Chairperson.

The following members were present at roll call: Virgil N. Almeida, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James Gillis, James F. Mahoney, Thomas V. Morrissey, Michael O'Keefe Marcia Reback, Edna M. Snow and Nancy J. Mayer. Mrs. Mayer informed the Board that David Barricelli of Hinckley, Allen would serve as Board counsel for the meeting.

Mr. Gillis moved to approve the minutes of the January 11, 1994 Board Meeting. Mrs. Snow seconded the motion which passed unanimously on a voice vote.

### Chairpersons Report

Mrs. Mayer stated the State Investment Commission has funded two new managers: (1) David L. Babson (small cap value); and (2) J.W. Seligman (small cap growth). The State Investment Commission is entering the final stages in its search for an Alternative Investment Consultant and have narrowed the selection to four semi-finalists.

### Executive Directors Report

Executive Director Flaminio spoke briefly on the new Disability Handbook which was sent to all Board members in their monthly packets. She stated that this was the first Disability Handbook ever published by the System and the third handbook to be completed in 9 months.

In response to Mrs. Snow's question regarding the Social Security Option, Ms. Flaminio again reiterated the measures she has undertaken to properly explain this option to the membership. There has been extra training given to retirement counselors, and the Estimated Retirement Allowance sheet has been revised to emphasize that the reduction pensioners face at age 62 may not be replaced by Social Security income. She alluded to a session at a Washington conference that she and Mr. Reilly attended in Washington D.C. pertaining to Social Security reform. If there are drastic changes made to Social Security age eligibility, the Rhode Island Social Security Option will have to be re-examined.

Ms. Flaminio spoke briefly on the strong possibility that a pension simplification bill may be passed this year by the Congress that includes a 415 exemption for public plans. Ms. Flaminio also spoke on non-discrimination rules which will apply to all public plans on January 1, 1996.

Ms. Flaminio spoke on the importance of a working Rules and Regulations Committee and her request that the Treasurer re-formulate that committee as well as other Retirement Sub-Committees. Mrs. Mayer responded that as soon as the legislative appointments are complete, the new committees will be assigned.

Vice Chairperson Reback made the following requests: (1.) for information regarding why the National Education Association and other national teacher groups should not support the extension of ERISA to public funds; (2.) an update of the 'Black Retirement Statute Book' provided to all Board members; and (3.) a hold on all new rule-making until there is a new Rules and Regulations Committee.

Ms. Reback also requested an update as to the relocation of the Retirement System in 1996. Ms. Flaminio began to inform her of the progress to date of a Treasury Committee looking into this issue. Mr. Mahoney requested that the matter be presented in written form at the next meeting due to a full agenda.

Mr. Mahoney commended Ms. Flaminio on her work at the retirement system and her ability to handle the many complex issues involved in retirement administration.

To comply with Purchasing Regulations, Ms. Flaminio requested a motion to approve the contract to Moore Business Forms for the printing of the annual statements. Ms. Reback moved the motion which was seconded by Mr. Mahoney and passed on a voice vote.

Before the Board took up the Hearing Officer decisions. Ms. Flaminio explained to the Board that the new administrative decisions are now being chronicled by statute, decision date and subject matter.

### Hearing Officer Decisions

#### Cranston Teachers Alliance v. ERSRI:

Note: Prior to the hearing Marcia Reback recused on the issue.

Richard Skolnik, Esq., legal counsel for the Cranston Teachers Alliance, Dennis Neri, President of Cranston Teachers Alliance and Francis J. Flynn, negotiating chairperson of the Cranston Teachers Alliance introduced themselves to the Board. Mr. Skolnik distributed typed copies of the record of the administrative hearing to the Board members. Mr. Barricelli related to the Board his earlier discussion with Mr. Skolnik in which Mr. Skolnik expressed his desire to have Board members review a copy of the entire transcript and suggested the issue be tabled to allow the members an opportunity look at the transcript. Mr. Skolnik stated he was ready to proceed if the Board wished to proceed with the matter.

Mrs. Mayer inquired as to the purpose of Mr. Skolnik's appearance and if he disagreed with the findings of fact as prepared by the Hearing Officer. Mr. Skolnik did not believe the Hearing Officer actually found specific findings of fact. Mr. Skolnik then reviewed the Rhode Island Administrative Procedures Act and stated that there are additional areas that the ruling body may investigate in addition to 'errors of law.' To review the propriety of any decision, Mr. Skolnik argued further, the Board should be able to review the entire record of the proceeding. Mr. Boyce moved and Mr. Ciaramello seconded the motion to table the issue to allow the Board to read over the copy of the record.

Mr. Barricelli, in response to Mr. Boyce, clarified that he was not of the opinion that the Board needed a copy of the record to discern whether or not there were decisions of law that were erroneously applied. Mrs. Mayer once again asked Mr. Skolnik what the bases of his appeal was, and he explained that monies received were not a "bonus", but rather simply the proceeds of a contract that was previously negotiated and later re-negotiated. Mr. Barricelli stated that the issue is the legal determination of the word "bonus".

Ms. Flaminio asked the question that if you had two Cranston teachers, one retiring and one remaining, would the retiring teacher receive more compensation. Mr. Neri responded that the non-retiring teacher would receive less this year.

Mrs. Snow asked how many Cranston teachers were involved. The Cranston representatives stated possibly thirteen teachers. Mr. Skolnik requested the records show he gave a copy of the document showing commitment to the contract and not the original. After additional discussion, the motion to table passed on a voice vote.

Tonnessen v. ERSRI: - Chairperson Mayer asked for a motion to uphold the Hearing Officer's decision in the Tonnesson case which applied the law that individuals who were asked to resign for maternity reasons without an official leave of absence must have purchased said time by December 31, 1990. Ms. Tonnessen was given the opportunity to appeal before the Board in accordance with the Rhode Island Administrative Procedures Act but declined to appear. Mrs. Snow moved the motion which was seconded by Mr. Morrissey. Motion passed by voice vote.

Ms. Flaminio advised the Board that when the Hearing Rules were adopted, they did not include disability cases. Consequently, there are two requests for disability hearings. Mr. Ciaramello moved and Mrs. Snow seconded the motion to grant hearings to Antonio J. Craviero and William A. Langlois for the March Board meeting. Motion passed unanimously by voice vote.

#### Legal Counsel Report

Attorney Barricelli updated the Board as to the temporary restraining order/suit filed by the Adjunct Professors in response to the application of R.I.G.L. 36-10-36 which prohibits state employment after ERSRI retirement. Hearings on the order have been scheduled for June 16, 1995. Bills have been filed in the Assembly to modify the present situation.

Ms. Reback received verification that retired teachers are allowed to substitute for 75 days in local school districts. She also wanted to receive information regarding the origin of certain law suits which do not come about as a result of direct Retirement Board action.

#### Committee Reports

Disability Report: Mrs. Snow moved and Mr. Ciaramello seconded the motion to approve the Disability Sub-committee report. Ms. Reback requested to go into Executive Session as she had some questions regarding one of the disability applicants. Mr. Ciaramello moved and Mrs. Snow seconded the motion to move into Executive Session. The motion passed unanimously by voice vote. Upon exiting Executive Session, the Board unanimously voted to accept the Disability Report by voice vote.

#### Good and Welfare

Ms. Reback informed the Board that Paul Moura introduced a piece of legislation to change the provision in law that requires a majority of the entire Board for a decision of the Board. She would like the issue to be put on the agenda for the next meeting and also a copy of the legislation.

There being no further business to come before the Board Mrs. Snow moved and Mr. Ciaramello seconded the motion to adjourn at 10:53 a.m. Motion passed unanimously by voice vote.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp

## Minutes of the March 8, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on March 8, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:12 a.m. by Marcia Reback, Vice Chairperson.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James Gillis, James F. Mahoney, Rep. Antonio J. Pires, and Marcia Reback.

After amending the minutes, page 2, first paragraph, to read, "Mr. Mahoney requested that the matter be presented at the next meeting in written form due to a full agenda", and on page 3 under Good and Welfare, correct the spelling of Mr. Moura's name, Mr. Mahoney moved to approve the minutes of the February 8, 1994 Board Meeting which was seconded by several members, and passed unanimously on a voice vote.

### Executive Directors Report

Executive Director Flaminio spoke briefly on a new Refund Application that was sent to all Board members. The new form is much easier to understand when applying for a refund of contributions.

Ms. Flaminio introduced Mr. Stephen Palmer to speak on the issue of relocation of the Treasury and the Employees' Retirement System. Mr. Palmer informed the Board that the present lease will expire May 31, 1996. The Treasury presently occupies 25,700 square feet and pays \$15.50 a square foot for that space. Mr. Palmer stated that they have estimated a future need of 22,000-25,000 square feet, 8,000 of which would be dedicated to the Retirement System. Some of the Treasury's primary relocation considerations include concern about parking, and a desire to be close to the State House. A main retirement issue is the problems associated with moving the lektriever which holds member files. In the present building, special load bearing adjustments were made to the floors underneath 40 Fountain Street. Member files will not be in a different format by 1996.

Mr. Palmer stated they had met with Depco representatives who did not present suitable properties, and commercial real estate agents who commented that the occupancy rate in Providence is improving. Thus, rates are increasing. Parking will also drive footage rates higher.

The Treasurer's office also met with the State Property Commission who have authorized a Lease Request For Proposal. At that point, the Treasury would like to meet with the Retirement Board and Mrs. Snow's committee for their input and recommendations. Mr. Palmer spoke of the possibility of buying a building and expressed two concerns: (1) timing since the lease expires in less than a year and; (2) the lack of expertise by Treasury staff. But, the Treasury has not ruled this out entirely. Mr. Palmer noted the last lease was for 5 years. The new RFP lease will request a lease for 10 years and 80 parking spaces. Mr. Palmer noted that the Registry and American Express buildings (which is owned by the ERSRI pension fund) are not viable options. Mr. Palmer noted the Regine Pontiac Building on Smith Street is for sale as is the Credit Union parking lot which would be a site for development.

Mr. Mahoney requested in writing prior to the next meeting an explanation of the current floor plan of the Treasury, what the future floor plan would be, and the long range use of the building. He would also like an explanation as to why the Retirement

System has to be in the proximity of the State House, and why other areas such as the Medical Center in Cranston or other easily accessible areas are not being considered. He is of the opinion that the Board should see the draft of the RFP before it is sent out. Mr. Ciaramello stated his agreement. In response to Mr. Mahoney's request, Mr. Palmer stated the RFP is merely a solicitation of bids and the Treasury interest in moving ahead to see what is available. Ms. Reback interjected that Treasury concerns are not necessarily the concerns of Board members and their constituencies. She commented that the downtown area is extremely inconvenient for both active and retired teachers. She also felt the Board should be a part of the entire project. Mr. Mahoney moved that the issues he raised be addressed in writing for the next meeting and that the RFP be reviewed by the Board before it becomes public. The motion was seconded by Mr. Ciaramello.

Mr. Palmer indicated that the Treasury was not insensitive to the concerns of Board member's as expressed by Executive Director Flaminio. Ms. Reback objected to Mr. Palmer's comment that the Treasury needed to do a certain amount of initial planning and development prior to the involvement of Board members on this issue.

Ms. Flaminio commented that Mrs. Snow was kept abreast of what was transpiring and was sent all materials with regard to Treasury and Retirement relocation. She stated that both the Treasury and the Retirement system have legitimate concerns with regard to relocation and that the real issue may be whether or not the Retirement System should remain as a Treasury division. Rep. Pires suggested that the RFP include requests for combined space for Treasury and Retirement, and requests for separate space as well. The motion was voted on and passed unanimously by voice vote.

Ms. Reback requested from Mr. Palmer a break-down of the personnel in Treasury paid from Retirement accounts. Mr. Palmer stated that such information is available.

Director Flaminio reiterated the importance of working Rules and Regulations Committee, as the hearing rules need to be amended to include disability appeals as well.

In regards to H.5420, Ms. Flaminio provided the Board with a copy of the legislation.

#### Disability Hearings

Antonio J. Craviero: Ms. Flaminio outlined previous issues regarding the denial of Mr. Craviero's application for accidental disability retirement. Attorney William J. Lynch, representing Mr. Craviero, submitted material to the Board members marked Applicant's Exhibit I, "Antonio J. Craviero vs. the R.I. State Retirement Board" consisting of chronology and other information pertaining to Mr. Craviero's application. He also submitted Applicants' Exhibit II, a letter dated July 26, 1994 from Lee E. Edstrom, M.D. referring to an examination of that date with respect to Antonio J. Craviero.

Attorney Lynch spoke at length to certain inconsistencies in the reports submitted by the independent medical examiners and maintained that Mr. Craveiro does meet the requirements of accidental disability retirement as stated in Rhode Island 36-10-14. After hearing further responses to Board member questions, Mr. Beardsley cited the fact that Mr. Craveiro had already been seen by the Retirement Board and called for a decision. Mr. Mahoney moved the request for an accidental disability be denied, Mr. Ciaramello seconded the motion which passed unanimously by voice vote. Ms. Reback suggested that cases such as Mr. Craviero's, (where an employee is permanently disabled because of his/her occupation, but where there is no evidence of an accident), should be addressed by the General Assembly. Director Flaminio concurred with Ms.

Reback that there is no case law in Rhode Island that addresses an accident caused by wear and tear, and that she would welcome guidance in this area.

William A. Langlois: Director Flaminio summarized for the Board Mr. Langlois' appeal for an accidental disability. She indicated the sub-committee could not find a significant connection between the Hepatitis B shot, which was required by his department, and his loss of hearing. Attorney Robert Goldberg, representing Mr. Langlois, provided the Board members with an additional report from the treating physician in Boston, marked applicant's Exhibit 1. The report from David M. Vernick, M.D., indicates the two Hepatitis B vaccine shots caused him to have significant sensorineural hearing loss in both ears. Attorney Goldberg maintained that Mr. Langlois was able to function as a police officer with his hearing problem and one hearing aid. However, after the Hepatitis B vaccine shots, and the requirement of two hearing aids, he is unable to perform his duties. After determining that Dr. Vernick's letter supported the fact that the two Hepatitis B vaccine shots further aggravated Mr. Langlois' hearing loss, Mr. Boyce moved and Mr. Ciaramello seconded to sustain Mr. Langlois' appeal and grant an accidental disability. A rollcall vote was taken by the members present: Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, Abstain; Mr. Clingham, yes; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Mahoney, yes; Ms. Reback, yes; and Rep. Pires, yes. Vote tally: 8 affirmative, 1 abstain. The motion carried.

#### Legal Counsel Report

Ms. Reback asked Mr. Carlotti to compile a report as to how cases involving action against the Retirement Board evolve, whether by action of Executive Director, action of the third party, or action of the Board.

#### Committee Reports

Disability Report: Mr. Finelli moved and Mr. Clingham seconded the motion to approve the Disability Sub-committee report which passed unanimously by voice vote.

#### New Business

Ms. Reback spoke regarding a bill filed by Paul Moura regarding R.I.G.L. 36-8-6, which states that there must always be a majority of the entire Board membership for a decision of the Board. Ms. Reback asked for support from the Board to communicate to the House Finance Committee that a majority of the Retirement Board favored a change in the statute in order to conduct business in an easier fashion. Mr. Mahoney recommended that the Board pass a motion to the House Finance Committee to have a hearing on the Moura legislation. Mr. Carlotti stated that the Board may want to make a determination as to what should constitute a quorum. Ms. Reback said that the House Finance Committee could use the Moura bill as a basis for a discussion as to what constitutes a quorum since the deadline for legislation has passed. Mr. Boyce moved to endorse the legislation. Director Flaminio stated that the present rules state a quorum of the Board shall consist of a majority of the membership. Mr. Clingham was not prepared to support Mr. Boyce's motion as he felt the Board would be infringing on the General Assembly which originally set the Board up with a diverse membership and a recognition that certain members are elected and could send designees. He would however, support Mr. Mahoney's recommendation, to ask the General Assembly to hold a hearing on the Moura bill which would allow individual members and others to testify. After further discussion Mr. Boyce said he may have phrased his motion improperly. He looked at the

minutes for a six month period in 1992 and found four motions voted and acted on with a 6-5 vote which under present procedure would be illegal. His intent is to send a message to the House Finance Committee of the need to have these issues clarified. Mr. Gillis stated he would second the motion if Mr. Boyce's intent is to endorse the legislation provided it contains the definition of a quorum. The motion was voted on by a voice vote and failed with one abstention.

Mr. Mahoney referred to an Annual Meeting memo he had written concerning the upgrading of the Executive Director and Assistant Executive Director's positions. He moved that the Board support the two-grade increase for both positions. Mr. Boyce seconded the motion which passed unanimously by voice vote.

There being no further business to come before the Board the meeting was adjourned at 11:10 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp



## Minutes of the April 12, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on April 12, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:15 a.m. by Marcia Reback, Vice Chairperson. Chairperson Nancy Mayer presided over the meeting beginning at 9:20 a.m.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James F. Mahoney, Gaston Langlois representing Michael O'Keefe, Rep. Antonio J. Pires, Marcia Reback, Edna M. Snow, and Nancy J. Mayer.

A motion for approval of the March 8, 1995 minutes was made by Ms. Reback and seconded by Mr. Finelli. The motion passed unanimously by voice vote.

### Executive Directors Report

Executive Director Flaminio informed the Board that annual statements were mailed to all active members on April 6th. She commented on the new membership application that was included in the Board packets and distributed new Rhode Island Retirement Statute books to all Board members. The books contain all Rhode Island retirement statutes as of January 1, 1995.

Ms. Flaminio introduced Sr. Retirement Counselor Elaine Drapeau who gave a retirement benefits presentation. Ms. Reback congratulated the Director and Ms. Drapeau on the development of the presentation but requested a modification to the SRA plus (Social Security Option) portion of the presentation to further clarify that option.

Chairperson Mayer introduced Frank Mangione and Barry Gilman of Mercer, Inc. for a presentation of the FY '97 Actuarial Valuation for the Employees Retirement System (State and Teachers). After the presentation and a brief question and answer period, Ms. Reback moved to accept the report and approve the contribution rates for Fiscal Year 1997 (July 1996 to June 1997) contained in the report. Ms. Snow seconded the motion which passed on a voice vote.

Mr. Mahoney inquired as to when the Mercer contract terminates. Ms. Flaminio informed him it terminated in June, 1994 but that the Board had approved a continuation of the present contract terms at its July 14, 1994 meeting.

Mr. Mangione spoke briefly and provided an analysis of the Teacher Survivor Benefit Plan as they had been asked to access its current status.

### Hearing Officer Decisions

Demedeiros v. ERSRI: Ms. Reback moved and Mr. Ciaramello seconded the motion to approve the hearing officers decision regarding Ms. Demedeiros. Motion passed by voice vote.

Capuano v. ERSRI: Mr. Capuano requested his hearing be continued to the next meeting. Mr. Clingham moved and Mr. Mahoney seconded the motion to honor his request. The motion passed by voice vote.

Cranston Teachers Union v. ERSRI: Mr. Carlotti asked the Board if they had any further questions for Attorney Richard Skolnik and Mr. Dennis Neri. Attorney Skolnik and Mr. Neri appeared previously before the Board at the February meeting. In response to a question posed by Mr. Mahoney, Mr. Skolnik clarified the treatment of certain

monies as salaries for pension computations. Board Counsel Carlotti distributed a memorandum to Board members which adopted the facts as contained in the Decision of the Hearing Officer, but which concludes (unlike the decision of the Hearing Officer) that payments made to teachers retiring in the school year were not contingent payments of the type described in Section 36-8-1(11)(C). The memorandum concludes that the reduction in compensation to retiring teachers was in exchange for something of value - an increase during the two-year extension. For the teachers retiring in 94-95, there was no payment specially designed to secure retirement in the future. The teachers merely received the amount to which they were contractually entitled. Based on the rationale contained in the memorandum supplied by Board counsel, Mr. Boyce moved to reverse the decision of the Hearing Officer. Mr. Almeida seconded the motion which passed unanimously by voice vote. Ms. Reback recused herself from consideration of this case.

Request for Hearing: Charles Casey: Ms. Reback moved and Mrs. Snow seconded the motion to grant Mr. Casey a hearing at the May Board meeting. Motion passed unanimously by voice vote.

#### Legal Counsel Report

Mr. Carlotti stated that the Board received a request from the Attorney General that the Board waive its Attorney/Client privilege as it extends to communications between the Board and its former attorney Angelica Gosz, relating to matters pertaining to the Rhode Island Federation of Teachers and the Union Pension Bill. Mr. Carlotti stated that the matter is a criminal investigation being conducted by the Attorney General and without the consent of the Board, Ms. Gosz has properly asserted her Attorney/Client privilege as a basis for not turning over records in her possession to the Attorney General. Mr. Carlotti stated that a waiver in this instance will not constitute a general waiver but will only constitute a waiver for this particular purpose.

Board members Marcia Reback and William Finelli recused themselves from any vote on this issue.

After considerable discussion, Mr. Clingham moved that the Board vote to waive the Attorney/Client privilege for the limited purpose of cooperating with the Attorney General and/or State Police in this particular investigation as it relates to the file pertaining to the Rhode Island Federation of Teachers vs. the Employees' Retirement System of Rhode Island. Mr. Beardsley seconded the motion. After further discussion, a rollcall vote was taken of the members present. Mr. Almeida, no; Mr. Beardsley, yes; Mr. Boyce, no; Mr. Ciaramello, yes; Mr. Clingham, yes; Mr. Finelli, recuse, Mr. Mahoney, abstain, Mr. Langlois, yes; Ms. Reback, recuse; Mrs. Snow, yes; Rep. Pires, yes; Mrs. Mayer, yes. Vote tally: 7 affirmative, 2 recuse, 1 abstain. Due to the statutory requirement that a majority of the Board is needed for a decision of the Board, the motion failed.

Chairperson Mayer expressed great displeasure that the Board as fiduciaries of the System would not cooperate with a law enforcement agency that is doing an investigation of something that occurred in the Retirement System. She stated that it sends a message to the public that the System is being run for the benefit of a few selected people. Mr. Clingham concurred with her comments. Mr. Mahoney asserted that the Board should have been given more than a "one line explanation" on the agenda and he expressed concern that the waiver could affect all teacher members of the Retirement System.

### Committee Reports

Disability Report: Mr. Finelli moved and Mr. Clingham seconded the motion to approve the Disability Sub-committee report which passed unanimously by voice vote.

Space Committee: On behalf of the Space Committee, Chairperson and Board Member Clingham reported that the Committee had met with Steve Palmer and other Treasury staff regarding the relocation of the Treasury and specifically, the Retirement System. He stated that the Sub-Committee's primary concerns are that of convenience and accessibility for the membership including free parking.

According to Mr. Clingham, Mr. Palmer stated at that meeting that the needs of the Retirement System were not inconsistent with the needs of Treasury and would be addressed in the Treasurer's RFP.

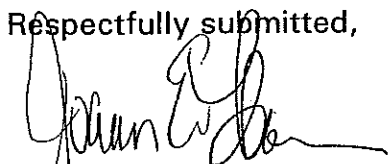
A motion was ultimately made by Rep. Pires seconded by Mr. Gillis that it was the consensus of the Subcommittee that the full Retirement Board strongly recommend to the General Treasurer that an RFP be developed that would include two leasing alternatives: approximately 25,000 square feet of contiguous office space, with accessible free parking and conference space, to accommodate the entire Treasury staff including the staff of the Retirement System; and an alternative option for leasing approximately 17,000 square feet to house the Treasury staff separate leasing of 8,000 square feet with adequate parking, conference and filing space to meet the needs of the Retirement System.

In answer to an inquiry by Mr. Beardsley, Mr. Clingham explained that only one RFP would be issued, but that parties could respond under the alternative option. Chairperson Mayer informed the Board her office would take the recommendation under advisement. In response to a separate inquiry by Mr. Beardsley regarding whether or not the RFP would be limited to the area surrounding Capitol Hill, Mr. Clingham responded that it was the opinion of the Sub-Committee that the RFP not be limited to the immediate Capitol Hill area but that the Capitol Hill area would be acceptable so long as it is accessible and has parking.

Ms. Reback moved that the Retirement Board accept the recommendation of the Subcommittee and adopt the recommendations as the position of the full Board for the General Treasurer to take into consideration when making her determination. Rep. Pires urged the Treasurer to take into consideration the position of the full Board on this issue. The motion passed unanimously by voice vote.

There being no further business to come before the Board the meeting was adjourned at 11:40 a.m.

Respectfully submitted,



**Joann E. Flaminio**  
Executive Director

vlp

## Minutes of the May 11, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on May 11, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:13 a.m. by Chairperson Nancy Mayer.

The following members were present at roll call: Virgil N. Almeida, Daniel L. Beardsley, Michael R. Boyce, Leonard Clingham representing Gayl W. Doster, William B. Finelli, James A. Gillis, James F. Mahoney, Thomas V. Morrissey, Gaston Langlois representing Michael O'Keefe, Marcia Reback, Edna M. Snow, and Nancy J. Mayer.

A motion for approval of the April 12, 1995 and Special Meeting minutes of April 17, 1995 was made by Mr. Finelli and seconded by Mr. Clingham. The motion passed unanimously by voice vote.

### Chairperson's Report

Chairperson Mayer advised the Board that the State Investment Commission has hired Pacific Corporate Group as the Alternative Investment Consultant for the ERSRI pension fund. They will handle the \$175 million allocated to alternative investments. Mrs. Mayer stated that Pacific Corporate Group has worked with the state previously during the state's banking crisis and is a consultant to both the California and Oregon pension funds.

Mrs. Mayer also reported that the pension fund is up approximately a quarter billion dollars from December 31st to March 31st.

### Executive Directors Report

Mr. Reilly asked Mr. Gillis to report on his recent trip to the Ohio Retirement System with Ms. Flaminio and Ms. Bourne from the Retirement System. Mr. Gillis stated that they were impressed with the Ohio Retirement System and the conference which focused on computer technology, member communications and investments. He spoke briefly on their different computer systems and stated that unlike Rhode Island, they handle all of the investments for the pension fund in-house. He did note that representatives from the New Hampshire Retirement System also attended the conference. The New Hampshire system is roughly the same size as Rhode Island and employs a staff of thirty-six. The conference was funded by the Ohio teachers retirement system and the computer companies.

### Hearing Officer Decisions

Lacey v. ERSRI: Mrs. Lacey's attorney notified the office that she is not continuing with her appeal and has requested a refund of her contributions.

Capuano v. ERSRI: Mr. Capuano again requested his hearing be continued to the next meeting as he was not prepared for his appeal.

Charles Casey Disability Appeal: Mr. Casey requested that the Board grant him a Disability pension due to his diabetic condition. Mr. Carlotti informed Mr. Casey that the Board was unable to grant him a disability retirement at this time. Mr. Mahoney moved and Mr. Gillis seconded the motion to deny Mr. Casey's appeal. Motion passed unanimously by voice vote.

Ms. Reback expressed her displeasure with the outcome of the Lacey decision. She stated that it was found that an employee of the Retirement System made an undisputed error. An applicant was given misinformation, and based on that

information, she made a decision to terminate her employment and file for retirement. Because she acted on that misinformation, she is now unable to retire, and unable to continue her employment. She stated that in the past the Board made every effort to make such individuals whole. Mr. Carlotti explained that the Board is an agency bound by the statutory constraints of Rhode Island General Laws. Ms. Lacey may have a suit against the State for the damages she suffered due to the negligent act of the employee of the Retirement System, but she is not eligible for a pension under present law and the Board is unable to grant relief.

#### Legal Counsel Report

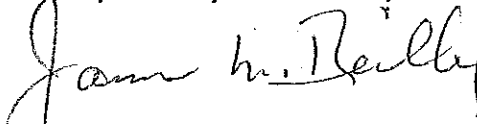
Mr. Carlotti referred to the recent decision of the Rhode Island Supreme Court, Perrotti v. Anthony Solomon et al. In 1992, the Retirement Board had voted to hold a hearing regarding the suspension of Mr. Perrotti's pension which he appealed to the Supreme Court. In its decision, the Supreme Court upheld the Board's decision to hold a hearing on the issue of honorable service. Given our current practice, Mr. Carlotti stated that the case should be forwarded to a hearing officer who will issue a recommended decision on the matter. If Mr. Perrotti is dissatisfied with the results, he may then appeal to the full Board. Mr. Clingham moved and Ms. Reback seconded the motion to send the Perrotti case to a hearing officer. Motion passed unanimously by voice vote.

#### Committee Reports

Disability Report: Mr. Finelli moved the acceptance of the Disability Subcommittee report which passed unanimously by voice vote.

There being no further business to come before the Board the meeting was adjourned at 9:45 a.m.

Respectfully submitted,



James M. Reilly  
Assistant Executive Director

vlp

## Minutes of the June 14, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on June 14, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:13 a.m. by Chairperson Nancy Mayer.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James A. Gillis, James F. Mahoney, Thomas V. Morrissey, Gaston Langlois representing Michael O'Keefe, Rep. Antonio J. Pires, Marcia Reback, Sen. Eleanor C. Sasso, Edna M. Snow, and Nancy J. Mayer.

A motion for approval of the May 11, 1995 minutes was made by Ms. Reback and seconded by Mr. Clingham. The motion passed unanimously by voice vote.

### Chairperson's Report

Chairperson Mayer advised the Board that this year the pension fund is experiencing great returns and as of May had a gain of \$125 million. Chairman Mayer reported that last year, a year in which all pension funds experienced losses, the pension fund was down a little under 1%.

### Executive Directors Report

Executive Director Flaminio updated the Board on the 3-year delay by the Treasury Department on the applicability of Non-Discrimination Rules to public pension plans.

Ms. Flaminio informed the Board that the Employees' Retirement System of Rhode Island will be hosting a one-day New England Retirement Administrators meeting in August. She asked for approval from the Board to host a luncheon for the group. Mr. Clingham moved approval which Mr. Gillis seconded. The motion passed on a voice vote.

The meeting was turned over to Frank Mangione and Barry Gillman of the William M. Mercer Company for discussion of the FY'97 valuations rates for the Municipal Employees' Retirement System (MERS), State Police Retirement Plan and Judicial Retirement Plan. Mr. Mangione thanked the Executive Director and members of the Retirement System for their assistance in compiling information necessary to complete the valuations.

After presenting investment and demographic information regarding the MERS plan, Ms. Reback moved and Mr. Clingham seconded the motion to approve the FY '97 Municipal valuations as presented. The motion passed unanimously by voice vote. During the discussion of the MERS valuations it was noted by Mr. Gilman that 3/4 of the groups are overfunded and could consider either reducing or stopping their employer contributions. It was also noted that 32 special studies were done on behalf of participating municipalities mostly in the area of adopting Cost-Of-Living-Allowances.

In response to Ms. Reback's question concerning the possibility of people born after 1938 not receiving Social Security benefits until the age 67 or 69, Mr. Gilman stated that the normal retirement age had indeed been changed by the Social Security Administration. What this means is that benefits may still be obtained at age 62, but full retirement benefits are not attainable until the later year. Ms. Flaminio stated that in light of changes to Social Security, the Social Security Option should be reexamined. Mr. Mangione stated his office is in the process of reviewing the Social Security table.

In answer to Ms. Reback's query regarding whether the Retirement System is paying for actuarial information requested of Mercer from the Governor's Office, Mrs. Mayer stated that no monies were coming from the Retirement Board portfolio to pay for budget amendments proposed by Governor Almond.

Mr. Gilman presented the FY '97 valuations for the State Police and Judges Retirement Plans. He stated that a 1994 budget limitation of \$150,000 on all qualified plans had a significant impact in decreasing the employer contribution of the State Police Retirement Plan.

He stated that their treatment of the Judicial Retirement Plan was exactly opposite, i.e. a non qualified plan with no restrictions on either benefits or compensation. Mr. Carlotti suggested that the Board accept the State Police Valuation but delay the acceptance of the Judges valuation until he has a chance to meet with the actuaries and discuss the fund's status. Ms. Reback moved to approve the FY'97 employer contribution rate for the State Police Retirement Plan, Mr. Clingham seconded the motion which passed unanimously by voice vote.

#### Hearing Officer Decisions

Lacey v. ERSRI: Ms. Flaminio requested a motion to approve the hearing officers decision. Mr. Morrissey moved and Ms. Reback seconded the motion to approve the decision. Motion passed unanimously by voice vote.

IBPO Local 351 v. ERSRI: Mr. Carlotti summarized the issues regarding this particular decision which was first discussed at the December 1994 Retirement Board meeting. After a motion to reject the hearing officer's decision failed, the decision was tabled. The case involves R.I.G.L. 45-21.2-22 and the requirement that an additional one percent be contributed by fire and police members who adopt the Optional Twenty Year Retirement Plan. Under the statute, this plan may not be adopted unless the municipality's governing body adopts an ordinance affording the 20 year retirement. The ordinance was not adopted until 1993 but the 20 year plan was decreed to be in effect as of July 1, 1991. The hearing officer's decision stated the plan was effective back to 1991. Thus, the one percent additional contribution was due from the employee members as of that date. Mr. Beardsley moved to approve the hearing officer's decision, which Mr. Clingham seconded. After further discussion, a rollcall vote was taken of the members present. Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Clingham, yes; Mr. Finelli, no; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. Langlois, yes; Ms. Reback, no; Rep. Pires, yes; Sen. Sasso, yes and Treasurer Mayer, yes. Vote tally: 11 affirmative, 2 against.

Jordan v. ERSRI: Ms. Reback moved to approve the hearing officer's decision, a stipulation which allows Ms. Jordan to apply for accidental disability retirement. Mr. Clingham seconded the motion which passed by voice vote. Mr. Finelli recused from the vote.

Gange v. ERSRI: Mr. Clingham moved to approve the hearing officer's decision which prohibited purchase of service after retirement. Mr. Beardsley seconded the motion which passed unanimously by voice vote.

Salvatore v. ERSRI: Mr. Ciaramello moved to approve the hearing officer's decision which upholds the statutory requirement that a member can only buy military credits without interest if he buys it during his first 5 years of membership. Mr. Clingham seconded the motion which passed unanimously by voice vote.

Davies v. ERSRI: Mr. Ciaramello moved to approve the hearing officers decision which upholds the statutory requirement that a member have 10 years as a contributing

member to retire. The motion was seconded by Mr. Mahoney and passed unanimously by voice vote.

#### Legal Counsel Report

Mr. Carlotti reported on the Abbatemateo issue and the position of the retirement system in that litigation. Mr. Galli asked Mr. Carlotti to comment on the litigation which involves an attempt on the part of the plaintiff's to invalidate all past special pension legislation. The Board's position is that those people who might be adversely affected by this decision have to be joined as parties because any decision has to instruct the Board exactly what to do. Our counsel has requested the Court to be very careful to make a decision that the Board is capable of enforcing given the many diverse interests and diverse pieces of legislation which might be encompassed by the complaint.

Regarding the D'Orio matter, Mr. Carlotti stated that Mr. D'Orio has been indicted. He noted that the Board has the right under the statute to recover pension benefits from him if they were unlawfully obtained. Mr. Carlotti recommends no action be taken until the criminal case has been disposed or unless the statute of limitations becomes an issue.

#### Committee Reports

Disability Report: Mr. Finelli moved the acceptance of the Disability Subcommittee report of June 9th which passed unanimously by voice vote.

#### New Business

Mrs. Mayer informed the Board that her office is sponsoring legislation that extends investment options for state employees who participate in the States 457 plan (deferred compensation). The bill has already passed both the House and Senate.

Mr. Mahoney referred to the July 14, 1994 Retirement Board meeting regarding the motion to extend the Mercer Contract on an interim basis. He moved that an RFP be prepared as soon as possible as he felt it was bad public policy to simply extend the contract. Ms. Flaminio agreed with Mr. Mahoney's assertion that a new actuarial services contract was preferable to an extension of the old Mercer contract which expired on June 30, 1994.

She also noted, however, that she has been working with her staff for the past six months on the preparation of a Request for Proposal for Computer Services and that it would be virtually impossible, given present staffing resources, to proceed on both fronts. She commented that it was more important to proceed with the computerization project than to concentrate on an RFP for new actuarial services given Mercer's present level of service.

Mr. Clingham noted his agreement with Mr. Mahoney's statement, but felt it was more important to proceed with computerization first. He amended Mr. Mahoney's motion that the system proceed with the issuance of both RFP's but that priority be given to the completion of a RFP for computerization. The amendment was seconded by Mr. Ciaramello.

Mr. Beardsley stated that he chaired the committee in 1990 that solicited the last RFP for actuarial services and that over 100 hours went into that process given the strict RFP criteria set by the Board. He stated it took the committee close to 10 months to complete the process. The motion, which was further amended by Mr. Clingham to extend Mercer's contract until June 30, 1996, was seconded by Mr. Ciaramello. The



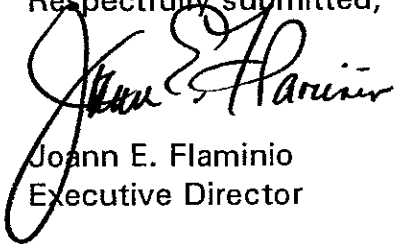
amendment to the amended motion and the amended motion as twice amended passed by voice vote.

Rep. Pires requested an update on the Treasury Request for Proposal for new space. An update by Treasury staff will be put on next month's agenda.

Rep. Pires posed a question regarding the membership of Occupational Therapists, some of whom are members of the Employees' Retirement System and some of whom are members of the Municipal Employees' Retirement System. Ms. Flaminio stated that including Occupational Therapists in the list of titles eligible for Employees' Retirement System membership would solve what is presently a very confusing situation. All agreed that the actuarial impact of such a move would be minimal.

There being no further business to come before the Board the meeting was adjourned at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joann E. Flaminio". The signature is written in a cursive style with a large initial "J".

Joann E. Flaminio  
Executive Director

vlp

## Minutes of the July 12, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on July 12, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:04 a.m. by Vice-Chairperson Marcia Reback.

The following members were present at roll call: Virgil Almeida, Daniel L. Beardsley, Michael R. Boyce, Leonard Clingham representing Gayl W. Doster, James A. Gillis, James F. Mahoney, Thomas V. Morrissey, Ellen Eggeman representing Michael O'Keefe, Marcia Reback, Sen. Eleanor C. Sasso, and Edna M. Snow.

A motion for approval of the June 14, 1995 minutes was made by James Mahoney and seconded by Mr. Clingham. The motion passed unanimously by voice vote.

### Executive Directors Report

Executive Director Flaminio informed the Board members that due to the Governor's pension proposal, there has been a significant increase in the number of requests for appointments by members of the Retirement System. Members are not necessarily retiring, but are inquiring as to their present status within the system. She cautioned public members particularly that the Member Services Department is currently booking appointments well into September.

Ms. Flaminio distributed a notice on Section 415 and urged Board members to contact their representatives in the U.S. House and Senate to support an alteration in the current definition of compensation under Section 415.

There will be a meeting of the Election Sub-committee in August. Representative Pires, Senator Sasso, James Mahoney and Mrs. Mayer are the Board members assigned to the Sub-Committee.

Director Flaminio referred to the memorandum she included in the Board packet pertaining to her second year as Director. She highlighted the many improvements that have been made but also spoke of the need to restructure the Retirement System and the need for additional retirement system personnel. She stated that two key retirement staff members, Jim Reilly and Elaine Drapeau, are approaching retirement age and stressed the need for a new team of retirement personnel to replace them. In answer to Mr. Gillis' question as to what is stopping the hiring of new employees, the Director stated that along with approval from the General Treasurer and the Retirement Board, approval from the Unclassified Pay Board is needed. Mr. Clingham also noted that approval from the Emergency Hiring Council is also necessary. She stated she would present her plan to the Board for approval at the August Board meeting. Mr. Mahoney suggested the plan be completed and included in budget recommendations for FY 97. The Director also touched on the success of the Administrative Hearings process and the updating of Retirement Booklets. Mr. Mahoney moved that the Board send a letter to the Rhode Island Senators representing Rhode Island regarding Section 415. Mr. Beardsley seconded the motion which passed unanimously by voice vote. Ms. Flaminio will send the letter on behalf of the Board.

Ms. Reback referred to Page 2 of Director Flaminio's memorandum regarding "Rule-Making". She questioned how action is being taken in the absence of a Rules Sub-committee. Ms. Flaminio explained that presently the proposed rules for Board

administration are in limbo until a new sub-committee is appointed by the General Treasurer. However, Mr. Finelli has been appointed Chair of a sub-committee regarding disability regulations. After speaking with Mr. Finelli, it was determined that counsel for the retirement system would develop a draft of disability regulations that would then be revised.

Director Flaminio then turned the meeting over to Frank Karpinski, Assistant Director for Finance, for a short presentation regarding ERSRI computerization.

Mr. Palmer then reported to the Board regarding the Treasury RFP for new space. He stated 21 responses have been received from the RFP sent out in May. They are in the process of refining specifications and will have a pre-bid conference with property owners who bid. They are also developing an RFP with the Properties Department for a lease/purchase option to see what properties are available and if it would be more beneficial to own rather than lease.

#### Hearing Officer Decisions

Richardson v ERSRI: Mr. Mahoney moved to approve the hearing officer's decision which prohibited the purchase of graduate/seasonal employment at the University of Rhode Island. Mr. Clingham seconded the motion which carried unanimously by voice vote.

Vittner v ERSRI: For this hearing Ms. Reback recused herself and relinquished her position as chair to Mr. Beardsley. Mr. Mahoney moved to uphold the hearing officers decision regarding R.I.G.L. 16-16-12 (as amended) which prohibits the purchase of military credit if such time will be used as service credit towards the accumulation of another pension. The motion was seconded by Mr. Clingham. A rollcall vote was taken of the members present. Mr. Almeida, no; Mr. Beardsley, yes; Mr. Boyce, no; Mr. Clingham, yes; Mr. Gillis, yes; Mr. Mahoney, yes; Mr. Morrissey, yes, Ms. Eggeman, yes; Ms. Reback, recuse; Mrs. Snow, no; Sen. Sasso, yes. Vote tally: 7 affirmative, 3 no, 1 recuse. Due to the statutory requirement that a majority of the Board is needed for a decision of the Board, the motion failed. Mr. Mahoney moved to table the subject until the next meeting. Mr. Boyce seconded the motion which passed unanimously by voice vote. At this time Mr. Beardsley returned the chair to Ms. Reback. Ms. Flaminio stated this case emphasizes the need for additional personnel to communicate benefit changes to the membership.

#### Legal Counsel Report

Mr. Barricelli reported on a lawsuit filed by former legislators regarding the \$10,000 cap on their pensions to be effective June 30, 1995. This particular case is not included in the litigation report but is being heard in U.S. District Court.

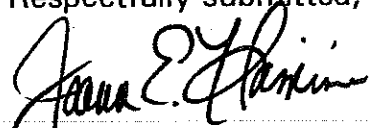
He also stated as had been reported in the Providence Journal that Judge Lagueux had issued a 52-page decision on the motion to dismiss filed in the pension eviction case. Ms. Flaminio stated that unlike other states there has never been a definitive line drawn either by statutes or case law in Rhode Island that a contract is formed between the participating member and the employee trust funds. The outcome of many of the present cases will be important in finally answering this question in Rhode Island.

Committee Reports

Disability Report: Mrs. Snow moved the acceptance of the Disability Subcommittee report of July 7 which was seconded by Mr. Boyce and passed unanimously by voice vote.

There being no further business to come before the Board the meeting was adjourned at 10:45 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp

## Minutes of the August 9, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on August 9, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:20 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James F. Mahoney, Michael O'Keefe, Marcia Reback, Sen. Eleanor C. Sasso, and Edna M. Snow.

A motion for approval of the July 12, 1995 minutes was made Michael Boyce and seconded by Mr. Ciaramello. Ms Reback indicated that the name of Judge Lagueux was misspelled on page 2, final paragraph of the minutes. Ms. Flaminio assured the Board the error would be corrected. The motion passed unanimously by voice vote.

### Executive Directors Report

Executive Director Flaminio reported on her recent participation at the NASRA (National Association of State Retirement Administrators) meeting in Las Vegas. Director Flaminio commented that although there isn't a movement towards defined contribution plans in the country, there is some small movement towards "hybrid plans" which address the issue of short-term employees. She noted that the argument underlying the defined contribution-defined benefit debate is whether a public plan is designed for short-term employees or long-term employees. She noted that Colorado is initiating a new hybrid plan that allows short-term employees to withdraw not only their contributions but the employer contribution as well. She emphasized that any movement towards a hybrid plan would be expensive and the reason our system is in good financial shape is the no interest provision for short-term employees who take a refund of contributions.

Director Flaminio stated there is still a great interest in retirement amongst active members due to the recent budget debate and the increase in member contributions.

On August 28th, there will be a meeting of the New England Retirement Administrators Association. The subject will be disability management and Director Flaminio will notify the members of the Disability Sub-Committee should they wish to attend.

The Director informed the Retirement Board that Nicholas DiTomasso, an accountant for 22 years in the retirement system, passed away during the month of July.

Finally, she noted that she had stated that a new personnel plan would be unveiled at the August meeting. Instead, she will discuss proposed changes with the Board at the September meeting.

Treasurer Mayer stated that one of her major policy concerns was the treatment of short-term employees within our present retirement system. She stated that with the additional 1% they are now to contribute, they will be further penalized. She noted that they contribute substantially towards the retirement of the vested employees.

Frank Mangione and Barry Gillman, of Mercer, Inc. presented the FY'97 Judicial valuation. Mr. O'Keefe questioned whether the Board should re-certify FY'97 employer rate for all other plans given the recent budget action. After additional discussion,

Mr. O'Keefe moved that the actuaries transmit the new rates to the Treasurer who will transmit it to the appropriate implementing authorities and that such rate shall be deemed the rate certified by the Retirement Board as the rate of state contribution for FY'96 & '97, in accordance with the statute. Mr. Ciaramello and Ms. Reback seconded the motion which passed unanimously by voice vote.

Mr. Mahoney questioned why a 6% salary assumption was used in the case of the judges. Mr. Gillman stated that there was a history of larger pay increases for judges than state employees. In answer to his question regarding the COLA portion of the report, Mr. Gillman stated it was a typing error and will be corrected to read 3% compounded annually.

Mr. Beardsley questioned the effective date of the employers' reduced contribution to the plan. A number of school districts have interpreted the budget article that increased the employee contribution and reduces the employers' contribution as meaning the contribution drops 1%. He stated according to his calculations it is reduced by .56%. They would like to know when the reduced contributions go into effect. Mr. Carlotti stated that is the reason the actuaries are going to redo their calculations in order to certify amounts to municipalities.

Mr. O'Keefe moved to approve the FY'97 Judicial Valuation which was seconded by Mr. Ciaramello. The motion passed unanimously by voice vote.

#### Hearing Officer Decisions

Mr. Mahoney moved to take from the table the hearing officer's decision in the appeal of Bruce Vittner. Mrs. Snow seconded the motion which passed by voice vote. Mr. Mahoney moved to sustain the hearing officer's decision which was seconded by Mr. Clingham. During discussion, Mr. Boyce stated he was changing his vote but that he would like to give emphasis to the Director's comments made at the last meeting that Mr. Vittner's case was a classic example as to why benefit changes must be communicated properly to the membership. A rollcall vote was taken of the members present: Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Clingham, yes; Mr. Finelli, yes; Mr. Mahoney, yes; Mr. O'Keefe, yes; Ms. Reback, recused; Mrs. Snow, yes; Sen. Sasso, yes; Mrs. Mayer, yes. Vote tally; 10 votes yes, 1 recuse. Motion passed.

#### Legal Counsel Report

Mr. Carlotti reported that Judge Lagueux denied a temporary restraining order in connection with the Parella case filed by retired legislators in response to the system's reduction of retired legislator's pensions to a maximum of \$10,000 as of July 1, 1995.

There were several inquiries regarding the Perrotti, Abbatametteo and Azar cases. Ms. Flaminio responded that there was a supreme court decision regarding Perrotti in which the retirement system was directed to conduct a hearing. The system has contacted Mr. Perrotti's attorney to schedule that hearing. Mr. Carlotti stated that the Azar case is scheduled for a hearing in September and the Abbatametteo matter is still before Judge Gibney. Ms. Flaminio stated that there has been a legislative amendment to the Pension Revocation and Reduction Act which immediately suspends the aggrieved member's pension thus shifting the burden of proof for continuance of the benefit to the retiree.

### Committee Reports

Disability Report: Mr. Finelli moved the acceptance of the Disability Sub-Committee which was seconded by Mrs. Snow and passed unanimously by voice vote.

### New Business

Mrs. Mayer reported the pension fund is experiencing significant gains and the fund is close to \$3.8 billion. Domestic markets are showing very positive gains, she noted, while the international market is down. An Emerging Manager search is being administered which will allow minority and female investment advisors that previously were unable to compete because they did not have sufficient funds under management to submit Requests for Proposals.

Mrs. Snow complimented Mrs. Mayer on the excellent progress of the Investment Commission and pointed out that Treasurer Begin initiated the plan to adopt an asset allocation plan and to expand the number of investment managers.

Mr. Palmer responded to Ms. Reback query regarding the new quarters for the Treasury. He stated there is a new ad in the newspaper which broadens the RFP to include those that wish to sell their property, as well as lease property.

Mr. Boyce questioned when the Rules and Regulations Committee was to be re-established. Mrs. Mayer stated she would make the appointments.

Mr. Mahoney referred to the April 1995 meeting at which time the Board voted to approve salary increases for the Assistant Director and Executive Director. Mr. Mahoney moved that Mrs. Mayer present to the next meeting of the Unclassified Pay Board salary increases for the Assistant Director and the Executive Director. Mr. Ciaramello and Mrs. Snow seconded the motion which passed unanimously by voice vote. Mrs. Mayer stated she would make such a presentation.

Pertaining to the new budget study commission on retirement, Mr. Mahoney requested that both Treasurer Mayer and Director Flaminio provide their assistance and expertise to the blue ribbon panel. Mrs. Mayer assured him that any resources that are available will be offered to them. Director Flaminio also stated that she would be more than willing to offer her time and expertise to any such panel.

Mr. Mahoney also requested that a letter of condolence be sent to the DiTomasso family on behalf of the Board. Ms. Flaminio stated she would send such a letter immediately.

There being no further business to come before the Board the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

  
Joann E. Flaminio  
Executive Director

vlp

## Minutes of the September 13, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on September 13, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:12 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Virgil N. Almeida; Daniel L. Beardsley, Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James A. Gillis; James F. Mahoney, Thomas V. Morrissey; Michael O'Keefe, Marcia Reback, Sen. Eleanor C. Sasso, Edna M. Snow and Nancy J. Mayer.

A motion for approval of the July 12, 1995 minutes was made by Marcia Reback and seconded by Mr. O'Keefe which passed unanimously by voice vote.

### Chairperson's Report

Treasurer Mayer reported on the continued excellent progress of the pension fund. As of July 31, 1995, the fund's value had increased to \$3.9 billion which is an increase of one billion dollars in the last three years.

Treasurer Mayer also reported that there have been 70 applicants for the Emerging Manager search.

### Executive Directors Report

Executive Director Flaminio reported that approximately 300 teachers retired over the summer and all should be on pension by the end of September.

An obsolete ER100 was passed out to the Board. The form had been used to calculate pensions in the past. These forms will only be used for minor adjustments as retirement computations will be on an Excel-based computer program thanks to Frank Karpinski, Assistant Director of Finance, and William M. Mercer who provided technical assistance. The program will be presented to the Board in October.

Ms. Flaminio updated the Board on the upcoming election. She detailed her efforts to notify every member of the system about the election. Retirees received notice in their August pension checks while active members were notified by first-class letter. Additionally, notification was sent to every city and town and state department. The Newsletter, which will be mailed the week of the 18th, also covers the election as well as information regarding the increase in contribution rates.

Referring to the Personnel Plan that was sent to all members of the Board, Director Flaminio requested a motion to support the recommendations she was seeking from the Unclassified Pay Plan Board. Mrs. Snow moved same with Ms. Reback and Mr. Mahoney seconding the motion. During discussion on the motion, Ms. Flaminio stated there had not been an increase in the personnel of the retirement staff since 1980 while membership has grown dramatically. She also noted the complexity of present day retirement administration. The motion passed unanimously by voice vote.

Mrs. Snow expressed her concern regarding the Social Security Option and the issue of spousal consent since there is no survivor annuity under the Social Security Option. Ms. Flaminio stated under ERISA Law, a retiree must have spousal approval to select an option. She suggested that if that policy was favored by the Board, the statute could be amended to



require a sign-off should the retiree select the Maximum Plan or the Social Security Option. Mrs. Mayer suggested the matter be put on the agenda for discussion.

Sen. Sasso referred to correspondence she had received from Joseph A. Coccia, of NEARI, regarding Survivor's Benefits. Ms. Flaminio distributed a copy of the correspondence and explained to the Board she spoke to Mr. Coccia at the request of Mrs. Mayer. She informed the Board that under the Teachers Survivors' Benefits Plan, teachers who do not contribute to Social Security make a yearly contribution of \$96.00 that is matched by an identical employer contribution. At age 60, a beneficiary under the program may receive up to \$700 per month. A previous valuation of the plan showed it to be amply funded. Mr. Coccia is interested in raising the level of benefits beyond the \$700. He contacted both the General Treasurer and Sen. Sasso regarding the issue. Mrs. Mayer suggested Mercer be asked to determine how much benefits could be increased while still maintaining the present economic health of the fund. Mrs. Snow requested that Mr. Coccia be informed of the action being taken on his request. Ms. Flaminio stated both she and Sen. Sasso would write to him.

#### Hearing Officer Decision

ERSRI vs Boitano: Vice-Chairperson Reback recused herself from any consideration of this hearing which involves a numerical error on the official Pension Record regarding the pension reduction the claimant would suffer upon reaching 62. Attorney Richard A. Skolnik, representing Mr. Boitano, presented arguments as to why Mr. Boitano was entitled to the lesser reduction as stated on the Official Pension Record despite his receipt of a numerically larger pension for the last eight years. Attorney Skolnik relied on Schiavulli vs. School Committee of Town of North Providence 334 A.2d 416 (R.I., 1975) and Town of Glocester vs. Olivo's Mobile Home Court, Inc., 300 A.2d 465 (R.I. 1973), the leading cases in Rhode Island on equitable estoppel.

Mr. Clingham pointed out to the Board that the issue at hand was whether or not the decision of the hearing officer was wrong. Mr. Carlotti stated that if the Board were to affirm the Hearing Officer's decision and Mr. Boitano were to file an appeal, there would then be opportunity for settlement negotiations.

Mr. Ciaramello moved and Sen. Sasso seconded the motion to affirm the decision of the Hearing Officer. Mr. Boyce moved to lay the motion to affirm the Hearing Office on the table for an indefinite period of time. Snow seconded the motion. A rollcall vote was taken of the members present. Mr. Almeida, yes; Mr. Beardsley, no; Mr. Boyce, yes; Mr. Ciaramello, no; Mr. Clingham, no; Mr. Finelli, yes; Mr. Gillis, yes; Mr. Mahoney, no; Mr. Morrissey, no; Mr. O'Keefe, no; Mrs. Snow, yes; Sen. Sasso, no; Mrs. Mayer, no. Vote tally: 5 affirmative, 8 votes n, 1 recuse. Motion to table failed.

Mr. O'Keefe called for the motion to affirm the decision of the Hearing Officer. Mrs. Snow questioned the options for Mr. Boitano if the Hearing Officer's decision was affirmed. Mr. Carlotti his options were (1) do nothing; (2) notify the Board that he is going to appeal to the Superior Court; or (3) Mr. Skolnik could contact Mr. Carlotti to discuss the possibility of a settlement short of the time of his appeal. After the discussion, rollcall vote was taken of the members present. Mr. Almeida, yes; Mr. Beardsley, yes; Mr. Boyce, yes; Mr. Ciaramello, yes; Mr. Clingham, yes; Mr. Finelli, yes; Mr. Gillis, abstain; Mr. Mahoney, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Ms. Reback, recuse; Mrs. Snow, yes; Sen. Sasso, yes; Mrs. Mayer, yes. Vote tally: 12 affirmative, 1 abstain, 1 recuse.

Mrs. Snow stated that from its inception she was wary of the Social Security Option. Sen. Sasso commented that the Boitano case was an unfortunate situation and she felt that the system should be simplified so that the information received isn't so confusing. Mrs.

Mayer commended Ms. Flaminio on her efforts since she became the Executive Director to explain the Social Security Option.

Request for Hearing: Mr. Clingham moved and Mr. Boyce seconded the motion to grant a hearing to Stephen Cirella (disability applicant).

#### Legal Counsel Report

Mr. Carlotti reported briefly on steps being undertaken by the Retirement System to comply with the IRS closing agreement and specifically Section 415 limitations relative to maximum benefits. He stressed the importance of distributing as much information as possible to members regarding this issue.

In answer to Ms. Reback question as to whether there was any law that required private vendors to disclose the fact that there might be a negative impact on retirement, Mr. Carlotti stated he was not aware of any.

Mrs. Mayer indicated that her office has been dealing with the 457 statute and filed legislation which passed the General Assembly giving state employees greater investment options within the state's 457 deferred compensation plan.

#### Committee Reports

Disability Report: Mr. Finelli moved the acceptance of the Disability Sub-Committee report of September 8, 1995 which was seconded by Mr. Ciaramello. The motion passed by voice vote. Board members Finelli and Snow recused themselves from consideration of a disability application from an East Providence teacher.

Election Committee: Ms. Flaminio informed the Board that she needed emergency approval of the Election Rules as amended. Mr. Mahoney moved that

WHEREAS, the provisions of §36-8-4 of the General Laws of Rhode Island require that the Employees' Retirement System conduct an election for membership to its Board of Directors; and

WHEREAS, the term of certain members of the Board will expire in March of 1996; and

WHEREAS, it is essential that the election process be commenced in order to timely assure that the members will be elected in due course; and

WHEREAS, the Board has concluded that certain amendments to its Regulations governing the conduct of such elections are necessary in order to assure that such elections are carried out in an orderly manner; and

WHEREAS, the Board has concluded that failure to adopt the amendments to its present Regulations will have an adverse impact on the conduct of such elections; and

WHEREAS, the Board finds that adoption of these amendments upon less than twenty (20) days notice as required by §42-35-3 of the General Laws of Rhode Island is necessary in order to timely conduct such elections.

NOW, THEREFORE, be it

RESOLVED, that the Board hereby adopts the amendments to its Election Regulations as emergency amendments pursuant to the provisions of §42-35-3(b) of the General Laws of Rhode Island, such Regulations to be effective for a period not longer than one hundred twenty (120) days; and, be it further

RESOLVED, that the Executive Director is authorized and directed to proceed to comply with the provisions of §42-35-3(a) of the General Laws giving notice and an opportunity for people to be heard with respect to such Election Regulations so that such Regulations may be ultimately adopted in accordance with the provisions of the said §42-35-3.

The motion was seconded by Mr. Ciaramello and passed unanimously by voice vote.

New Business

In answer to Mr. Ciaramello's inquiry, Mrs. Mayer told him she had forwarded the Board's resolution for a pay increase for the Executive Director and the Assistant Executive Director to the Unclassified Pay Board.

Mr. Beardsley moved that the Board communicate to the Unclassified Pay Board its unanimous approval of the Executive Director's Personnel Plan by way of resolution. Since Mrs. Mayer sits on the Unclassified Pay Board, she recused herself and suggested that Vice Chairperson Reback sign the resolution that

WHEREAS, pursuant to R.I.G.L. 36-8-03, the general administration and the responsibility for the proper operation of the retirement system and for making effective the Rhode Island retirement statute is vested in a retirement board; and

WHEREAS, the Board has appointed an Executive Director and Deputy Executive Director who are charged with the daily administration of the retirement system; and

WHEREAS, they have concluded that additional personnel are necessary to properly effectuate the statutory mission enunciated in Titles 36, 16 and 45 of the Rhode Island General Laws; and

WHEREAS, such additional personnel will result in better internal controls, continued automation, an increase in our level of compliance with Rhode Island retirement law, and the establishment of ERSRI as an efficient retirement system capable of adequately servicing all of its 60,000 active and retired membership,

NOW, THEREFORE, be it

RESOLVED, that the Board unanimously voted at its meeting of September 13, 1995 to support the Executive Director's Personnel Proposal and to convey its support of the proposal by resolution to the Unclassified Pay Plan Board; and be it further

RESOLVED, that such resolution be signed by the Vice-Chairperson on behalf of the 15-member Employees' Retirement board of Rhode Island.

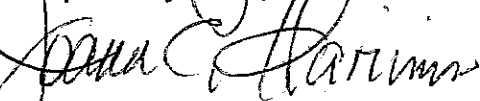
The motion was seconded by Mr. Ciaramello and passed by voice vote.

Good and Welfare

Ms. Reback reminded the Board that R.I.G.L. 36-8-3 requires that rules and regulations established pursuant to Title 36 shall be compiled and codified so that they shall be generally available to the members of the system. She requested that a new Rules and Regulations Committee be appointed in order to accomplish the goals of R.I.G.L. 36-8-3. Mrs. Mayer indicated she would appoint the new committee by the next meeting.

There being no further business to come before the Board, the meeting Mrs. Snow moved and Mr. O'Keefe seconded the motion to adjourn at 10:40 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp

## Minutes of the October 11, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on October 11, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:08 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Michael R. Boyce, Louis Ciaramello, C.L.U., Leonard Clingham representing Gayl W. Doster, William B. Finelli, James A. Gillis; Stephen McAllister, Thomas V. Morrissey; Michael O'Keefe, Sen. Eleanor C. Sasso, Edna M. Snow and Nancy J. Mayer.

A motion for approval of the September 13, 1995 minutes was made by Leonard Clingham, seconded by Mrs. Snow and Mr. Morrissey, and passed unanimously by voice vote.

### Chairperson's Report

Treasurer Mayer reported that there have been 78 applicants for the Emerging Manager search. She further reported that the Pacific Corporate Group, hired to oversee the 5% allocation in the pension fund for alternative investments, recommended a \$15 million investment in Welsh, Carson, Anderson and Stowe VIII Limited Partnership that was subsequently approved by the State Investment Commission. Mrs. Mayer suggested that Board members could call her office if they were interested in attending an Investment Commission meeting.

### Executive Directors Report

Executive Director Flaminio introduced Bob Duffy from Hinckley Allen. She also welcomed Steve McAllister, Acting State Budget Officer, to the Retirement Board.

Director Flaminio stated that over 250 members attended the benefit presentation for State employees recently held at CCRI. Additional presentations are scheduled for municipal employees and teachers.

The meeting was then turned over to Frank Karpinski, Assistant Director for Finance, who gave a short presentation on a new retirement calculation program designed to replace manual calculations.

Frank Mangione and Barry Gillman of the William Mercer Company were in attendance to discuss actuarial assumptions for the next round of valuations. Prior to commenting on the assumptions, they responded to a written inquiry by the Board regarding the Teacher Survivor Benefit Program. The program, implemented in 1961, provides benefits to dependents of teachers who do not participate in Social Security. Benefits up to maximum of \$700.00 begin at age 60 and continue until death so long as the spouse does not re-marry; benefits may begin earlier if dependent children are involved. In a recent valuation of the program, Mercer had reported that the plan was seriously over-funded.

The Board had questioned whether increasing the scale of benefit payments was appropriate. In response, Mercer opined that prior to any recommendation regarding benefits, additional data should be obtained to evaluate the current status of the plan.

Treasurer Mayer stated that she felt that the beneficiaries of the plan should be queried to determine the proper evolution of the plan and suggested surveying members.

Board member and Teacher Representative Finelli concurred with the idea of a survey. Mercer noted that any survey should include data gathering as well. It was agreed by the Board that prior to any additional action, some form of survey would be conducted.

Mr. Gilman discussed the present actuarial assumptions utilized by Mercer including an 8% interest assumption, a 4 1/2% salary assumption, and the 1971 mortality tables. He stated that the assumptions viewed in the aggregate are appropriate and that Mercer recommended no revisions at this time. This is true despite the fact that the assumptions when viewed individually may need revision. Mr. Clingham moved that for the purposes of the next valuation, the assumptions as presented be used. The motion was seconded by Mr. Morrissey and passed on a voice vote.

Board Member Morrissey stated that although he had no objection to the assumptions as presented, he did object to these same assumptions being cast into concrete when being used in a more political context. Board member O'Keefe suggested additional historical data to review assumptions in the future.

Spousal Consent Issue: Executive Director Flaminio gave a short overview of spousal consent statues around the nation based on a previously published study done by the AARP. She noted that Rhode Island is one of the 24 states that currently has no statute or administrative policy regarding this issue.

Board member Clingham stated that he was uncomfortable with Board action and recommended Legislative action. Board Counsel Duffy stated that although he felt that an administrative policy was permissible, legislative action allowed for more thorough and thoughtful action on the issue.

It was agreed that the issue would be referred to the Rules and Regulation Committee.

#### Hearing Officer Decision

ERSRI v. Pagano: Attorney John Notte, counsel for Mr. Pagano, presented objections to the hearing officer's decision which held that Mr. Pagano would not be able to purchase time in excess of the 5 year statutory limit found in R.I.G.L. 36-10-9(b)(IV). After his presentation, Mr. Clingham moved and Mr. Ciaramello seconded the motion to affirm the decision of the hearing officer. After Board discussion, a rollcall vote was taken of the members present. Mr. Boyce, no; Mr. Clingham, yes; Mr. Ciaramello, yes; Mr. Finelli, no; Mr. Gillis, yes; Mr. McAllister, yes; Mr. Morrissey, yes; Mr. O'Keefe, yes; Mrs. Snow, no; Sen. Sasso, yes; Mrs. Mayer, yes. Vote tally: 8 affirmative, 3 votes no. Motion passed.

Stephen Cirella: (Disability Retirement Hearing) Mr. Cirella and his counsel Jeffrey F. Richardson, Esq., requested that the hearing be rescheduled to November 8, 1994.

Mr. Clingham proposed that any new evidence be presented to the Disability Sub-Committee. Mr. Richardson will contact Ms. Bourne to schedule his hearing before the Disability Sub-Committee. He will also be put on the next Retirement Board agenda should the Sub-Committee deny his disability at its next meeting.

#### Legal Counsel Report

Mr. Duffy of Hinckley Allen reported that the Adjunct Professors case will now be handled by the Attorney General's office.

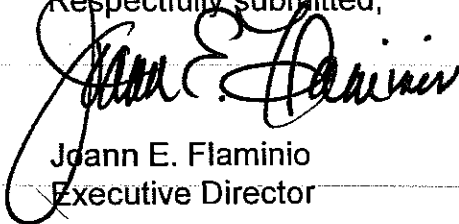
Regarding the Parella (Retired Legislators) case, it has been reassigned to Judge Lisi and is now in pre-trial status.

Committee Reports

Disability Report: Mrs. Snow moved the acceptance of the Disability Sub-Committee report of October 6, 1995 which was seconded by Mr. Gillis and passed unanimously by voice vote.

There being no further business to come before the Board, Mrs. Snow moved and Mr. Gillis seconded the motion to adjourn. The motion passed unanimously and the meeting closed at 11:28 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp

## Minutes of the November 8, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on November 8, 1995 in Room 35, State House, Providence, RI. The meeting was called to order at 9:15 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Daniel L. Beardsley; Michael R. Boyce; Leonard Clingham representing Robert L. Carl, Jr., Ph.D.; William B. Finelli; James A. Gillis; Stephen McAllister; Thomas V. Morrissey; Michael O'Keefe; Marcia Reback; Edna M. Snow and Nancy J. Mayer.

A motion for approval of the October 11, 1995 minutes was made by Edna M. Snow, seconded by Mr. Gillis, and passed unanimously by voice vote.

### Chairperson's Report

Mrs. Mayer commented that as reported in the Providence Business News and the Providence Journal, two alternative investments totaling 23 million dollars have been made under the aegis of the new consultants, Pacific Corporate Group. She stated the State Investment Commission is also in the final stages of an Emerging Manager search.

In response to Mr. Morrissey's inquiry regarding the Dunedin Fund Managers, Ltd., Mrs. Mayer stated the State Investment Commission is exploring various options to respond to Dunedin's replacement of its Chief Investment Officer and other management personnel changes.

### Executive Directors Report

Director Flaminio recognized and thanked Elaine Drapeau and Jim Reilly of the retirement office for their work in organizing the Retirement Board Election.

Ms. Flaminio reported on the last seminar held at CCRI for teachers. She felt the series was very successful but commented that next year they will try to seek out sites that are more convenient and accessible to attendees.

A newly designed "Purchase of Service Form" was distributed to Board members. Director Flaminio stated it now looks like a bill and is more professional.

In reference to Section 415, she referred to a copy of a letter prepared by the Treasurer's Office being sent to the IRS for approval. The letter is an update of our compliance with actions required by the retirement system under the IRS closing agreement. It also details our compliance with Section 415 tests. She then distributed a draft memorandum being prepared for all active members which states that the Retirement System will begin testing income earned after July 1, 1995. Thus, if you retire in 1996, one year of income will be tested; if you retire in 1997, two years of income will be tested. 1988 will be the first year income will be tested for all three years. Finally, Ms. Flaminio stated that 415 relief is contained in the Budget Resolution currently being considered by Congress. Should it pass, the 415 issue will become moot.

Director Flaminio requested approval from the Board to have the December Board meeting at 40 Fountain Street to allow her to have lunch for Board members after the meeting.

## Hearing Officer Decision

ERSRI v. Forest: Mr. Forest was contacted and will not appeal the decision. Mr. Clingham moved and Mr. Gillis seconded the motion to accept the Hearing Officer's decision. The motion passed unanimously by voice vote.

## Legal Counsel Report

Mr. Carlotti, Legal Counsel for the Board, related that Judge Gibney granted the Retirement Board's motion to dismiss in the Abbatametteo case for failure to join an indispensable party. Director Flaminio praised the selection of John Gyorgy by the General Treasurer, and the work he did on the Abbatametteo case.

Mr. Carlotti also updated the Board on the Parella (retired legislator's case) which has been certified as a class action, and the McGrath case in which Judge Lagueux issued a decision which confirmed the power of the General Assembly to make reasonable modifications to the plan. The McGrath case tested the constitutionality of the 10 years as a contributing member provision enacted in 1991.

Mr. Carlotti alerted the Board to the case of Finn vs ERSRI presently before a hearing officer. Mr. Finn is a state employee who is asserting his right to interest on his refund of contributions. Due to a 1981 amendment to the refund statute, it is conceivable that Mr. Finn is correct. Mr. Carlotti stated this could affect withdrawals from 1981 onward. He stated he will have recommendations to the Board regarding this issue at the December meeting.

Ms. Reback questioned if the Board could request the Attorney General's office to issue a "change/no change" update on the monthly legal report. Mr. Carlotti stated he will request again, but he cannot guarantee a response. She was particularly interested in the Adjunct Professors case and the dishonorable service issues. Mr. Reilly reported that regarding the Pouliot case, Judge Rogers is expected to render a decision soon.

Mr. Beardsley requested an update of the ERSRI personnel proposal before the Unclassified Pay Plan Board. Ms. Flaminio stated she has submitted all the material to the Board and has made several calls requesting information as to when they will meet. Mr. Clingham stated he would inquire as to the next date of the Board and inform Ms. Flaminio of the date. Mr. Beardsley requested that he also be given the information. Mr. Boyce asked if we could send a letter which Mrs. Mayer responded had already been done.

## Committee Reports

Disability Report: Mrs. Snow moved the acceptance of the Disability Sub-Committee report of November 3, 1995 which was seconded by Mr. Gillis and Mr. Boyce and passed unanimously by voice vote.

Rules and Regulations: Mr. Clingham reported that at their meeting they proposed rules amendments to the current Purchasing and Hearing Rules.

Mr. Clingham moved to amend Purchasing Rule 2.1.6, Small Purchases, to limit the amount of small purchase procurement to \$2500. He further moved to add a sentence to Purchasing Rule 2.1.6 to read in the event that the small purchase limitation is set forth in R.I. General Laws 37.2.22 is raised by the General Assembly, this rule 2.1.6 would automatically be amended to reflect the higher limitation. The motion was seconded by Mrs.



Snow and passed unanimously by voice vote. The Department of Administration has proposed legislation to raise the threshold to \$5,000 for non-construction and \$10,000 for construction.

Mr. Clingham then moved an amendment that mirrors the General Assembly repeal of the limitation on procurement of goods in the Republic of South Africa. The motion was seconded by Mrs. Snow and passed unanimously by voice vote.

Lastly, Ms. Flaminio addressed the Proposed General Rules for the Operation of the Employees' Retirement Board. The only change from previous drafts is on page 5, Section 10, second line, which states that "all Board members except the public representatives will be allowed to send a designee to represent him/her on such standing committees and to vote provided a written proxy statement has been entered. In the case of all elected members, the designee must be a member of the membership group of the elected member". Mr. Morrissey moved and Mrs. Snow seconded the motion to adopt the sub-committees amended draft of General Rules. Motion passed unanimously by voice vote.

Director Flaminio stated they discussed the issue of spousal consent and remarked it was the Committee's opinion that they did not want to tamper with the present procedure that allows a member to select an option without the approval or acknowledgment of a spouse. Mr. Clingham inserted that any changes on consent should be made by the General Assembly.

#### Good and Welfare

Mr. Boyce made known to the members of the Board that Virgil Almeida, the Municipal representative, has been unable to attend Board meetings do to surgery. It was requested that Director Flaminio send a card from the Board.

There being no further business to come before the Board the meeting adjourned at 10:43 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp

## Minutes of the December 13, 1995 Retirement Board Meeting

The regular monthly meeting of the Retirement Board was held on December 13, 1995 in the Retirement Conference Room, 40 Fountain Street, Providence, Rhode Island. The meeting was called to order at 9:37 a.m. by Chairperson Nancy J. Mayer.

The following members were present at roll call: Daniel L. Beardsley; Michael R. Boyce; Leonard Clingham representing Robert L. Carl, Jr., Ph.D.; William B. Finelli; James A. Gillis; Marcia Reback; Edna M. Snow Rep. Antonio J. Pires, Sen. Eleanor C. Sasso and Nancy J. Mayer.

(It was noted that Board member Ciaramello has been ill and Director Flaminio was requested to send him greetings on behalf of the Board.)

Mr. Gillis moved and Ms. Reback seconded the motion to approve the minutes of the November 8th Board meeting. Ms. Flaminio read an amendment to the minutes requested by the General Treasurer. The fifth paragraph of page one will be amended to read, "In response to Mr. Morrissey's inquiry regarding the Dunedin Fund Managers, Ltd., Mrs. Mayer stated the State Investment Commission is exploring various options to respond to Dunedin's replacement of its Chief Investment Officer and other management personnel changes". It was voted to approve the amendment. The minutes were then approved as amended by voice vote.

### Chairperson's Report

Mrs. Mayer stated that appointments to the Legislative Sub-committee were being mailed Wednesday, December 13, 1995. She then distributed a list of suggested legislative initiatives for 1996. She invited Board members to inform Ms. Flaminio or her office of any other legislative initiatives or policy proposals.

Mrs. Mayer informed the Board that a decision regarding Dunedin Fund Managers, Ltd., would be made at a special meeting of the State Investment Commission on Thursday, December 14, 1995. They will also be interviewing and choosing Emerging Managers. She invited interested Board members to the meeting.

Chairperson Mayer indicated the fund is up 19.1% as of September 30, 1995.

### Executive Directors Report

Director Flaminio introduced Stephen Palmer, Deputy Treasurer for Administration, to give a relocation update for the Treasury. He stated that there had been five responses to the RFP: (1) the Foundry; (2) 40 Fountain Street; (3) the Regine Pontiac building; (4) the Ross-Simons building on Weybosset Street; and (5) the building on the corner of Dorrance and Westminster Streets. He also noted that our present lease has an expiration date of May 30, 1995. Board member Snow inquired as to parking improvement and Mr. Palmer stated that is a major concern of Treasury staff reviewing the proposals. Board Member Boyce questioned if there had been any interest regarding purchasing a building. Mr. Palmer stated two proposals also include an option to purchase. He noted that along with the expense of purchasing, there would be the cost of renovation and customizing the building to the Treasury's ongoing needs.

Ms. Flaminio reported that the 1994 Annual Financial Report had been mailed previously to all Board members. The June 30, 1995 report should be completed in two to three months.

Second editions of the Handbooks on Membership and Retirement have been completed and are available to the membership.

Copies of the various election ballots were circulated amongst the members of the Board. Ms. Flaminio explained that LHS Associates of Methuen, Massachusetts, was hired for the printing of the ballots and is working with the Board of Elections to coordinate the election process. This will be the first ever election in which the tabulation will be done electronically. She also noted that the election mailing will be more costly than in previous years, but we are providing more information (biographical sketches of the candidates), and that return ballot postage will be paid for by the Retirement System. Completed Ballots must be postmarked by January 31, 1996 in order to be included in the Ballot tabulation. A first-ever Trustee Orientation Program is being planned for Friday, February 23rd after new Board members have been selected. Frank Mangione of Mercer and Cindie Moore of the National Council on Teacher Retirement will both give presentations.

The Section 415 memorandum has been mailed out to all members of the system. She noted that the concepts are difficult, but that incoming callers seem to have a better understanding of the Section 415 limitations.

In response to an inquiry by Mr. Boyce regarding the taxable status of Accidental Disability pensions, Assistant Director Reilly noted that when disability pensioners receive 1099 statements, the statements will indicate that the pension is tax free.

Ms. Reback apprised the Board regarding the Special Pension Commission mandated as a result of last year's budget. She stated that the Commission had met 4 or 5 times to date. Members have agreed that the mandate restricts them to fashioning a retirement system for new employees only. The Commission has spent time listening to actuarial consultants including representatives from Buck, William M. Mercer, and Peskin Associates and will issue an RFP for actuarial design assistance. Rep. Pires, the House member of the Commission, stated that members are presently gathering data and looking at other retirement systems. Mrs. Mayer questioned if Alexander and Alexander, or Kwasha-Lipton had been contacted. Ms. Reback stated that she felt that the Director of Administration would be receptive to a listing of additional firms. Mr. Beardsley also informed Ms. Reback that he had a list of actuaries in his office from a previous search he chaired and would pass it on to her.

Regarding her staff proposal, Director Flaminio stated that the Unclassified Pay Plan Board had not placed the item on the agenda due to a request by the General Treasurer's office to defer the item. It will be placed on a January agenda for consideration at the next two UPPB meetings. The Executive Director expressed concern over the possibility of an Early Retirement Incentive and the administrative strain that would be placed on the retirement system. She noted that the Early Retirement programs in 1989 and 1990 had a devastating impact on the retirement system and that she did not want to have that experience repeated. Thus, she expressed hope that the matter could be taken up soon. Mr. Beardsley spoke in support of the staffing plan and indicated he wanted to be notified of the date of the next UPPB meeting. He also moved that a Board resolution be prepared supporting an increase in compensation for the Executive Director and the Assistant Executive Director. The motion was seconded by Mrs. Snow, Mr. Boyce and Ms. Reback. Mrs. Mayer stated she would have to abstain on the motion as did Board Member Clingham. Board Member Clingham stated that he supported the Executive Director's efforts, but that he would have to abstain due to the salary negotiations currently in progress by the Administration. Mr. Beardsley withdrew his motion. Director Flaminio thanked Board Member Beardsley for his comments and noted that her first priority was to get her department properly staffed.

Executive Director closed her report with an update on the Orabona matter. She stated she had issued a decision disallowing a partial transfer of credits from his legislative pension to his teacher pension under the authority of R.I.G.L. 16-16-8. Without the 7 years of transferred credits, he cannot retire at this time. Mr. Orabona has the option to appeal.

Rep. Pires spoke regarding the issue of an Early Retirement Incentive and stated that to date there has not been any movement on this issue within the House.

Director Flaminio distributed to Board Members a copy of the Pouliot decision, the first application of the Pension Revocation and Reduction Act.

#### Hearing Officer Decision

ERSRI v. Sherlock: Mr. Carlotti refreshed the Board as to the details of the case involving Mr. Sherlock. Attorney Jack DeGiovanni, Jr. representing Mr. Sherlock made a presentation to the Board regarding the effect of Mr. Sherlock's rescinded termination and requested equitable relief on behalf of his client. Mr. Clingham, noting the legal import of the Hearing Officer's Decision nevertheless felt that the Hearing Officer did not consider the retroactive effect of the cancellation of the termination and moved that the decision of the Hearing Officer be overturned and that Mr. Sherlock be allowed to apply for an Accidental Disability. Ms. Reback and Mr. Gillis seconded the motion which passed unanimously by voice vote.

#### Legal Counsel Report

Ms. Reback questioned Mr. Carlotti, Legal Counsel for the Board, regarding the McGrath case, and its travel to the U.S. Court of Appeals. He responded that the Court of Appeals must render a decision in the case.

#### Committee Reports

Disability Report: Mr. Finelli moved the acceptance of the Disability Sub-Committee report of December 8, 1995 which was seconded by Mr. Boyce. Ms. Reback recused on Numbers 7 and 16 of the Disability list, Mr. Finelli and Mrs. Snow recused on Number 15 of the Disability list. The motion passed by voice vote noting the recusals.

#### New Business

Ms. Flaminio wished Happy Holidays to the Board members present and passed out a Board photograph taken at the August meeting. She made special mention of the following retiring members: Mr. Gillis, Ms. Reback, Mr. Morrissey and Mr. Almeida. She thanked them for their faithful service and hard work.

There being no further business to come before the Board the meeting adjourned at 11:30 a.m.

Respectfully submitted,



Joann E. Flaminio  
Executive Director

vlp