

DEPARTMENT OF CITY CLERK

CITY HALL

APRIL 12, 1993

The Committee on Finance meets this day at 5:00 o'clock P.M., in Committee Room "A", City Clerk's Department, City Hall.

PRESENT: Chairman Dillon, Councilman Glavin, Councilwoman Fargnoli and Councilman Igliazzi.

ABSENT: Councilman Fenton.

Also present are Stephen Woerner, City Internal Auditor, Charles Mansolillo, City Solicitor, Edward Lynch, Pension Administrator, Lisa Vitullo, Data Processing Coordinator, Alex Prignano, Budget Officer, Michael R. Clement, City Clerk and Claire E. Brooke-Stewart, Assistant Clerk.

COMMUNICATION FROM FRANK E. CORRENTE, DIRECTOR OF ADMINISTRATION RE: CONTRACT TO INFOCEL, INC. FOR PROJECT NORTHERN STAR.

CHAIRMAN DILLON: Lisa is back in regards to Project Northern Star.

MS. VITULLO: We have some deviations to Project Northern Star and one of them is a PC network that we are putting in, we talked about it last week and I have four bids here for the network. The network was already installed down in the Mayor's Office and out of the four it was the cheapest by City/State Computer Services and we would like to pay for that. I have copies. I have actual bids also.

CHAIRMAN DILLON: Any questions?

COUNCILMAN GLAVIN: Mr. Chairman, you are our representative for the Board of Contract and Supply.

CHAIRMAN DILLON: I wasn't at this particular meeting, I am sorry, I should have called you up and sent you. You could go in my stead. It was referred to the Finance Committee at the request of Councilwoman Nolan who serves very faithfully on the board. The point being, I think we went over this last week. Were you here last week when we were going over this?

COUNCILMAN GLAVIN: No, I couldn't come.

CHAIRMAN DILLON: One of the souped up machines in the Project Northern Star is not able to be delivered. One of the high level machines but essentially what they did is they took a credit against that machine and put in a network down in the Mayor's Office. That is the simplest way, I guess, to describe

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it.

COUNCILMAN GLAVIN: Should that have bid? A formal bid?

MS. VITULLO: Time was of essence. It would have cost us more money the longer we waited. This was to replace the WANG system that was in the Mayor's Office.

CHAIRMAN DILLON: Can I understand one other thing now. At the end of it, this is after the machines have been put in the Mayor's Office, you are taking a credit of how much?

MS. VITULLO: It was \$117,000.00 minus \$50,000.00.

MR. WOERNER: \$66,465.00.

COUNCILMAN GLAVIN: Stephen ---- information?

MR. WOERNER: One consideration is that next Monday bids for a similar system for this office are going to be opened and they are going through the whole procedure so what I would suggest is that before this Committee does anything, if it wants to wait, let me match up the bids to see if these bids are in fact in line for similar type of equipment.

MS. VITULLO: There are some differences. The cabling for this office is simple. It is all in one room. The cabling for the system downstairs in three different floors and all four corners of the building. That is a cost that you wouldn't have and also the hubs.

MR. WOERNER: That is easy because that is just one bid and they were fairly consistent there, you know, \$8,500.00, \$8,200.00, \$8,500.00, \$8,500.00. So taking that variable out and just looking at the other pieces we will get a pretty good picture as to whether there is anything materially fairly deviant on this proposal.

MS. VITULLO: Also the concentrators you wouldn't have.

CHAIRMAN DILLON: The what?

MS. VITULLO: The enthenic concentrators, the ports.

MR. WOERNER: 12 ports. There is one other issue, Councilman, is that the Law Department is hooking into. If you remember, we were told when this went out to bid, it is in the minutes, that even though Prime was going out of business, EDS was providing us with a performance guarantee, a performance bond is what they actually said, that the hardware and the software, that

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were promised in the contract would be delivered or something that could do the same thing and one of the big factors of this whole upgrade was so it would get us to a unix operating system which is a standard that IBM goes by which allows us to communicate much more efficiently with all other computers. That is an issue that Patricia is looking into and they are going to send me the contract but she is on vacation but that issue is not going to be resolved in a week, two weeks, or two months anyway.

COUNCILMAN GLAVIN: That is the issue of some type of compensation?

MR. WOERNER: We will get it in as a credit because they did not perform with the question, I guess in legal terms, is what there damages.

COUNCILMAN GLAVIN: I would like ----- Mr. Solicitor, damages.

MR. MANSOLILLO: I had talked briefly about this in concept with the Auditor and we had a brief conversation this afternoon. When a contract is on-going and there is a performance, everything has to be weighed against what you are getting at the time versus what the services are technically rendered and there is all kinds of issues here and impossibility of performance is the equipment available. It is not like you just go, even if they were bond outstanding, where the city would just automatically choose to go back to the particular parties performance bond. Performance bond is a last resort type of thing. See if they have somebody to perform as best as they possibly could. You wouldn't just be chasing after someone for the sake of chasing after them if the performance is there, within reason. That is a decision that is made after all the facts are looked at. You can't look at this thing in pieces. I am just talking generically about contract enforcement, generally speaking. I know very little about the details of this situation.

COUNCILMAN IGLIOZZI: The questions that were in my mind last time, just want to make sure that is clear and Lisa had some of the answers and I am sure the Committee records will really bear this out. In place of this as well as what we expected to get, as I understood it, was this main frame computer called 5540. Is

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that right?

MS. VITULLO: Right.

COUNCILMAN IGLIOZZI: That was going to cost us \$117,000.00. That was going to be a step away from where we are now 6650. That was supposed to bring us from there to interconnect throughout, Code Enforcement could talk to Property and Property could talk to Code Enforcement and so on and so forth and at some point, that was going to get us to what Stephen was just talking about, unix. When were we going to get the unix going by 5540?

MS. VITULLO: We went from a 6450 to a 6650. That was part of the Northern Star, that was the first step. The second step was the 5540 which EDS cannot....

COUNCILMAN IGLIOZZI: That is the item that they can't produce that costs \$117,000.00?

MS. VITULLO: Right.

COUNCILMAN IGLIOZZI: When are we going to get to unix?

MS. VITULLO: By 1997.

COUNCILMAN IGLIOZZI: When you got there what was it going to be? What was going to happen? What are we going to have when we get there?

MS. VITULLO: We will all be using the same language all interconnected.

COUNCILWOMAN FARGNOLI: It is hard to say how much additional cost.

MS. VITULLO: We have no idea.

COUNCILWOMAN FARGNOLI: It is just that when this was first introduced and that was only 10 months ago that they came forth with such an introduction, such a program that this was going to be the do-all for everything. We agreed to it and now as we pull this out and we have to plug into another one, they are looking for additional dollars and it means that perhaps down the line we will be going for more and more and more.

COUNCILMAN IGLIOZZI: That is the one thing I recall that somehow he did say. He said, no matter how you look at it, as the capacity increases you automatically are going to have to expand. That is the one thing that Silveira, I wish he was here tonight. A lot of things I disagree with but one thing I do recall him

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saying is the capacity is always going to expand.

MS. VITULLO: It is constantly changing also so it is hard to say what is going to happen next month, next year or in 1997.

COUNCILWOMAN FARGNOLI: You see what happened in one year. I don't know if you folks saw that documentary on television about the stop of the computer age and so many large corporations were involved in the stop computers and they went out. You take WANG, you take Remington ----, you take all those large corporation, digital, IBM, it is unbelievable. It is a combination of things I supposed but can we afford all of these changes.

COUNCILMAN IGLIOZZI: That is a good point.

CHAIRMAN DILLON: Maybe you are better off to go with the piece meal approach.

COUNCILMAN IGLIOZZI: That is the other alternative.

CHAIRMAN DILLON: You shouldn't really look 4 or 5 years down the road.

COUNCILMAN IGLIOZZI: We kept on counting on that big thing to solve all our end all and I think ultimately, push comes to shove, the truth of the matter is, you can't count on any of these computer companies. The computer company state of art is seconds. You go through this with VCR's so the real question is, if this is approved, where is the extra money going? Where is that right now? Where is it going to go? My understanding is that he gave us a \$117,000.00 check.

MS. VITULLO: Right.

COUNCILMAN IGLIOZZI: Out of that \$117,000.00 you are going to spend what?

MS. VITULLO: \$117,445.00.

COUNCILMAN IGLIOZZI: We already have that money so there is no reason to sue for return of that money.

MS. VITULLO: Right. We have that money. We received a check.

COUNCILWOMAN FARGNOLI: Okay Mr. Solicitor?

MR. MANSOLILLO: We received a \$117,000.00 rebate, is that what you are saying?

COUNCILMAN IGLIOZZI: Right.

COUNCILMAN GLAVIN: And that is supposed to be for this 5540?

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MS. VITULLO: Right.

COUNCILWOMAN FARGNOLI: And we are going to be paying out \$66,000.00?

MS. VITULLO: No.

COUNCILMAN IGLIOZZI: We are going to pay the \$50,980.00? Which one?

MS. VITULLO: \$50,980.00. The additional money would sit there.

COUNCILMAN IGLIOZZI: When, if ever, will you be back here with more?

MS. VITULLO: That is hard to say.

COUNCILMAN GLAVIN: The City Clerk's Office.

COUNCILMAN IGLIOZZI: When is that going to be done?

COUNCILWOMAN FARGNOLI: That is going out to bid Monday.

COUNCILMAN IGLIOZZI: Are we using the same money, Alex?

CHAIRMAN DILLON: I don't think you need to use that money for that.

COUNCILMAN IGLIOZZI: We don't?

MR. PRIGNANO: Didn't we make a provision in the master lease.

COUNCILMAN IGLIOZZI: So this money can go right back to the fund balance and stay there.

CHAIRMAN DILLON: Is that the way it is? Everything else goes through --- there are no more credit items. All the rest of the computer stuff goes through the Board of Contract and Supply, not credits against this.

COUNCILMAN IGLIOZZI: Before you can spend that \$66,000.00 ----.

CHAIRMAN DILLON: That is like dissolved now, right? The \$66,000.00 goes in the fund balance.

COUNCILMAN IGLIOZZI: The fund balance, am I right?

MR. PRIGNANO: Not going to spend that.

COUNCILMAN IGLIOZZI: Alex, you won't cut the check right?

MR. PRIGNANO: Promise.

On motion of Councilwoman Fargnoli, seconded by Councilman Glavin, it is voted to approve the foregoing communication.

CHAIRMAN DILLON: All those in favor? "Aye". Opposed? Motion carries.

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COUNCILWOMAN FARGNOLI: As long as you are all satisfied that this is the way to go.

COUNCILMAN IGLIOZZI: I don't think you ever can be satisfied. That is what I learned about this stuff.

MR. WOERNER: I don't think there is anything wrong with what Lisa is doing on this. I just wonder if EDS still owes us.

COUNCILMAN IGLIOZZI: That is a legal issue. These guys will have to deal with it. That is not going to prevent us from suing if we have a valid contract to sue them on.

COUNCILMAN GLAVIN: ---- proposed this model, 5440 that just about a year later it would be out of production?

MS. VITULLO: I wasn't here at that time but ----- . They think they stopped manufacturing it. I don't have the details on that. I wasn't involved.

CHAIRMAN DILLON: We are going to need an update if you can send us something. An update on when everybody is going to be on line.

MS. VITULLO: Yes.

CHAIRMAN DILLON: I hate to hear from Merlin that they can't be on anymore and that kind of stuff.

MS. VITULLO: I started to work on that already. I will send you the copies.

COUNCILMAN IGLIOZZI: Next time they come, they are not going to send somebody else here, Lisa.

MS. VITULLO: No, I will be here.

COUNCILMAN IGLIOZZI: You are the person that is going to have a good memory of our discussions.

AN ORDINANCE IN AMENDMENT OF AND IN ADDITION OF SECTION 17-185 OF THE ORDINANCES OF THE CITY OF PROVIDENCE, ENTITLED: "METHOD OF FINANCING".

MR. MANSOLILLO: This is the proposal to amend the Retirement Ordinance to allow people who are over age 60, as I recall, Councilman?

CHAIRMAN DILLON: Yes.

MR. MANSOLILLO: To be able to borrow against the funds, their account, just as everyone else does. I understand you had some questions of Mr. Lynch from a policy stand point. I am talking about the legal.

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CHAIRMAN DILLON: Mr. Lynch is going to update us on the purchase of service, right?

MR. LYNCH: No.

MR. WOERNER: He is going to answer questions that were raised last time like what the safe guards are for the system and what the benefit changes would be if we did this.

MR. MANSOLILLO: Let me just say from a legal stand point, no matter what you want to do here, since it is amending an entire section, I was very uncomfortable with amending it in such part. It is so small that I wonder if the codifier is going to be able to understand the amendment because it is a whole section. I might have to go in and reproduce the whole section of the law in order to make it clear as to what you are amending, David. This goes on for like two pages. I was afraid from a draftsmanship standpoint that since it is saying it is deleting something, you are only deleting a very small part of this two or three page section that may cause a problem when somebody is looking at it as to where you are inserting what you are inserting. I understand what you wanted to do. That is the legal. I might have to produce the whole section all over again, with all of its parts including this new part that you want to put in there rather than just going and saying between here and here, to do this because draftsmanship requires that you be as precise as possible and it just got me kind of nervous.

COUNCILMAN IGLIOZZI: Maybe if you highlight it so everybody will understand the part that is being changed so when this gets before the full Council, you will see.

MR. MANSOLILLO: Right. So that is from a draftsmanship point of view and I may have to look at that because I think I may want to put that whole thing in there, what you are changing. From a policy point of view, you might want to talk with him about numbers but I also thought, having worked on this Retirement Board issues and worked the Retirement Committee, the Council and the Retirement Board, that you ought to think about the fact that you still may want to require someone to pay, it says 60, you might want to go to 70. The purposed, I point that out is that generally people retire by age 70 and you wouldn't get somebody



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coming in at 69 and decide that they want to borrow half of their money without a payment schedule to pay it back. Those are policy questions because in effect, you are allowing for a greater raid of the funds. You know, maybe 60 for Class B and 70 for Class A because Class B must retire at 60 so right now this protects to a certain extent. It provides some protection to the fund so that somebody cannot come in at age 59, for instance, who is a Class B and say, give me half of my money because you have to pay it back. You have to agree to a payment schedule that you repay it by age 60 under the current Ordinance. I don't know if they are enforcing that or not.

MR. LYNCH: Yes we are.

MR. MANSOLILLO: It is a matter of, you know, when people are about ready to retire, what could end up happening is that people come in and borrow 50% of their money at age 68 or whatever have you and effectively, when they retire, they are automatically put in a position of an option 4 category for all intensive purposes and the fund is deprived because the fund is achieving about an 8% rate of return right now and of course this is just 6% so it is not of major consequence but it is a way of managing how much people can borrow and at what points in their career towards retirement so I just think you ought to give it some consideration of that. Maybe you want to say for Class B up to age 60 as long as they pay back and Class A but I am just offering that, David. It is a policy, you know, you don't want to leave this so that people come in at age 69 and say I want to borrow half of my money because they wouldn't be able to pay it back but this would say you can borrow half of your money whenever, the amendment that you placed in for consideration. You might want to distinguish between B's and A's too. Maybe 60 for B's and 70 for A's. Just something to think about.

COUNCILMAN IGLIOZZI: I have one question. I don't know who is better to answer this. Right now if somebody borrows money and they become of retirement age and they haven't paid it back yet would they be entitled to start collecting a pension?

MR. LYNCH: They would collect a pension but the pension would be a reduced pension.

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COUNCILMAN IGLIOZZI: Minus the full payment according to their payment schedule?

MR. LYNCH: If they didn't pay the loan off, the loan is amortized over their life expectancy by the actuary or if they take option 4 which a long term withdrawal, it is a reduction of the lump sum that we pay them.

COUNCILMAN IGLIOZZI: Let's say I borrowed \$10,000.00 and I entered into a payment schedule that pays \$100.00 a month back, now I retire now, I still owe, does my retirement check take \$100.00 out of it?

MR. LYNCH: No, we don't have loan reductions like that.

COUNCILMAN IGLIOZZI: How do you make sure that person ----.

MR. LYNCH: Goes to the actuary and they will amortize the remainder of that loan over your life expectancy and your pension is reduced each month by that amount or if you took the lump sum withdrawal, your lump sum check would be that \$5,000.00 less.

COUNCILMAN GLAVIN: So your monthly payment will be reduced.

COUNCILMAN IGLIOZZI: There is no way somebody can abuse....

CHAIRMAN DILLON: Amortized at what rate of interest?

MR. LYNCH: 6% is the interest charge per month.

MR. MANSOLILLO: So it is amortized at that rate.

MR. LYNCH: So if somebody came at age 59 right now and they took out a loan, we would say that the term of that loan would be 52 weeks. They have 52 weeks to pay it back and if there is not enough in their weekly check then we can't issue them a loan.

COUNCILWOMAN FARGNOLI: Has there been any abusing of this option?

MR. LYNCH: No. There has been one instance where a woman went before the Retirement Board, remember she was over age 60 and she wanted a new car and the board approved it.

CHAIRMAN DILLON: I remember that one.

MR. MANSOLILLO: All I want to point out to the Committee that this is more than just relaxing a restriction. It effects the management of the fund and you have to make a decision whether you want to make it wide open, essentially or if you want to say, because I understand this all came about, correct me if I am wrong Councilman, someone over age 60 who is still currently employed

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was interested in making a loan.

CHAIRMAN DILLON: There was several people.

MR. MANSOLILLO: Right now, anyone over age 60 cannot get a loan. If you want to make it age 70 because most people do retire by age 70 although they are not required to, you might want to make it 70 for A's and keep the 60 for B's. It is something that shows that you are not just opening this up that anyone can come in.

COUNCILMAN GLAVIN: You don't allow retirees to borrow?

MR. MANSOLILLO: No.

COUNCILMAN GLAVIN: Once you are on retirement that is it, right?

MR. MANSOLILLO: That is a policy question I think you need to think about because it is not the kind of thing where, initially this was put in there with the expectation that somebody who was close to retirement age shouldn't be coming up to knock on the fund unless they are able to pay it back before they retire but that 60, of course, was an arbitrary figure and now people are living longer, there is certainly justification for it but you may not want to make it wide open because the way this amendment read after we took those parts out that if you came in at age 69 and you wanted a 50% loan you get it. There was no restriction that it had to be paid back by age 70. There were not restrictions at all.

At this time Councilman Igliazzi is excused from the Committee.

CHAIRMAN DILLON: The way it was explained to me is that it is kind of discriminatory.

MR. MANSOLILLO: It is discriminatory to a certain extent, David, but the whole idea, the fund, borrowing your retirement money, the whole idea of keeping some money there to be invested is to effectively manage the fund in such a way that is productive. Certainly to allow up to age 70, because what it says if you have to be arranged to pay back any -----.

MR. LYNCH: The loan has to be repaid by age 60.

MR. MANSOLILLO: Yes, so I think the loan should have to be repaid by age 70 for Class A's. You don't want people to come in

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near the end of their careers and start borrowing against the fund as a way of effectively.....

COUNCILMAN GLAVIN: They have other vehicles, commercial lenders and whatever to meet their needs. I assume, it attended to be a benefit for people why they are still employed by the City of Providence.

MR. LYNCH: There have been a few that have wanted it close to retirement, the man whose wife had cancer or something like that. You don't see circumstances and usually those people know that they intend to take option 4 and it would just be a reduced lump sum that they would receive.

MR. WOERNER: What would be the difference that they took option 4?

MR. LYNCH: Here is one example. Somebody worked for the city for 20 years, their highest annual salary was \$20,000.00 and they were retiring at age 62 and they had contributed \$25,000.00, their maximum ----- would be \$833.33 and annually that is half of the 20, \$10,000.00 and if they took option 4 which would include a withdrawal of the lump sum of \$25,000.00, their pension would be reduced \$625.00. So it would go from \$833.33 to \$625.00.

CHAIRMAN DILLON: If the same person started at age 18 and worked ---- after 25 years. They start at 20, at age 45 you can walk in the day before you want to retire and say, give me a loan. 25 years and 11 months and say give me a loan and then go and cash the check or take the check go down to Florida and decide you like it down there, by the condo with the proceeds of the loan and then you would....

MR. LYNCH: The next day then, they fill out their application to retire and one of the things we tell them is that you have a \$25,000.00 outstanding loan, do you care to repay this loan before we send your figures to the actuary, sometimes people do and if they don't ----- retirement allowance would go to the actuary, come back and it would be reduced so much per month for the rest of their life and they wind up paying for that loan usually more than what the original balance was, or they have the intention to take option 4, they say now, I have the money now and a lump sum payment will be \$25,000.00 less.

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COUNCILMAN GLAVIN: So there is a check and balance.

MR. MANSOLILLO: Keep in mind, although, we are working on these matters in the Retirement Committee but every change that liberalizes this plan is essentially institutionalized and give and take what the Bargaining Agreement says that effects this plan, is very complicated. I am not urging, I understand the problem here but I would like to see these things considered as a whole but, you know, this is not of major consequence, Councilman. It is essentially an extending of the benefit. That is, you know, as being initiated by the Council which is fine but once you give and take of, we are about to present an Ordinance regarding the roll back of the colas.

MR. LYNCH: I also had received a note from Steve that you were interested in knowing about how many people take option 4?

COUNCILMAN GLAVIN: Yes. I was curious because I think --- observation there was an increase, dramatic increase in people taking option 4 and I was concerned on what that effect would be on money deleted from the fund.

MR. LYNCH: Last year there were 180 retirees and 113 people took option 4 so that leaves 62%.

MR. MANSOLILLO: Option 4, though, correct me if I am wrong Ed, they calculate if the resulting pension based on actuarial tables.

MR. LYNCH: That is correct.

MR. MANSOLILLO: So that the person who takes option 4 at age 70 ends up with a much higher monthly pension based on the same income. Then there is the person that takes option 4 at 55.

MR. LYNCH: That would be true, yes. The monthly pension is made up of the employees contributions and the city's contributions so under the maximum option, say the total amount was \$800.00, \$200.00 represented the annuity portion of the individual, \$600.00 represented the city portion. You drop down to option 4, takes out his lump sum, then now, you just see the city's portion of \$600.00. That is \$200.00 monthly plus ----.

MR. WOERNER: The annuity from the employees point of view is based on really his life expectancy.

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MR. LYNCH: The monthly cost to the city stays the same whether you take option 4 or maximum.

MR. MANSOLILLO: Persons who take option 4 late in their career get very little change in what their pension would be whereas people who take option 4 earlier, they end up with a greater reduction in what their pension would have been if they decided not to take option 4. I just noticed that in the figures. I assume that must be all calculated by Buck.

MR. LYNCH: It is all done by the actuaries, certified by the actuary.

On motion of Councilman Glavin, seconded by Councilwoman Fagnoli, it is voted to Continue the foregoing Ordinance.

CHAIRMAN DILLON: All those in favor? "Aye". Opposed? Motion carries.

PENDING MATTERS.

COUNCILWOMAN FARGNOLI: What are we going to do about the ---- looking to apply to restabalize....

COUNCILMAN GLAVIN: The buy back?

COUNCILWOMAN FARGNOLI: Yes the buy back.

MR. LYNCH: You were supposed to be working on guidelines.

COUNCILMAN GLAVIN: Did we ever adopt ----.

CHAIRMAN DILLON: You guys were working at the database right?

MR. WOERNER: Yes that is still in work.

MR. LYNCH: I have been giving some information to Steve but this Committee itself, I believe, is supposed to come up with some guidelines for purchase of service.

COUNCILWOMAN FARGNOLI: I have had employees ask me what is holding it up.

MR. LYNCH: I know.

MR. WOERNER: We are still cleaning up on data base.

MR. MANSOLILLO: How many does he have pending?

MR. WOERNER: 200, 200+.

MR. LYNCH: There are usually 10 or 15 a month.

MR. MANSOLILLO: Didn't we say, the Committee say, go ahead and process the military ones because there is no question on them?

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CHAIRMAN DILLON: Yes.

MR. LYNCH: All those letters have gone out.

MR. MANSOLILLO: Okay, so the military people --- these are all the others now.

MR. LYNCH: Yes.

MR. MANSOLILLO: I imagine some military people have others too.

MR. LYNCH: Combination, usually.

MR. MANSOLILLO: So you have consistent with the Ordinance, this is a problem Councilman. Until we pass guidelines, and in fact, which is essentially, I guess you remember that resolution at the Retirement Board, which you have been involved in, that August 7, 1991?

CHAIRMAN DILLON: Yes.

MR. MANSOLILLO: Essentially that is what you want codified, right, although there hasn't been a lot of discussion. Have you seen that, their Resolution?

MR. WOERNER: What they asked me to do was to work with Ed and what I have done is given a draft list of each personnel in the minutes and in the official records often times combined, like they say it is 4 1/2 years of military and prior but we can nonetheless go through to break all that out so we know exactly what is and then I was going to go back and just do a little checking of like substitute time, how that is computed and some of the others and we just haven't gotten to that. They are still going back. Ed --- the files and reconstruct almost, some of them.

CHAIRMAN DILLON: That was going to get the list of the possible issues that have to be resolved and we had kicked around some of the issues that we know are there and then what we are going to do is get a list of these are the issues that must be decided. One of the other things we had asked is, what is the impact because when the Retirement Board considered this, it was absolutely if you give it to anybody, you have to give it to everybody. You may disagree with that but that is the way it was.

MR. MANSOLILLO: What I am just saying, certainly, let me just say this, what should be done forthwith, in my judgement, Mr.

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Chairman, anybody who has an application, do any of these people have an application to retire?

MR. LYNCH: I can't say for sure.

MR. MANSOLILLO: What I am saying is that maybe you ought to look at those.

MR. LYNCH: A policeman had told me that he wants to retire. He hasn't applied to yet.

MR. MANSOLILLO: But because the Ordinance currently says, that the City Council has to approve these buy backs, these purchases of services, so that even if we approve guidelines, we are going to have to approve these purchases of service and then if we enact guidelines, to allow the Retirement Board to do it, but quite frankly, it has been my feeling, Mr. Chairman, all difference, and I know Council persons are elected to deal with this, in this difficult period in terms of the entire retirement system and some of the things that have been going on regarding it, I really think that the Committee, through its Auditor, if there is recommendations once you do here now, this is alright, this is alright and explain to the Committee on groups and get it done but I really don't think that we should, at this stage, just adopt guidelines and turn it over to the Retirement Board, but that is my own feeling.

COUNCILMAN GLAVIN: We were going to adopt the guidelines via Ordinance, weren't we?

CHAIRMAN DILLON: Yes, respectively from thence on in.

MR. MANSOLILLO: Alright, that is fine but not with these. You are going to have to act, after you do your analysis on each one of them because that is the current Ordinance that is in effect.

CHAIRMAN DILLON: Right.

MR. MANSOLILLO: Do you hear what I am saying?

MR. LYNCH: Some of these people have already bought this time, too, before all this developed.

MR. MANSOLILLO: Everyone is aware of what was going on there for a while where people were buying stuff and that is another whole story.

CHAIRMAN DILLON: So what do we do now? What do you suggest?



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MR. MANSOLILLO: I am suggesting, let's see, 200 people are pending?

MR. WOERNER: It has got to be close to that.

MR. LYNCH: Some have already bought it though.

MR. MANSOLILLO: If they have already bought it, it is going to be approved, right?

MR. LYNCH: That is another whole problem with the same type of time and we have already allowed somebody with the same time to buy it and now we are telling people.....

MR. MANSOLILLO: You should do like maybe 20 or 25 or 50 for the next meeting so it is done, take the motion.

MR. WOERNER: I am just waiting for them to pull the records and to verify, just tidy up.

MR. LYNCH: Most of them are straight forward.

MR. MANSOLILLO: Because this is being held up and some of these people should be, not only that, some of them are things that everyone will want to give them.

MR. WOERNER: Yes, even if the simple decisions can be made but there never seem to be any simple.

CHAIRMAN DILLON: Can you get us a legal opinion on, I thought I had written saying, what is the status if someone comes in and says, well you gave to Eddy Lynch, you have to give it to Charlie Mansolillo?

MR. MANSOLILLO: Aside from enforcing the law, the law says that you have to approve it. We are in court right now, Minelli, saying you can't do that.

CHAIRMAN DILLON: What are we proceeding in. You two are going to get together by next week? How about if you three get together between now and the next Finance meeting. The only other thing that I had asked Alex to come because Councilman Lombardi had sent me a letter regarding alternative health provisions and you guys are going to be meeting with?

MR. PRIGNANO We are meeting with. We are exploring a lot of different avenue on this. In all our contracts now, we have the ability to go away from Blue Cross.

COUNCILMAN GLAVIN: You have had that for a couple of years now, right?

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MR. PRIGNANO Right. None of the ---- have any ---- attached to us throughout the city ----- . So we are looking at other carriers along the possibility of self-insuring in-house. --- one of the things we should do is bring the union people in from the beginning on the self-insurance thing, have them sit right there, ask ----, this is new grounds for all of us, really. So that the unions would have a sense of comfort before we go about this.

MR. WOERNER: You just have to repeat the whole process.

MR. PRIGNANO Yes. You are going to have to get a PPO network to get the Blue Cross discount, you are going to have to get a third party administrator for the city, you are going to have to buy the insurance, etc., that protects you from the cost of any claim or whatever and, you know, we are looking at all those things and I told Councilman Lombardi that we had met with 1033. I don't think we will have anything done by --- the budget, the adoption of the budget.

COUNCILMAN GLAVIN: I know a company that has been threatened to advertise for other ----.

MR. PRIGNANO Yes we did and that year we did go out and advertise, I think Steve Wyatt reviewed the bids for us. That was the year when Blue Cross did come in with a modest increase. Last year there increase was a little bit higher and through negotiations we had with them because of the budget problem we were in we were able to, also three of the last 10 years, Blue Cross made substantial money on us. They made like 4 1/2 million dollars over a 10 year period on the city and like 3 million of it was in the last three years. Based on those we have last year, we were able to get some room for them to reduce their rate to us last year. Now they have come in with tentatively a very high rate this year.

COUNCILMAN GLAVIN: I say we make our move.

CHAIRMAN DILLON: Councilman Lombardi had asked about have the other Council members do this. We will have to schedule a separate meeting for that. We can do it just before one of the Council meetings.

COUNCILWOMAN FARGNOLI: Also the Finance Committee should consider all of the legislation that is being discussed at the

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State House.

CHAIRMAN DILLON: The 22nd right? Thursday the 22nd 5:00 - 8:00.

COUNCILWOMAN FARGNOLI: I was wondering if someone was going to research it first before we get down to the nitty gritty.

CHAIRMAN DILLON: I believe the Mayor's Office has prepared. They have people down there that get paid to do that kind of work and they update it.

COUNCILWOMAN FARGNOLI: Okay because if we let this session go without making some input from the Providence City Council, then you know, we should be reprimanded.

ADJOURNMENT: On motion of Councilman Glavin, seconded by Councilwoman Fargnoli, it is voted to adjourn the meeting at 6:00 o'clock P.M.

  
CLERK

  
Assistant Clerk