

DEPARTMENT OF CITY CLERK

CITY HALL

MAY 25, 1989

The Retirement Board of the Employees' Retirement System meets this day at 10:00 o'clock A.M. in the Chamber of the City Council, City Hall.

Present: Vice-Chairman Bissonnette, Class "A" Representatives McCrink and D'Amico, Class "B" Representative Landi, Class "A" Representative Retired Mendillo, Class "B" Representative Retired McDonald, Commissioner Quattrocchi, Councilwoman Brassil, Miss Lincourt, Mr. Simmons, Designee of Mayor Paolino - 10.

Absent: Class "B" Representative Power - 1.

Dr. Guy Geffroy, Medical Advisor is absent this day.

Also present is City Solicitor Clifton, Attorney Richard Peirce, Legal Counsel, Edward J. Lynch, Jr., Pension Administrator, Deputy City Controller Davis and Joseph Iannelli. (Helen Gibbons Vieluf, Assistant Clerk).

APPROVAL OF MINUTES OF MEETINGS--FEBRUARY, MARCH AND APRIL, 1989.

On motion of Mr. Landi, seconded by Mr. McDonald, it is voted that the Minutes of the Retirement Board Meetings held February, March and April, 1989, are severally Approved.

TREASURER'S REPORT.

The Treasurer's Report is presented showing the amount to the credit of the Employees Retirement System of the City of Providence at the close of business on May 16, 1989:

MAYOR JOSEPH R. PAOLINO, JR., CHAIRMAN
EMPLOYEE'S RETIREMENT SYSTEM
CITY OF PROVIDENCE
PROVIDENCE, RI

DEAR CHAIRMAN:

THIS IS TO CERTIFY THAT THE AMOUNT OF CREDIT TO THE CITY OF PROVIDENCE EMPLOYEE'S RETIREMENT SYSTEM IS AS FOLLOWS:

CASH AVAILABLE AS OF 5/16/89	\$800,696.92
REPURCHASE AGREEMENT	\$700,000.00
ACCOUNTS RECEIVABLE FYE 1988	\$3,954,980.73
LOANS RECEIVABLE AS OF 5/12/89	\$6,564,082.68
TOTAL:	\$12,019,760.33

<u>NEW ENGLAND TRUST COMPANY 4/30/89</u>	
CASH EQUIVALENT AT MARKET VALUE	\$2,081,420.00
GOVERNMENT & AGENCIES	\$18,281,427.00
CORPORATE OBLIGATIONS AT M.V.	\$9,446,843.75
TOTAL COMMON STOCK AT M.V.	\$21,375,562.50
PRINCIPAL CASH	201,204.24-
TOTAL:	\$50,984,049.01

<u>FLEET NATIONAL BANK 4/28/89</u>	
SHORT TERM INV. INCOME AT M.V.	\$424,570.47
SHORT TERM INV. PRINCIPAL AT M.V.	\$5,121,091.13
GOV'T SECURITIES & BONDS AT M.V.	\$55,278,820.03
NOTES & MORTGAGES	384,580.91
STOCKS AT MARKET VALUE	\$67,756,475.00
MISCELLANEOUS	\$10.00
CASH	\$22,250.00
TOTAL:	\$128,987,797.54

<u>RHODE ISLAND HOSPITAL TRUST 4/28/89</u>	
SHORT TERM INV. INCOME AT M.V.	\$18,175.20
SHORT TERM INV. PRINCIPAL AT M.V.	\$665,917.36
BONDS AT MARKET VALUE	\$2,126,874.27
STOCKS AT MARKET VALUE	\$2,758,025.00
CASH	\$340.00
TOTAL:	\$5,569,331.83
GRAND TOTAL:	\$197,560,938.71

MAY 25, 1989

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On motion of Mr. Simmons, seconded by Mr. Landi, it
is

VOTED: That the City Treasurer's Report is Approved
as Printed.

INVESTMENT OF FUNDS - FLEET NATIONAL BANK.

Mr. Harold A. MacKinney, Executive Vice-President of
Fleet National Bank is present this day for discussion
and states as in communication dated May 22, 1989:

The Honorable Joseph R. Paolino
Mayor of the City of Providence
City Hall
Providence, Rhode Island 02903

Dear Mayor Paolino:

I am enclosing the May recommendations for the City of Providence Employees
Retirement System. During the last two months, we have sold approximately \$3.2
million of common stocks to bring the portfolio down to the 50% target level for
equities. Although the stock market has advanced again in May, I don't believe
common stocks have surpassed 50% by a significant amount. When the May 31 prices
are in, we can better determine that.

We will have had five maturities of fixed income issues by June 1 with coupons
of 5% or less -- the one exception is a Treasury with a 9 1/4% coupon. It is helpful to
have these small holdings finally mature so that we can invest in larger amounts of
bonds and with higher quality as well. The maturing bonds yield only 5.92%. The
Treasury bonds that we are suggesting for purchase will mature in eleven years and
currently yield 8.80%, a substantial improvement over the maturing bonds. The bond
market has had a tremendous rally in the last month and a half, and your longer bonds
will show significant appreciation when they are priced at the end of May.

The stock market continues to act well, and based on most recent earnings, the
Dow Jones Industrial Average is selling at only 11 times earnings. Your portfolio has
done well thus far this year.

I will be present at the meeting on Thursday to discuss these recommendations
in more detail.

Sincerely,

HAM:gm
Enclosure

100 Westminster Street Providence, Rhode Island 02903 (401) 278-6661

Accordingly, on motion of Miss Lincourt, seconded by
Mr. Landi, it is

VOTED: That the Fleet National Bank be authorized
as the Investment Agent for the Retirement
Board of the Employees' Retirement System
for the following sales and purchases as outlined
below, same being as submitted and recommended by
its Agent in communication dated May 22, 1989:

MATURING: AMOUNT	DESCRIPTION	INT. OR DIV'D.	MATURITY	NOW HELD	PRICE	APPROX. VALUE	INCOME
75,000	Northwestern Bell Tel	4.375%	5/1/89	(75M)	100	\$ 75,000	\$ 3,281
50,000	Public Service Co-Col.	4.625%	5/1/89	(50M)	100	50,000	2,312
50,000	Idaho Power Co.	5.00%	5/15/89	(50M)	100	50,000	2,500
25,000	Pacific Gas & Elec.	5.00%	6/1/89	(50M)	100	25,000	1,250
75,000	U.S. Treasury Notes.	9.25%	5/15/89	(25M)	100	75,000	6,937
						275,000	16,280

BUY: AMOUNT	DESCRIPTION	DIV'D	MATURITY	HELD	PRICE	APPROX. VALUE	INCOME
750,000	U.S. Treasury Bonds	8.375%	8/15/00	(250M)	98	735,000	62,812

Mr. MacKinney is excused at this time.

INVESTMENT OF FUNDS - NEW ENGLAND TRUST COMPANY.

Mr. Ernest R. Famiglietti, President of New England Trust Company is present this day for discussion and states as in communication dated May 17, 1989:

May 17, 1989

The Honorable Joseph R. Paolino, Jr.
Executive Chamber - City Hall
Providence, RI 02903

Dear Mayor Paolino:

Interest rate levels have pulled back appreciably over the past month. A package of 1,3,5 and 10 year U.S. Treasury Notes which yielded 9.43 percent a month ago has fallen in yield to 9.09 percent. The 30-year bond which was returning a yield of 9.10 percent now returns 8.97 percent. The decline in the interest rate level does not appear to be a manifestation of policy change on the part of the Federal Reserve since, if anything, the various monetary aggregates which we monitor are tighter than they were a month ago.


The inflation news so far in April seems to provide some cause for optimism, as the Producer Price Index was reported to be up only 0.4 percent last month, following a similar rise in March and 1-percent increases in January and February. This news, combined with other evidence of a slowdown in the economy, probably is not sufficient to cause the Fed to ease its tight monetary policies which have prevailed so far this year. On the other hand, the evidence may preclude any further monetary tightness, at least for the moment.

The stock market as measured by the Standard & Poor's 500 Stock Index is up just over 1-percent during the past month. Equity markets continue to be influenced by takeover bids and rumors thereof, as well as "programed" buying and selling.

Our approach to both fixed income and equity markets continues to be cautious. We are not favorably impressed by the record high levels of debt which persist in all sectors - i.e. Federal, Consumer, Corporate, State and Local. Probably our greatest concern is that the Federal budget deficit after more than six years of economic expansion continues at levels more appropriate to the depths of a recession rather than showing resemblance to some kind of balance in a period of prosperity.

We will be pleased to answer any questions at your meeting on May 25, 1989.

Sincerely,


Ernest R. Famiglietti
President

ERF/lgb

Accordingly, on motion of Mr. Landi, seconded by Mr. McDonald, it is

VOTED: That New England Trust Company be authorized as the Investment Agent for the Retirement Board of the Employees' Retirement System for the following sales and purchases, as outlined below, same being as submitted and recommended by its Agent in communication dated May 17, 1989:

<u>SELL:</u> <u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>INT. OR</u> <u>DIV.</u>	<u>MATURITY</u>	<u>NOW</u> <u>HELD</u>	<u>PRICE</u>	<u>APP.</u> <u>VALUE</u>	<u>INC.</u>
6,000 shs.	Avon Products				\$ 39.50	SOLD	
6,000 shs.	Avon Products (Discretion)				33.00	\$198,000.00	
<u>BUY:</u> <u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>INT. OR</u> <u>DIV.</u>	<u>MATURITY</u>	<u>NOW</u> <u>HELD</u>	<u>PRICE</u>	<u>APP.</u> <u>VALUE</u>	<u>INC.</u>
1,000 shs.	Eastman Kodak				44.00	44,000.00	
1,000 shs.	Browning Ferris				33.00	33,000.00	
500 shs.	Xerox Corp.				66.00	33,000.00	
						<u>\$110,000.00</u>	

Mr. Famiglietti is excused at this time.

INVESTMENT OF FUNDS - H.T. INVESTORS, INC.

Mr. Scott C. McKay is present this day for discussion and states as in communication dated May 18, 1989:

Major Joseph Paolino
Chairman, Retirement Board
City Hall
Providence, RI 02903

RE: 99875-00-7 - City of Providence Retirement Fund

Dear Mayor Paolino:

In preparation for the meeting of the Retirement Board scheduled for May 25, 1989, at 10:00 a.m., the attached investment changes are recommended.

We are recommending the sales of W. R. Grace & Co. and Xerox Corp. in adherence to the disciplines of our equity valuation model. Grace and Xerox have fallen into the sell category partially because of recent price movement. The partial sale of Occidental Petroleum is recommended because the position is oversized for the portfolio.

As Xerox and Occidental will both be within about a week of their next X-dividend dates at meeting time, we suggest timing the sales of these two stocks to collect a final dividend.

There are no recommendations for additions to the portfolio at this time. The above sales taken in full would reduce the equity exposure in the account to 41.1%. We recognize that maximum equity exposure is 50% and would prefer to be close to that number on a longer term basis.

Sincerely,

Scott McKay
Scott C. McKay
Vice President

n/m
Enclosures

cc: M. A. Bissonnette, J. Simmons, G. L. Lincourt,
A. T. McCrink, P. D'Amico, A. B. Mendillo,
Chief E. J. Landi, Major J. J. Power, Jr.,
M. E. McDonald, Councilwoman C. F. Brassil,
J. R. Quattrocchi, and City Clerk R. Mendonca

Accordingly, on motion of Mr. Landi, seconded by Miss Lincourt, it is

VOTED: That H.T. Investors be authorized as the Investment Agent for the Retirement Board of the Employees' Retirement System for the following sales as outlined below, same being as submitted and recommended by its Agent in communication dated May 18, 1989:

<u>SELLS:</u> <u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>DIV.YIELD</u>	<u>PRICE</u>	<u>PROCEEDS</u>	<u>COST</u>	<u>GAINS LOSS</u>	<u>PER SHS. GAINS/LOSS</u>	<u>LEAVES</u>
2,200 shs.	W.R. Grace & Co.	\$1.40 (4.0)	34.875	\$ 76,725	\$67,980	\$8,745	\$ 3.98	-0-
2,800 shs.	Xerox Corp.	3.00 (4.4)	67.250	188,300	156,372	31,928	11.40	-0-
4,000 shs.	Occidental Petro.	2.50 (8.8)	28.375	113,500	106,536	6,964	1.74	2,000

Mr. McKay is excused at this time.

DISABILITY COMMITTEE REPORT: a. PHILBERT DEAL -(CONTINUED FROM LAST MONTH'S MEETING).

Miss Lincourt informs the members of the status of Mr. Deal's request for Accidental Disability Retirement continued from the April meeting of the Retirement Board.

Accordingly, after further review of medical records and based on the disability committee's report, on motion of Mr. McDonald, seconded by Miss Lincourt, it is

VOTED: That the Request of Philbert Deal for Accidental Disability Retirement be Denied.

LOANS APPROVED.

Miss Lincourt informs that the Total of All Loans is \$204,176.82.

On motion of Mr. Landi, seconded by Mr. McDonald and Mr. D'Amico, it is voted that All Loans be Approved.

SERVICE RETIREMENTS.

MAXIMUM ALLOWANCE.

JOHN GEARY - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE

The Application of John Geary is presented. Mr. Geary was employed in the Department of Public Safety as a Municipal Court Clerk. He is sixty-three years of age with a service record of forty-two years, thirteen days, purchasing three years, eleven months, thirty-one days, working for the City thirty-eight years and twelve days.

This Application is in proper form with Allowance as

Property. He is sixty-two years of age with a service record of sixteen years, seven months, four days, working for the City the same length of time.

This Application is in proper form with Allowance as recommended by the Actuary as follows:

Guiseppa Savella Custodian/Public Property Dept.
Allowance \$616.97 a month, effective March 26, 1989.

OPTION IV.

PASQUALE G. AUTIERI - APPLICATION FOR SERVICE RETIREMENT - OPTION IV.

The Application of Pasquale G. Autieri is presented. Mr. Autieri was employed as an Equipment Operator in the Water Supply Board. He is sixty-two years of age with a service record of fourteen years, seven months and nine days, working for the City the same length of time.

This application is in proper form with Allowance as recommended by the Actuary as follows:

Pasquale G. Autieri Water Supply Board/Equip. Operator
Allowance \$575.84 a month, effective February 5, 1989.

HENRY FAZZANO - APPLICATION FOR SERVICE RETIREMENT - OPTION IV.

The Application of Henry Fazzano is presented. Mr. Fazzano was employed as Administrative Assistant to the Mayor. He is 58 years of age with a service record of seven years, fifteen days, purchasing four years, five months thirteen days, working for the City two years, seven months, two days.

This Application is in proper form with Allowance as recommended by the Actuary as follows:

Henry Fazzano Admin. Asst./Mayor's Office
Allowance \$792.32 a month, effective March 28, 1989
ACCIDENTAL DISABILITY OPTION IV.

ROBERT H. MINK - APPLICATION FOR SERVICE RETIREMENT - OPTION IV.

The Application of Robert H. Mink is presented. Mr. Mink was employed as a Fireman in the Fire Department. He is fifty-eight years of age with a service record of thirty-two years and three months, four days, working for the City the same length of time.

This Application is in proper form with Allowance as recommended by the Actuary as follows:

Robert H. Mink Fireman/Fire Dept.
Allowance \$2,214.63 a month, effective February 24, 1989.

The Request of Robert H. Mink for Accidental Disability Retirement was Approved February 23, 1989.

THOMAS J. JOHNSTON - APPLICATION FOR SERVICE RETIREMENT -
ACCIDENTAL DISABILITY - OPTION IV.

The Application of Thomas J. Johnston is presented. Mr. Johnston was employed as a Fireman in the Fire Department. He is thirty-seven years of age with a service record of seventeen years, nine months, twenty-five days, purchasing two years, six months, six days, working for the City fifteen years, three months, nineteen days.

This Application is in proper form with Allowance as recommended by the Actuary as follows:

Thomas J. Johnston Fireman/Fire Department
Allowance \$1,634.49 a month, effective February 24, 1989.

The Request of Thomas J. Johnston for Accidental Disability Retirement was Approved February 23, 1989.

ALEXANDER A. SCUNGIO - APPLICATION FOR SERVICE RETIREMENT -
OPTION IV.

The Application of Alexander A. Scungio is presented. Mr. Scungio was employed as Associate Engineer III in the Public Works Department. He is forty-three years of age with a service record of twenty-five years, four months, purchasing one month, twelve days, working for the City twenty-four years, ten months, twenty-two days.

This Application is in proper form with Allowance as recommended by the Actuary as follows:

Alexander A. Scungio Associate Engineer III/Public Works Dept.
Allowance \$1,218.93 a month, effective February 22, 1989.

Accordingly, on motion of Mr. Landi, seconded by Messrs. McDonald, McCrink and D'Amico, it is voted that the foregoing Applications for Service Retirements be Approved.

NEW BUSINESS.

a. DISCUSSION OF BRUCKSHAW VS. RETIREMENT BOARD!

Miss Lincourt presents the following to the members same being Supreme Court Appeal No. 88-18, Walter Bruckshaw v. Joseph R. Paolino et al:

Supreme Court

Walter Bruckshaw :
v. : No. 88-18-A.
Joseph R. Paolino et al. :

NOTICE: This opinion is subject to formal revision before publication in the Rhode Island Reporter. Readers are requested to notify the Supervisor of Opinion Processing, Supreme Court of Rhode Island, 250 Benefit Street, Providence, Rhode Island 02903, at Tel. 277-6588 of any typographical or other formal errors in order that corrections may be made before the opinion is published.

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May 12, 1989

Supreme Court

No. 88-18-Appeal.

Walter Bruckshaw :
v. :
Joseph R. Paolino et al. :

O P I N I O N

SHEA, J. The plaintiff in this case, Walter Bruckshaw, appeals from a judgment of the Superior Court declaring Public Laws 1985, chapter 468, invalid and unenforceable, denying the plaintiff's petition for declaratory relief, and granting the defendants' counterclaim for declaratory relief. We affirm.

During its 1985 session the Rhode Island General Assembly enacted P.L. 1985, ch. 468, entitled "An act Relating To Retirement Of Employees Of The City Of Providence" (the 1985 Retirement Act). In pertinent part, the 1985 Retirement Act states:

"Any class A or B employee employed by the city of Providence on September 1, 1985 who has previously served as an employee of any state or municipal government may prior to October 1, 1985 pay into the retirement system a contribution equal to eight (8%) percent of his compensation earnable in his first year of creditable service multiplied by the number of years and fraction thereof in such state service."

The plaintiff, who belongs to the class of employees described in the 1985 Retirement Act, applied to pay into the retirement system to buy back credits toward retirement. The defendants, the Employee Retirement

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Board of Providence, did not accept the application (or any other application filed under the 1985 Retirement Act). The plaintiff then filed a petition for declaratory relief, seeking a judicial determination of the validity of the 1985 Retirement Act. In their answer to plaintiff's petition defendants counterclaimed for declaratory relief, requesting a judicial determination of the rights and duties of the parties and a finding that the 1985 Retirement Act is not valid. The trial justice ruled that P.L. 1985, ch. 468, is invalid and unenforceable and granted defendants' counterclaim for declaratory relief.

In 1980 the citizens of Providence voted to adopt a home rule charter. The General Assembly ratified and confirmed the provisions of the home rule charter when it passed P.L. 1981, ch. 37. The charter became effective in January of 1983.

Section 908(b)(1) of the Providence Home Rule Charter creates an employee retirement Board whose duties are to "establish rules and regulations for and be responsible for the administration and operation of the city employee retirement systems under its jurisdiction."

The Rhode Island Constitution grants the authority to every city and town to enact a home rule charter. Once it adopts such a charter, the city or town has "the right of self government in all local matters" as long as the charter is "not inconsistent with this [Rhode Island] Constitution and laws enacted by the general assembly in conformity with the powers reserved to the general assembly." R.I. Const. art. XIII, §§ 1 and 2.

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Similarly, article I, section 103, of the Providence Home Rule Charter states:

"The city shall have all powers of local self-government and home rule and all powers possible for a city under the Constitution and the laws of the state, including the power and authority to act in all local and municipal matters and to adopt local laws and ordinances relating to its property, affairs and government."

However, this delegation of authority to the cities and towns regarding local affairs does not completely divest the General Assembly of its authority to legislate regarding local matters.

Article XIII, section 4, of the Rhode Island Constitution provides two methods by which the General Assembly may legislate regarding the local matters of cities and towns with home rule charters.

"The general assembly shall have the power to act in relation to the property, affairs and government of any city or town by general laws which shall apply alike to all cities and towns, but which shall not affect the form of government of any city or town. The general assembly shall also have the power to act in relation to the property, affairs and government of a particular city or town provided that such legislative action shall become effective only upon approval by a majority of the qualified electors of the said city or town voting at a general or special election * * *."

We have stated that because the constitution and general laws are devoid of guidelines defining the parameters of "local" and "general" legislation, this court resolves conflicts between state and municipal legislation. Marro v. General Treasurer of Cranston, 108 R.I. 192, 196, 273 A.2d 660, 662 (1971). The 1985 Retirement Act conflicts with § 908 of the Providence Home Rule Charter in that it regulates in the area of pensions for Providence employees.

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This court has held that the state maintains sovereignty over the regulation of police affairs, the conduct of business, licensing, education, and elections. Marro v. General Treasurer of Cranston, 108 R.I. 192, 273 A.2d 660 (1971); Nugent v. City of East Providence, 103 R.I. 518, 238 A.2d 758 (1968); State v. Krzak, 97 R.I. 156, 196 A.2d 417 (1964); Royal v. Barry, 91 R.I. 24, 160 A.2d 572 (1960); Opinion to the House of Representatives, 80 R.I. 288, 96 A.2d 627 (1953). These matters are of statewide concern and are therefore the responsibility of the General Assembly. The regulation of the city of Providence's employee pension plan, however, is not a matter of statewide concern. The Providence pension plan directly affects only residents of Providence in that they provide revenues needed to support the system and they receive the benefits garnered from the plan.

Because Providence's employee pension plan is a local matter and because Providence has adopted a home rule charter, the General Assembly may legislate regarding this local matter only by (1) enacting general legislation, applicable to all cities and towns in Rhode Island, or (2) enacting special legislation that must then be submitted to and approved by a majority of the qualified voters of the city or town at a general or special election. See R.I. Const. art. XIII, § 4. See also Opinion to the House of Representatives, 79 R.I. 277, 280, 87 A.2d 693, 696 (1952) and Marro, 108 R.I. at 195, 273 A.2d at 662. Because the 1985 Retirement Act does not apply equally to all cities and towns and because it was not approved by the majority of the Providence voters, it does not comply with the directives of article XIII, section 4.

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Having determined that (1) the Providence Home Rule Charter vests authority in the Employee Retirement Board of Providence to regulate city employee pensions, (2) the General Assembly ratified Providence's Home Rule Charter, (3) the regulation of city employee pensions is of local concern, and (4) the General Assembly did not promulgate the 1985 Retirement Act pursuant to the provisions of article XIII, section 4, of the Rhode Island Constitution, we find that the trial justice correctly ruled that the 1985 Retirement Act is invalid and unenforceable.

For these reasons the plaintiff's appeal is denied and dismissed, the judgment appealed from is affirmed, and the papers of the case are remanded to the Superior Court.

City Solicitor Clifton being present summarizes the foregoing decision of the Rhode Island Superior Court for the members of the Board and states that the said decision informs that the Rhode Island Supreme Court upheld the decision of the Rhode Island Superior Court, which

confirms that the Rhode Island General Assembly had no authority to enact legislation of this kind and further informs that the matter of the Retirement is purely a local concern, and is not legislated at this time by the General Assembly.

Mr. McDonald at this time moves that the Retirement Board comply with the Supreme Court Ruling under Section 908b (1) of the Providence Home Rule Charter which creates an employee retirement board whose duties are to establish rules and regulations for and be responsible for the administration and operation of the city employee retirement system under its jurisdiction.

This motion is seconded by Mr. D'Amico.

Mr. Simmons questions as to the meaning and intent and Mr. McDonald wants compliance of the Law as stated.

City Solicitor Clifton informs that there was no question asked of the Rhode Island Supreme Court as to whether or not to interpret the Home Rule Charter, the question that was asked was did the General Assembly have the power to enact this legislation the answer being "No" from the Rhode Island Supreme Court it was not asked to interpret the Home Rule Charter to make the determination as to who has the authority to legislate over the Retirement Board so that is the question that still exists.

City Solicitor Clifton is further of the opinion that the Board should not use this decision as a springboard in an attempt to try to make a determination.

Mr. McDonald informs that the terminology is clear as he understands it and if legal counsel feels it is not, then a declaratory judgement by impartial attorneys should be obtained and presented back to the Retirement Board.

City Solicitor Clifton at this time informs that he is trying to give an objective opinion and further states that as a member of the Retirement Board is one of the individuals who took it in the "foot" as a result of this particular decision and would have no benefit of same.

He further informs that it is unfair to try to read into this draft of legislation, and further informs that the General Assembly does not have the authority to legislate and it does not say anything more than that because that is all that was asked by Mr. Bruckshaw and that was all that was asked by the Retirement Board.

Mr. McDonald informs that he does not want to be misunderstood and all he is concerned with is what the Supreme Court Judge said in the two paragraphs as read.

Mr. Quattrocchi at this time states there seems to be a void here and as a member of the Board would like to know if the legislative control of this Board is vested in the City Council or is the Board autonomous. This should be clarified so that the Board can go forward as to how to promulgate their rules and regulations.

City Solicitor Clifton states: "It is our opinion since the Public Laws were enacted.....it is our opinion, Mr. Peirce's I believe also, that the legislative power to enact Laws concerning the Retirement Act would be given that it is no longer with the General Assembly that it probably would be with the City Council of the City of Providence".

Mr. Quattrocchi informs then it would be up to the City Council at this point to adopt the outstanding regulations or promulgate new regulations or laws and wants a clarification on the rules.

Mr. McDonald states that in the 5 pages just handed the members, the words "City Council" are not mentioned and again repeats his motion to comply with the rule of the Supreme Court.

At this time, Mr. Landi questions on Page 5, Items 1 through 4, which conclusion is based upon, whether or not they are correct?

City Solicitor Clifton informs that it is correct that the Supreme Court and Judge Shea.....it says regulate it, it does not say legislate and thinks that is a specific point.

He further states "the General Assembly to ratify the Providence Home Rule Charter is an accepted fact and it also says that the

regulation of City Employee Pensions is of local concern and further states that the General Assembly did not promulgate this particular piece of legislation that had been issued.

Further discussion ensues and Mr. Landi is of the opinion that the City Council does not have the authority, the Retirement Board does.

Mr. Clifton states the question is who has the legislative authority to promulgate Laws concerning the Retirement System of the City of Providence and is of the opinion it would be the City Council, and further informs that in his opinion, the Retirement Board has no authority to legislate, they are not a legislative body.

Further discussion ensues and Councilwoman Brassil questions Mr. Peirce's opinion.

Mr. Peirce being present states "first of all I agree with Mr. Clifton that the issue in this case is not the issue of who within the City controls the retirement plan, the issue before the Court specifically was whether the legislature had the authority to enact changes or whether it was strictly a local issue. The Court clearly resolved that issue and said it was a local issue to be resolved within the City. There's a basic premise in the Law, the Court never goes beyond deciding the essential issues to resolve a case and that's why I would hesitate to read anything more into this decision.....with respect to who has control at this point. I think that's an issue that has to be resolved by the Charter. The Charter clearly states that the City Council or legislative authority within the City, unless it is specifically delegated to some other authority. I would have to have read into the Charter more. I understand a section in the Charter gives this Board administrative responsibility and authority to adopt whatever rules or regulations, necessary to carry out that administrative responsibility and there

are various sections in the Act itself which speaks specifically in instances where this Board has been authorized to make rules and regulations with respect to specific issues and think they are a little broader than simply making a rule with respect to what time the Board meets, those kinds of things there are.....as you well know, before this decision came down, the Board never had authority to change the Act. I think you'd be mistaken to think that there was an intent to change that...the Charter was adopted and placed in authority for determining for example, whether someone would retire at age 50 or age 45, rather than at age 55, then the Act would provide for many of the other essential elements of the basic plan which I believe is essentially a legislative responsibility!

Councilwoman Brassil informs that "being a member of this Board and a Member of the City Council we are the legislative body there is no question about that and in the City of Providence we are the legislative body and I think that many Council members would love not to be parties in control of this because we are going to come under a lot of pressure. When it comes down on our shoulders, we are the ones that will be pressured to change the rules and regulations. I think they would love to see the Retirement Board have control, but do not think they can, and I don't think the Board can legislate and if an outside opinion.... that's alright with me, but I really don't think it is necessary and the Council has always been the legislative body in the City of Providence, the Home Rule Charter never changed that, it just gave us more backing to do what we had to do in the City it just enforced those regulations".

Mr. McDonald further states that he wants compliance of the Law and refers to his motion once again.

Councilwoman Brassil is of the opinion the City Council with the Board's approval can legislate and questions City Solicitor Clifton of same.

City Solicitor Clifton informs that he is not prepared to answer that.

At this time, Mr. Simmons states "the crux of the question in our minds is that we have a legal opinion from both Mr. Clifton and Mr. Peirce to indicate one way, your

MAY 25, 1989

motion seems on its face reasonable and adoptable as given to us, I asked the question as to its intent and the intent seems to be for this Retirement Board to be able to change the benefit, the terminology to legislate, if that be the issue you are looking at, whom has the ability to change it, and the questions being how do we get a definitive answer that all the parties will agree on. We are all in the same boat and we have to rely on our Solicitor's for that legal opinion as to how we get that answer.

City Solicitor Clifton informs that the Court will not give advisory opinion and states that the only way you can get an opinion from the Court is to make a decision.

Councilwoman Brassil informs that even if the Board obtains a third opinion that is all it is an opinion and states that until the Board goes to Court there will be no ruling made.

After further discussion, the motion is again read as follows: "That the Retirement Board comply with the Supreme Court decision regarding the Bruckshaw Case".

Mr. Simmons states that his understanding of same is "that it is to comply with the Supreme Court decision only, there is no other direction, no other implication that this Retirement Board has the ability to change the Pension System by benefit or any other matter, so the motion is just to comply.....

Miss Lincourt states that she is in agreement with Mr. Simmons' statement only and nothing further.

Vice-Chairman Bissonnette requests a Roll Call Vote be taken at this time, same being as follows:

MAY 25, 1989

The Roll is called as follows:

AYES: Mr. Simmons, Mr. Bissonnette, Mr. Quattrocchi,
Mr. D'Amico, Mrs. McCrink, Mr. Landi, Mr. Mendillo,
Mr. McDonald, and Miss Lincourt - 9.
NOT VOTING: Councilwoman Brassil - 1.
ABSENT: Mr. Power - 1.

Discussion ensues and Mr. Landi states that he would like to see a member of the City Council sit down with a member of the Retirement Board to see if something can be worked out.

Mr. Quattrocchi informs that whatever way is approached, it will still have to go before the City Council and states that a simple Resolution should be passed, asking the City Council to look into the matter.

Mr. Landi suggests that the Chairman set up a meeting relative to same.

Vice-Chairman Bissonnette informs that he will do so.

b. LOCATION OF THE RETIREMENT SYSTEM.

Miss Lincourt informs that the location of the Retirement System is on the Agenda at Mr. McDonald's request.

Mr. McDonald informs that he is satisfied with questions answered at the sub-committee meeting last week of which he has informed the members of the police and fire unions.

OLD BUSINESS.

a. REQUEST OF ANTHONY DODDIO TO WITHDRAW EXCESS CONTRIBUTIONS.

The Request of Anthony Doddio was presented to the Retirement Board at its April Meeting at which time a motion was made for passage but failed due to a tie vote.

Accordingly, on motion of Mr. D'Amico, seconded by Mr. Landi, it is

VOTED: To Table the Request of Mr. Anthony Doddio to withdraw excess contributions until the June Meeting of the Retirement Board.

At this time, Vice-Chairman Bissonnette informs the members that a couple of months ago, Fleet National Bank had a Bond that they were holding that has matured with payment being made, but because it was registered in their name in error, a signature was needed for bond power so they could obtain their money and also 4 other bonds that have matured are also involved and informs the members that a vote should be taken authorizing same.

Accordingly, on motion of Mr. Quattrocchi, seconded by Mr. Mendillo, it is

VOTED: That Vice-Chairman Bissonnette be authorized to execute bond power as a representative of the Retirement Board.

ADJOURNMENT. On motion of Mr. Simmons, seconded by Mrs. McCrink and Mr. D'Amico, it is voted to adjourn at 11:00 o'clock A.M. (EDT) to meet again on THURSDAY, JUNE 22, 1989 at 10:00 o'clock A.M.


ASSISTANT CLERK


CLERK

**EMPLOYEES' RETIREMENT
SYSTEM OF THE CITY
OF PROVIDENCE**

ANNUAL REPORT
OF THE
RETIREMENT BOARD

**FOR THE FISCAL YEAR
ENDED JUNE 30, 1987**

EMPLOYEES' RETIREMENT FUND
Of the City of Providence, R.I.

Statement of Current Condition
June 30, 1987

ASSETS

Cash And Cash Equivalents.....	\$1,274,718.
Receivables:	
Member Loans	6,436,654.
Member Loan Interest.....	110,450.
Due from Other Funds.....	4,225,791.
Investments	137,763,580.
Other Assets	44,410.
Total Assets	\$149,855,603.

LIABILITIES AND FUND BALANCES

Fund Balances:	
Reserved Fund Balance.....	\$4,119,096.
Bequest to Employees Retirement System	7,357.
Annuity Savings Funds:	
General Employees.....	\$42,675,882.
Teacher Employees.....	47,785.
Elected Officials	220,560.
Pension Accumulated Funds:	
General Employees.....	\$(7,511,284.)
Teacher Employees.....	43,580.
Annuity Reserve Funds:	
General Employees.....	\$11,658,868.
Teacher Employees.....	164,833.
Teacher Excess Reserve.....	332,944.
Pension Reserve Funds:	
General Employees.....	\$98,220,114.
Teacher Employees.....	(124,132.)
Total Liabilities and Fund Balances	\$149,855,603.

CITY HALL, DECEMBER 15, 1987

*To the Honorable Joseph R. Paolino, Jr., Mayor and
 The Honorable City Council:*

In compliance with the provisions of Article 3, Section 3, of Chapter 489 of the Public Laws, passed at the January Session, A.D. 1923, entitled "An Act to provide for the Retirement of Employees of the City of Providence," the Retirement Board herewith transmits its' 62nd annual report for the year ended June 30, 1987, giving in detail the receipts, disbursements and investments, together with certain membership statistics.

Gloria L. Lincourt, City Controller
 12/31/87

**Statement of Revenue, Expenses and Fund Balance
For the Year Ended June 30, 1987**

Operating Revenue:	
Employee Contributions.....	\$4,104,184.
Employer Contributions.....	11,494,227.
Total Operating Revenue.....	\$15,598,411.
Operating Expenses:	
Retiree Benefits.....	\$15,426,967.
Member Refunds.....	2,284,497.
Military Refunds.....	548,865.
Other.....	306,950.
Total Operating Expense.....	\$18,567,279.
Operating Loss.....	\$(2,968,868.)
Non-Operating Revenue:	
Investment Income.....	\$11,258,530.
Interest on Member Loans.....	386,335.
Net Gain on Investments.....	1,969,270.
Other.....	232,124.
Total Non-Operating Revenue.....	\$13,846,259.
Net Income.....	\$10,877,391.
Fund Balance 6/30/86.....	\$138,978,213.
Fund Balance 6/30/87.....	\$149,855,604.

**Statement of Investment Income
For the Year Ended June 30, 1987**

Gross Income on Investments:	
Interest on United States Securities.....	\$5,706,318.87
Interest on Other U.S. Gov't Obligations.....	166,509.61
Interest on Public Utility Bonds.....	1,548,421.83
Interest on Commercial Paper.....	815,663.93
Interest on Retirement Debt.....	362,980.00
Corporate Stock Dividends.....	2,673,496.25
Gain on Sale of Investments.....	2,131,201.69
Other.....	100,237.96
Amortization of Discount on Public Utility Bonds.....	134,719.57
Interest on Repurchase Agreements.....	3,083.67
Total Gross Income on Investments.....	\$13,642,633.38

Deductions from Gross Interest Revenues	
Trust Commission Expense.....	\$301,422.34
Loss on Sales of Investments.....	161,931.20
Accrued Interest Paid.....	17,944.45
Amortization of Premiums on Public Utility Bonds.....	2,833.96
Total Deductions.....	\$484,131.95
Net Income on Investments.....	13,158,501.43
Add: Net Income on Member Loans.....	386,335.05
Total Net Income on Investments & Loans.....	\$13,544,836.48
Average Investment.....	\$130,282,695.64
Net Income Yield.....	10.33%
Average Member Loans.....	\$6,278,236.16
Net Income Yield.....	6.15%
Average Investment & Loan.....	\$136,560,931.80
Net Income Yield.....	10.14%

**Employees' Retirement Fund
Individual Investment Yields
As of June 30, 1987**

Type of Investment	Book Value	Net Income	Yield
Public Utility Bonds.....	\$28,193,800.29	\$1,548,421.83	6.85%
Corporate Capital Stock.....	42,035,853.74	2,673,496.25	6.36%
U.S. Treasury Notes and Bonds.....	38,786,837.50	5,706,318.87	12.04%
Other U.S. Government Agency Notes.....	2,292,452.09	166,509.61	7.26%
First Mortgages.....	576,508.31	44,136.00	7.66%
Commercial Paper.....	13,578,117.76	815,663.93	5.38%
Other.....	10.00		
Certificate of Deposit (City Cont. on last day)	12,300,000.00		
Total.....	\$137,763,579.69	\$10,954,906.49	

United States Government Securities

Report by Yield %	Par Value	Book Value	Market Value
Treasury Notes & Bonds			
August 15, 1991	\$500,000	\$489,056.25	\$619,375.00
July 15, 1988	800,000	798,750.00	855,496.00
July 15, 1988	700,000	692,781.25	748,559.00
April 15, 1988	1,000,000	997,500.00	1,049,060.00
November 15, 1990	1,000,000	970,000.00	1,148,440.00
November 15, 1990	1,000,000	1,658,125.00	1,952,348.00
November 15, 1987	1,000,000	980,000.00	1,021,250.00
March 31, 1988	1,000,000	1,000,000.00	1,036,250.00
October 15, 1989	1,000,000	935,000.00	1,088,440.00
October 15, 1989	1,000,000	935,000.00	1,088,440.00
November 15, 1988	1,000,000	942,500.00	1,057,190.00
November 15, 1993	1,000,000	1,080,968.75	1,285,966.00
November 15, 1994	500,000	518,750.00	589,530.00
October 15, 1990	500,000	499,687.50	551,405.00
November 15, 1995	1,600,000	1,588,687.50	1,892,992.00
February 15, 1993	1,200,000	1,176,000.00	1,343,244.00
November 15, 1989	760,000	738,164.06	810,821.20
November 15, 1989	500,000	500,000.00	533,435.00
August 15, 1990	500,000	485,000.00	539,685.00
April 15, 1990	1,000,000	997,500.00	1,067,500.00
November 15, 1992	1,500,000	1,510,000.00	1,651,410.00
February 15, 1995	800,000	774,500.00	894,248.00
May 15, 1995	1,200,000	1,221,250.00	1,334,628.00
May 15, 1993	4,400,000	4,420,000.00	4,789,136.00
February 15, 1988	500,000	480,000.00	509,375.00
November 15, 1994	2,400,000	2,288,320.31	2,632,488.00
November 15, 1983	4,000,000	4,020,000.00	4,353,760.00
August 15, 1990	500,000	505,000.00	527,500.00
August 15, 1988	1,000,000	1,010,000.00	1,024,370.00
May 15, 1989	75,000	74,250.00	77,320.50
February 15, 1994	1,925,000	1,760,560.31	1,995,974.75
February 15, 1996	1,000,000	1,043,125.00	1,026,870.00
May 15, 1988	400,000	389,799.07	404,000.00
February 15, 1993	1,000,000	810,937.50	991,250.00
March 31, 1990	500,000	495,625.00	494,220.00
Total		\$38,786,837.50	\$42,985,976.45

COST OF OPERATIONS
General Fund Appropriations for the Year Ended June 30, 1987

Personal Services:	
Salaries	\$82,793.79
Services Other than Personal:	
Consulting Actuary	63,958.25
Medical Services	13,342.00
Postage, Freight & Express	2,521.23
Printing and Binding	283.00
Repairs to Office Machinery	378.80
Dues and Subscriptions	154.18
	\$163,431.25
Materials and Supplies:	
Stationery, Printed Forms & Office Supplies	1,604.47
	\$165,035.72
Total Cost of Operations	

Investments as of June 30, 1987 (Exclusive of Member Loans)

	Total Investment	Percent of Investment
Public Utility Bonds	\$28,193,800.29	20.5%
Corporate Capital Stock	42,035,853.74	30.5%
U.S. Treasury Bonds & Notes	38,786,837.50	28.1%
Other U.S. Government Agency Notes	2,292,452.09	1.7%
First Mortgages	576,508.31	.4%
Commercial Paper	13,578,117.76	9.9%
Other	10.00	
Certificate of Deposit (one day only)	12,300,000.00	8.9%
Total	\$137,763,579.69	100.0%

First Mortgage Investments as of June 30, 1987

	Maturity Date	Book Value	Market Value
Foremost Lithograph	4-29-90	\$43,469.92	\$43,469.92
Foremost Lithograph	4-29-90	66,589.87	66,589.87
Foremost Lithograph	4-29-90	27,517.36	27,517.36
Westco Realty	2-04-95	438,931.16	438,931.16
Total		\$576,508.31	\$576,508.31

Other United States Government Obligations

	Par Value	Book Value	Market Value
Government National Mortgage Association			
6.50% October 15, 2003	\$68,989.17	\$55,707.36	\$61,572.83
6.50% April 15, 2003	260,892.81	210,339.73	232,846.83
Subtotal.....	329,881.98	266,047.09	294,419.66
Federal National Mortgage Association			
15.25% May 10, 1989	\$250,000.00	\$250,625.00	\$277,500.00
10.40% March 10, 1988	500,000.00	500,000.00	510,935.00
Subtotal.....	750,000.00	750,625.00	788,435.00
Twelve Federal Land Banks			
7.95% April 22, 1991	\$500,000.00	\$401,250.00	\$492,500.00
7.35% January 20, 1997	500,000.00	377,500.00	445,310.00
Subtotal.....	\$1,000,000.00	\$778,750.00	\$937,810.00
Federal Farm Credit Banks			
11.70% July 20, 1988	500,000.00	497,030.00	520,310.00
Subtotal.....	\$500,000.00	\$497,030.00	\$520,310.00
Grand Totals	\$2,579,881.98	\$2,292,452.09	\$2,540,974.66

Corporation Stock Owned as of June 30, 1987

Preferred Stock:	Name of Corporation	#Shares	Book Value	Market Value
Union Pacific Corp.	5700	\$684,225.00	\$912,000.00
Common Stock:				
American Express Co. Inc.	11,000	163,338.46	376,750.00
American Home Products Corp.	42,000	1,206,476.05	3,575,250.00
American Telephone & Telegraph Co.	36,000	587,431.02	994,500.00
Amoco Corp.	4,500	230,001.15	393,750.00
Amoco Corp.	19,000	495,894.66	1,662,500.00
AMP Inc.	6,000	230,090.55	351,750.00
Anadardo Petroleum Co.	7,500	102,912.86	222,187.50
A. T. Cross Co.	60,000	558,475.34	1,995,000.00
Atlantic Richfield Co.	5,000	242,418.46	476,250.00
Atlantic Richfield Co.	20,000	795,007.63	1,905,000.00
Automatic Data Processing	20,000	727,447.50	955,000.00
Avon Products Inc.	9,500	275,290.50	320,625.00
Bell Atlantic Corp.	19,000	771,287.58	1,294,375.00
Bell South Corp.	30,000	596,723.68	1,226,250.00
Bristol-Myers Co.	60,000	845,714.89	2,985,000.00
Capital Holding Corp. of America	13,000	248,873.67	399,750.00
Caterpillar Inc.	10,000	369,407.15	535,000.00
Central & Southwest Corp.	31,300	670,525.28	982,037.50
Champion International Corp.	11,000	251,814.05	400,125.00
Chase Manhattan Corp.	5,000	190,836.11	206,250.00
Chase Manhattan Corp.	6,000	306,864.72	354,000.00
Citi Corp.	30,000	349,750.00	1,335,000.00
Coca-Cola Co.	35,000	1,295,427.60	1,771,875.00
Dayton-Hudson Corp.	9,500	267,291.68	269,562.50
Deere & Co.	20,000	857,675.00	1,120,000.00
Delta Air Line Inc.	16,200	622,089.55	700,650.00
Dominion Resources Inc.	7,500	231,532.47	645,937.50
Dow Chemical Corp.	26,000	693,665.00	2,239,250.00
Dow Chemical Corp.	4,600	212,843.25	552,000.00
Dupont E. I. DeNemours & Co.	6,000	292,615.10	516,750.00
Eastman Kodak & Co.	4,500	261,344.52	488,250.00
Emerson Electric Co.	30,000	661,804.83	2,797,500.00
Exxon Corp.	28,200	620,583.36	1,473,450.00
Federated Department Stores Inc.	11,000	210,394.73	336,875.00
First Virginia Banks	70,000	378,096.79	1,916,250.00
Fleet Financial Group Inc.	26,000	732,806.67	2,574,000.00
Ford Motor Company	13,000	252,550.08	409,500.00
FPL Group Inc.	42,000	660,901.75	1,323,000.00
FPL Group Inc.	11,000	262,961.54	598,125.00
General Electric Co.	25,000	471,213.63	1,390,625.00
General Mills Inc.	19,400	1,443,831.10	1,602,925.00
General Motors Corp.	7,000	231,126.41	266,000.00
Halliburton Co.	15,000	489,332.50	570,000.00
Halliburton Co.	7,000	249,731.94	427,875.00
Hewlett Packard Co.	32,000	1,763,435.58	5,200,000.00
International Business Machines Corp.	3,200	322,081.08	520,000.00
International Business Machines Corp.			

Summary of Utility Corporation Bond Holdings as of June 30, 1989

Name of Corporation	Par Value
American Telephone & Telegraph	\$4,200,000
Baltimore Gas & Electric Co.	575,000
Central Illinois Pub. Serv. Co.	25,000
Chesapeake & Potomac Tel. & Tel.	25,000
Chevron	250,000
Citi Corp.	3,488,750
Cleveland Elec. & Illum. Co.	250,000
Consolidated Edison of NY	200,000
Dayton Hudson Corp.	1,000,000
Delmarva Power & Lt.	500,000
Duke Power Co.	900,000
Duquesne Lt. Co.	50,000
Exxon Corp.	50,000
Florida Power & Lt.	1,075,000
Ford Motor Credit	1,000,000
General Motors Accept. Corp.	1,450,000
Georgia Power Co.	500,000
Idaho Power Co.	50,000
Illinois Bell Tel. Co.	500,000
Illinois Power & Light	500,000
Inland Steel Co.	500,000
International Bank for Recon. & Dev.	1,500,000
Iowa-Illinois Gas & Elec.	49,000
J.C. Penney	1,000,000
Kraft Inc.	1,000,000
Kansas Gas & Elec.	500,000
Mass. Elec. Co.	25,000
Michigan Bell Tel. Co.	800,000
Montana Power Co.	50,000
Narragansett Electric Co.	250,000
New England Tel. Co.	500,000
New York Telephone Co.	200,000
Northwestern Bell Tel. Co.	75,000
Pacific Gas and Elec.	425,000
Pacific Tel. & Tel.	250,000
Potomac Elec. & Power	50,000
Public Service Co. of Colorado	50,000
Public Service Gas & Elec.	700,000
Shell Oil Co.	500,000
So. Bell Tel. & Tel.	600,000
So. New England Tel.	300,000
S.W. Bell Tel. Co.	925,000
Tennessee Valley Authority	475,000
Texas Elec. Serv. Co.	500,000
Union Carbide Corp.	200,000
Union Electric Co.	200,000
Virginia Elec. & Power	50,000
Wisconsin Power & Lt.	573,000
TOTAL	\$29,285,750

Name of Corporation	53,000	895,540.00	2,537,375.00
J.P. Morgan & Co. Inc.	10,000	192,959.69	478,750.00
J.P. Morgan & Co. Inc.	10,000	514,895.00	621,250.00
Marsh & McLennan	30,000	793,345.00	1,601,250.00
Maytag Co.	47,250	1,114,373.19	2,504,250.00
McDonalds Corp.	3,400	143,118.27	579,700.00
Merck & Co. Inc.	5,400	194,083.30	382,725.00
Mobil Corp.	50,000	996,898.11	2,543,750.00
Motorola Inc.	7,000	267,600.59	378,875.00
National Medical Ent. Inc.	12,000	261,834.84	328,500.00
New York State Electric & Gas Corp.	12,375	296,470.92	340,312.50
Noxell Corp.	17,000	700,717.50	998,750.00
Old Kent Financial Corp.	31,500	757,855.00	708,750.00
Oneida Ltd.	9,000	185,404.76	190,125.00
Panhandle Eastern Corp.	60,000	1,020,805.92	1,875,000.00
Panhandle Eastern Corp.	10,500	213,368.54	328,125.00
Pepsico Inc.	13,000	212,247.78	468,000.00
Perkin Elmer	8,000	228,886.33	253,000.00
Pfizer Inc.	7,500	270,525.65	540,000.00
Pfizer Inc.	47,000	830,496.19	3,384,000.00
Proctor & Gamble Co.	3,500	196,811.33	343,000.00
Ralston Purina Co.	2,000	20,529.77	171,000.00
Raytheon Co.	11,000	476,665.00	830,500.00
Sara Lee Corp.	27,000	681,745.00	1,228,500.00
Schlumberger Corp.	10,000	461,432.87	457,500.00
Schlumberger Ltd.	6,000	244,245.37	274,500.00
Sears Roebuck & Co.	8,000	270,418.80	405,000.00
Square D. Co.	24,000	659,601.51	1,278,000.00
Stock Purchase Rights:			
Sysco Corp.	20,000	640,326.00	702,500.00
Texas Utilities Co.	12,500	281,595.83	403,125.00
Texas Utilities Corp.	11,000	272,643.90	354,750.00
Travelers Corp.	5,000	245,993.46	225,000.00
Union Pacific Corp.	5,700	684,225.00	912,000.00
Union Pacific Corp.	5,500	264,205.91	431,062.50
United Tele Communications	12,000	279,580.78	328,500.00
Unixy Isys	5,500	277,754.04	677,875.00
Warner Lambert Co.	7,500	268,796.79	541,875.00
Weyerhaeuser Co.	8,500	241,752.93	427,125.00
Xerox Corp.	5,000	245,884.29	386,250.00
Xerox Corp.	10,000	609,817.37	772,500.00
Totals		\$ 42,035,853.74	\$ 86,988,550.00
Burroughs Corp.	5,500	0.00	275.00
Champion International	11,000	0.00	550.00
International Paper Co.	5,000	0.00	250.00
Panhandle Eastern Corp.	10,500	0.00	525.00
Totals		\$ 42,035,853.74	\$ 86,990,150.00

Corporate Utility Bonds as of June 30, 1987

Name of Corporation	Maturity	Par Value	Cost	Book Unamortized Value	Premiums	Balance	Annual Income	Yield
Potomac Elec. Power Co.	6-1-91	25,000.00	25,277.25	25,025.13	25.13	0	906.00	4.26%
American Tel. & Tel.	7-1-90	25,000.00	25,692.10	25,013.16	43.10	0	968.00	4.13%
Pacific Gas & Elec.	6-1-89	25,000.00	25,205.62	25,056.75	56.75	0	1,250.00	5.14%
Baltimore Gas & Elec.	3-1-93	25,000.00	25,375.00	25,056.75	56.75	0	1,000.00	5.00%
Public Service Elec. & Gas	8-1-88	25,000.00	25,517.75	25,000.00	0	0	1,156.25	4.76%
Southwestern Bell Tel. Co.	10-1-92	25,000.00	26,375.00	25,177.38	177.38	0	1,187.40	5.66%
Northwestern Bell Tel. Co.	5-1-89	50,000.00	51,000.00	50,035.56	35.56	0	2,187.33	4.63%
Northwestern Bell Tel. Co.	5-1-89	50,000.00	51,187.50	50,066.60	6.60	0	1,093.67	4.63%
Potomac Elec. Power Co.	12-1-93	25,000.00	25,333.00	25,056.93	56.93	0	1,156.00	5.72%
Central Illinois Pub. Ser. Co.	1-1-89	25,000.00	25,408.25	25,014.48	14.48	0	1,187.00	4.93%
Chesapeake & Potomac Tel. Co.	12-1-93	25,000.00	24,125.00	24,863.28	93.19	136.72	1,031.00	5.30%
Illinois Bell Tel. Co.	3-1-94	50,000.00	50,512.50	50,093.19	93.19	0	2,187.50	5.56%
Illinois Bell Tel. Co.	3-1-89	50,000.00	49,437.50	49,979.93	20.07	0	2,125.00	4.52%
Illinois Bell Tel. Co.	3-1-94	50,000.00	49,931.72	49,975.35	24.65	0	2,187.50	5.56%
Illinois Bell Tel. Co.	4-1-89	50,000.00	49,312.50	49,975.35	24.65	0	2,250.00	4.77%
Montana Power Co.	4-1-89	23,000.00	22,942.50	22,997.57	2.43	0	1,063.00	4.84%
Wisconsin Power & Light	3-1-89	23,000.00	22,942.50	22,997.57	2.43	0	1,063.00	4.84%
Public Service Co. of Colorado	5-1-89	50,000.00	50,000.00	50,000.00	0	0	2,312.00	4.91%
Idaho Power Co.	5-15-89	50,000.00	50,401.00	50,014.36	14.36	0	2,500.00	5.27%
Virginia Elec. Co.	9-1-90	50,000.00	50,364.50	50,025.98	25.98	0	2,312.00	5.15%
S.W. Bell Tel. Co.	8-1-95	50,000.00	50,312.50	50,066.28	66.28	0	2,312.50	6.14%
Iowa-Illinois Gas & Elec.	5-1-91	49,000.00	49,580.65	49,080.05	80.05	0	2,388.00	5.49%
Mass. Elec. Co.	7-1-91	25,000.00	25,509.75	25,070.25	70.25	0	1,250.00	5.65%
Consolidated Edison	6-1-92	200,000.00	199,857.28	199,857.28	142.72	0	8,750.00	5.20%
American Tel. & Tel.	2-1-94	206,500.00	201,299.92	201,299.92	1,299.92	0	9,250.00	5.76%
So. Bell Tel. & Tel.	4-1-01	200,000.00	200,000.00	200,000.00	0	0	8,750.00	8.96%
Wisconsin Power & Light	5-1-92	50,000.00	49,877.50	49,877.50	125.00	0	2,125.00	5.07%
Narragansett Elec.	1-1-94	250,000.00	253,087.20	250,638.62	638.62	0	11,562.00	5.84%
American Tel. & Tel.	2-1-94	400,000.00	400,000.00	400,000.00	0	0	18,500.00	5.76%
American Tel. & Tel.	6-1-98	850,000.00	850,000.00	850,000.00	0	0	40,375.00	6.73%
American Tel. & Tel.	4-1-99	400,000.00	400,000.00	400,000.00	0	0	17,499.85	6.63%
Union Elec. Co.	4-1-95	200,000.00	200,000.00	200,000.00	0	0	9,000.00	6.03%
Illinois Bell Tel. Co.	3-1-94	400,000.00	400,000.00	400,000.00	0	0	17,500.00	5.56%
International Bank	2-1-90	800,000.00	800,000.00	800,000.00	0	0	36,000.00	4.91%
Michigan Bell Tel. Co.	12-1-91	800,000.00	800,000.00	800,000.00	0	0	35,000.00	5.11%

Corporate Utility Bonds as of June 30, 1987

Name of Corporation	Maturity	Par Value	Cost	Book Unamortized Value	Premiums	Balance	Annual Income	Yield
N.E. Tel. & Tel.	7-1-05	500,000.00	500,000.00	500,000.00	0	0	23,125.00	7.81%
New York Tel. Co.	1-1-02	200,000.00	200,000.00	200,000.00	0	0	9,250.00	7.39%
Pacific Gas & Elec.	6-1-94	400,000.00	400,000.00	400,000.00	0	0	17,500.00	5.70%
Duke Power Co.	3-1-00	500,000.00	500,025.00	500,008.00	8.00	0	42,500.00	9.16%
Duke Power Co.	4-1-00	500,000.00	499,816.00	499,816.00	184.00	0	42,500.00	9.52%
Georgia Power Co.	3-1-00	500,000.00	499,608.00	499,608.00	1,922.00	0	43,125.00	9.50%
Kansas Gas & Elec.	3-1-00	500,000.00	498,850.00	499,484.55	515.45	0	40,000.00	8.96%
Wisconsin Power & Light	7-1-01	500,000.00	498,850.00	499,484.55	515.45	0	40,000.00	8.96%
Shell Oil Co.	2-15-02	500,000.00	502,600.00	501,255.10	1,255.10	0	36,250.00	8.53%
Baltimore Gas & Elec.	1-1-02	500,000.00	489,596.44	494,931.34	501,255.10	0	35,624.55	8.70%
Delmarva Power & Light	11-1-98	500,000.00	482,596.44	493,038.60	6,961.40	0	35,000.00	8.26%
Texas Elec. Service Co.	1-1-02	500,000.00	495,489.00	499,050.32	949.68	0	35,250.00	8.96%
Exxon Corp.	7-15-98	250,000.00	210,000.00	230,869.56	19,130.44	0	16,250.00	7.73%
American Tel. & Tel.	2-15-01	1,250,000.00	1,053,889.58	1,144,482.10	105,517.90	0	105,517.90	8.47%
Cleveland Elec. & Illum.	1-15-90	250,000.00	206,604.36	241,863.35	10,645.08	0	18,125.00	7.97%
General Motors Accept. Corp.	4-1-98	250,000.00	250,000.00	250,000.00	0	0	18,281.25	8.39%
Tennessee Valley Authority	4-1-98	250,000.00	250,000.00	250,000.00	0	0	18,281.25	8.39%
So. New England Tel.	5-1-08	75,000.00	73,139.23	73,759.43	1,240.57	0	6,093.75	9.13%
So. New England Tel.	3-15-16	500,000.00	492,500.00	494,374.97	5,625.03	0	42,500.00	9.66%
Southwestern Bell Tel.	3-15-16	500,000.00	492,500.00	494,374.97	5,625.03	0	42,500.00	9.66%
So. Bell Tel.	4-1-01	400,000.00	231,416.00	300,382.10	99,617.90	0	17,500.00	7.06%
Ford Motor Credit	11-15-91	250,000.00	227,292.50	245,308.50	4,691.50	0	18,750.00	7.72%
Chevron Corp.	4-1-96	250,000.00	216,250.00	234,250.00	15,750.00	0	17,500.00	7.91%
General Motors Accept.	12-1-87	200,000.00	153,422.00	200,000.00	0	0	9,750.00	4.92%
S.W. Bell Tel.	10-1-92	100,000.00	65,823.00	88,607.64	11,392.36	0	4,749.60	5.66%
Tennessee Valley Authority	4-1-98	225,000.00	187,479.50	205,136.14	19,863.86	0	16,545.26	8.39%
Florida Power & Light	8-1-88	175,000.00	127,487.50	175,000.00	0	0	8,093.75	4.76%
Florida Power & Light	12-1-96	175,000.00	102,284.00	136,218.11	38,781.89	0	10,500.00	7.47%
Baltimore Gas & Elec.	1-1-02	50,000.00	33,975.00	39,316.63	3,562.45	0	3,562.45	8.70%
Baltimore Gas & Elec.	4-1-99	500,000.00	371,275.00	421,334.66	78,665.34	0	38,125.00	8.76%
Inland Steel Corp.	6-1-90	500,000.00	504,300.00	501,066.00	1,066.00	0	56,250.00	11.25%
Florida Power & Light	5-1-10	200,000.00	197,250.00	197,839.26	2,160.74	0	22,600.00	10.49%
S.W. Bell Tel. Co.	8-1-95	125,000.00	64,500.00	92,423.04	32,576.96	0	5,781.25	6.14%