

DEPARTMENT OF CITY CLERK

CITY HALL

SEPTEMBER 22, 1983

The Retirement Board of the Employees' Retirement System meets this day at 1:30 o'clock P.M. (EDT) in the Conference Room, City Hall.

Present: Commissioner Quattrocchi; Class "A" Representative McCrink and Graves; Class "B" Representatives Power and Landi; Class "A" Representative Retired Mendillo; Class "B" Representative Retired Marnane. - 7.

Absent: Mayor Cianci, Chairman and Councilwoman Brassil, Commissioner Wilkes and Mr. Corrente - 4.

Mrs. Dolores Spratt of the Retirement Office is present.

Also present is Alan Cornstein, Assistant City Solicitor.

(Helen G. Gibbons, Assistant Clerk).

VICE-CHAIRMAN QUATTROCCHI IN THE CHAIR.

Vice-Chairman Quattrocchi declares there is a quorum present.

INVESTMENT OF FUNDS - FLEET NATIONAL BANK.

Mr. Harold A. Mackinney, Jr., Senior Vice-President is present this day for discussion and states as in communication dated September 20, 1983:

"I am enclosing a program with the suggestion that we sell our holding of Sterling Drug and reinvest the proceeds in a combination of four names that we already own.

Sterling has been a disappointing investment due principally to the difficulty the company has had with a new drug called Amrinone, which is used to treat congestive heart failure. The FDA has been reluctant to grant approval for the drug in oral form in this country and this reluctance has caused many analysts to reduce the earnings potential for Sterling. It seems probable that, in the future, the drug will be approved for use but, in the meantime, the stock may not perform too well.

American Home Products yields more than Sterling and has a constant 10 - 12% growth in both sales and earnings. IBM will improve their earnings at a high rate of close to 20% in both 1984 and 1985 and is clearly the predominant factor in office automation businesses. Beatrice Foods is changing rapidly as they sell some of their less productive businesses. The company provides well above average yield and should emerge from the restructuring as a major factor in the food industry. McDonalds appears to be very cheap, in the high \$50's and low \$60's. The company is the premiere competitor in the fast food industry and their earnings should continue to increase at better than 15% a year.

I think that these changes will produce a higher total return to the portfolio and I will be present at the meeting on Thursday to discuss them in more detail".

SEPTEMBER 22, 1983

Accordingly, on motion of Mr. Power, seconded by Mr. Marnane,
it is

VOTED: to authorize the Fleet National Bank as the Investment Agent for the Retirement Board of the Employees' Retirement System for the following sales and purchases, same being recommended by its Agent in communication dated September 20, 1983 as follows:

<u>SELL:</u> <u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>INT. OR</u> <u>DIV'D.</u>	<u>COST</u>	<u>NOW</u> <u>HELD</u>	<u>PRICE</u>	<u>APPROXIMATE</u> <u>VALUE</u>	<u>INCOME</u>
15,250	Sterling Drug	1.12	425,026	(15,250)	25½	338,875	17,080
<u>BUY:</u> <u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>INT. OR</u> <u>DIV'D.</u>	<u>MATURITY</u>	<u>NOW</u> <u>HELD</u>	<u>PRICE</u>	<u>APPROXIMATE</u> <u>VALUE</u>	<u>INCOME</u>
3,000	American Home Products	2.40		(35M)	47	141,000	7,200
1,000	IBM	3.80		(30,200)	120	120,000	3,800
2,000	Beatrice Foods	1.60		(22M)	27	54,000	3,200
1,000	McDonalds	1.00		(7M)	61	61,000	1,000
						376,000	15,200

Mr. Mackinney is excused at this time.

CITY TREASURER'S REPORT.

The City Treasurer's Report is presented, showing that the amount to the credit of the Employees' Retirement System of the City of Providence at the close of business on September 16, 1983 is \$116,608,069.63 which is held as follows:

CASH AVAILABLE AS OF 9/22/83	\$ 21,087.00
TOTAL REPURCHASE AGREEMENT	4,725,000.00
(Accounts Receivable City of Providence FY 1980)	4,765,813.62
Market Value Corporate Stock New England	3,490,453.75
Market Value Corporate Stock Fleet	35,564,390.67
Corporate Bonds Fleet	16,815,178.75
Short Term Investments Market Value Fleet	699,000.00
New England Asset Cash Equivalents	5,155,545.20
US Treasury Notes Fleet National	2,000,000.00
US Treasury Notes NE Trust Co.	3,000,000.00
US Government NE Trust Co.	13,888,926.25
US Government Fleet National	20,173,876.88
Subordinated Note due 2/23/87	1,000,000.00
Loans Receivable as of 9/17/83	4,457,389.98
First Mortgage Investments	851,407.53
TOTALS	\$ 116,608,069.63

SEPTEMBER 22, 1983

Discussion ensues relative to the City Treasurer's Report being submitted the day of the meeting and Mr. Graves is desirous of having the Report mailed to his home at least one week in advance for review.

The majority of the members agree with Mr. Graves' suggestion and accordingly, on motion of Mr. Landi, seconded by Mr. Mendillo, it is

VOTED: that the City Treasurer's Report as presented this day be accepted; and it is further

VOTED: that the City Clerk be directed to correspond with the City Treasurer informing him that the Members of the Retirement Board are desirous of receiving the Treasurer's Report by Mail at least 1 week in advance of the Scheduled ^{Monthly} Meeting of the Retirement Bd., with the close of business to be that date.

INVESTMENT OF FUNDS - NEW ENGLAND TRUST COMPANY.

Mr. Ernest R. Famiglietti, President of New England Trust Company is present for discussion and states as in communication dated September 19, 1983:

"The following is our feeling regarding the economy and the bond and stock markets through the 1984 Presidential elections. After an explosive rally, which started in August of last year, the stock market has essentially moved sideways for the last three months. What is required to move the market from current levels is a perception by investors that the widely-held forecast collision between borrowing needs of the Federal Government and the private sector may turn out to be less of an event than the prophets of doom predict.

As economic recovery continues -- albeit more modestly paced -- government tax receipts will accelerate and the size of the deficits may well provide some surprises on the down side. In addition, there is some evidence that control over expenditures may be starting to appear. Federal outlays since last November have declined by \$90 billion. Post election, we see some hope that Federal budget deficits will start moving down, not up.

For long view, we remain constructive on equities. Unit labor cost should be unchanged over the next twelve months, as a 5% productivity gain offsets a 5% wage gain. Inflation may accelerate to the 4 to 5% level by late 1984, but with the economy expanding and inflation running about 2% above unit labor costs corporate profits should do quite nicely.

With such a bullish outlook as we have been describing, I guess it is safe to assume that New England Trust Company has a bullish outlook for both stocks and bonds, at least through 1984. One caveat, however, is necessary. The magnitude of our outstanding national debt is such and our commitments to social spending

SEPTEMBER 22, 1983

programs is such that the long term inflation outlook has got to be biased to the up side. We continue to be unwilling to make long-term bets on the future levels of interest rates. Consequently our bond maturity schedules are limited to less than ten years, and, as in your portfolios, tend to average closer to five years or less.

If you have any questions regarding the above, I will be more than happy to answer them at Thursday's meeting."

Accordingly, on motion of Mr. Landi, seconded by Mr.

Mendillo, it is

VOTED: to accept the Report of New England Trust Company as presented this day.

Mr. Famiglietti is excused at this time.

REPORTS FROM THE ACTUARY.
MAXIMUM ALLOWANCES.

FLORENCE MELLOR - APPLICATION FOR SERVICE RETIREMENT-MAXIMUM ALLOWANCE.

Mrs. Spratt presents the application of Florence Mellor, employed as an Assistant Aide in the School Department. Ms. Mellor is 63 years of age with a service record of twenty-six years and three months, working for the City twenty-six years and three months.

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

Florence Mellor Asst. Aide/School Department Group 2
Allowance \$612.11 a month, effective June 17, 1983.

ELENORA PULLANO - APPLICATION FOR SERVICE RETIREMENT-MAXIMUM ALLOWANCE.

Mrs. Spratt presents the application of Elenora Pullano, employed as an Administrative Clerk in the School Department. Ms. Pullano is 65 years of age with a service record of twenty-three years and nine months, purchasing one year and three months, working for the City twenty-two and one half years.

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

Elenora Pullano Adm. Clerk/School Dept. Group 2
Allowance \$763.45 a month, effective June 17, 1983.

Accordingly, on motion of Mr. Mendillo, seconded by Mr.

Graves, it is voted that the foregoing applications for Service Retirements be Approved.

SEPTEMBER 22, 1983

LOANS APPROVED AND PAID SINCE THE LAST BOARD MEETING - AUGUST 25, 1983.

Mrs. Spratt states that the total of All Loans is \$392,714.00.

On motion of Mr. Landi, seconded by Mrs. McCrink, it is voted that the Loans be Approved.

REIMBURSEMENT OF MEDICAL EXPENSES.

Mrs. Spratt informs that in accordance with established procedure, the Board's review and verification of the following data is requested prior to further processing of the following claims by the City Controller's Office.

DONALD M. BYRNE has signed a "Request for Reimbursement" of Medical Expenses in the amount of \$37.00. Retirement Office records reveal D. Byrne to be a retired firefighter who was granted a Disability Pension.

WILLIAM T. GODFREY has signed a "Request for Reimbursement" of Medical Expenses in the amount of \$67.32. Retirement Office records reveal W. Godfrey to be a retired firefighter who was granted a Disability Pension.

DANIEL A. VARGAS has signed a "Request for Reimbursement" of Medical Expenses in the amount of \$115.11. Retirement Office records reveal D. Vargas to be a retired firefighter who was granted a Disability Pension.

MICHAEL D. VILLELLA has signed a "Request for Reimbursement" of Medical Expenses in the amount of \$393.63. Retirement Office records reveal M. Villella to be a retired firefighter who was granted a Disability Pension.

THOMAS VINCENT has signed a "Request for Reimbursement" of Medical Expenses in the amount of \$192.33. Retirement Office records reveal T. Vincent to be a Retired Laborer who was granted a Disability Pension (Individual RIGHA Reimbursement).

On motion of Mr. Marnane, seconded by Mr. Mendillo, it is voted to approve the further processing of the foregoing claims for payment of medical expenses by the respective departments.

SEPTEMBER 22, 1983

REQUESTS FOR OPTION IV ALLOWANCES.

TERESA CUOZZO - REQUEST FOR OPTION IV ALLOWANCE.

Mrs. Spratt presents the following communication from Teresa Cuozzo, dated September 20, 1983:

"I am writing you this letter because I am in great need of the \$3,668.00. That is why I am taking the reduced pension. My husband has been unemployed and I have bills which have accumulated and have to be paid.

I would appreciate hearing from you in regard to this matter as soon as possible".

Mrs. Spratt states that the Request is for a lump sum payment of \$3,668.19 with a reduced pension allowance of \$699.25 as opposed to \$720.64 Maximum Retirement Allowance.

RICHARD C. CASEY - REQUEST FOR OPTION IV ALLOWANCE.

Mrs. Spratt presents the following communication from Richard C. Casey dated September 12, 1983:

"In regards to my pension, I am requesting the benefits under Option 4 withdrawing my total amount accumulated, \$24,051.14.

I realize that in taking Option 4, it reduces my monthly pension. I need the money as I have outstanding debts and College Education for three children. My oldest son is attending the University of Rhode Island.

I understand that my beneficiary, my wife, will receive 66 2/3 percent of my reduced pension should I pass away.

Thank you for your consideration in this matter."

Mrs. Spratt states that the request is for a lump sum payment of \$24,051.14 with a reduced pension allowance of \$848.98 as opposed to \$970.27 Maximum Retirement Allowance.

EDWARD P. FLANAGAN - REQUEST FOR OPTION IV ALLOWANCE.

Mrs. Spratt presents the following communication from Edward P. Flanagan, dated September 20, 1983:

"I request my retirement under option (4), knowing that it will reduce my monthly allowance to \$735.61, for the remainder of my life. My reason for this option is to make a business investment. My total Annuity Savings Request is for \$22,166.38".

Mrs. Spratt states that the Request is for a lump sum payment of \$22,166.38 with a reduced pension allowance of \$ 735.61 as opposed to \$859.08 Maximum Retirement Allowance.

MANUEL SYLVIA - REQUEST FOR OPTION IV ALLOWANCE.

Mrs. Spratt presents the following communication from Manuel Sylvia dated September 13, 1983:

SEPTEMBER 22, 1983

"I Manuel Sylvia who you placed on Accidental Disability on June 24, 1983, and have received no pension checks as of this date, and can see no money coming for some time, as my papers have not yet come back from the Actuary.

Not having any income and some of the bills and mortgage payments that I have incurred before and after my retirement is going to keep my financial status in the red for some time. To save some time until the figures come into the Retirement office, I would like to request that I be granted option #4 instead of Maximum Retirement payments so that I will be able to pay off all my debts.

It is my understanding that by receiving Option #4, I will be receiving a smaller and reduced pension check monthly.

Mrs. Spratt states that the Request is for a lump sum payment of \$27,927.14 with a reduced pension allowance of \$1,468.61 as opposed to \$1,683.60 Maximum Retirement Allowance.

Accordingly, on motion of Mr. Mendillo, seconded by Mr. Marnane, it is voted that the Applications for Option IV Retirement of R. Casey; E. Flanagan and M. Sylvia be Approved; the Request of T. Cuozo to be Deferred until the next meeting of the Retirement Board pending legal opinion re; Workmen's Compensation.

HEARING - NANCY KERRIGAN.

Mrs. Spratt informs that the Request of Nancy Kerrigan for Accidental Disability Retirement was denied in June of 1983 - Hearing scheduled for August, 1983 - hospitalized for traction and was released September 15, 1983. In constant pain -- will probably never return to active police duty due to serious complications to her neck and lower back injuries - latest hospital reports and doctor's notes are not available - not enough time for Board meeting.

Further Mrs. Spratt informs that the Attorney was not officially notified in time for this meeting - but will try to be present.

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

VOTED: to postpone the Hearing of Nancy Kerrigan until the October Meeting of the Retirement Board and the Attorneys and Mrs. Kerrigan are to be so informed of same - to bring new medical evidence at that time.

SEPTEMBER 22, 1983

MISCELLANEOUS.

ACCIDENTAL DISABILITY/W.C.A./OPTIONS.

Mrs. Spratt informs that Teresa Cuzzo who Requested Option IV, under the bill that was recently passed, the City is required to reduce Workmen's Compensation from any pension benefits (disability), and discussion ensues as to the proper procedure to be used.

Mr. Landi suggests that the Option IV payments be reduced to equal the subject amount.

Accordingly, after further discussion on motion of Mr. Graves, seconded by Mr. Marnane, it is

VOTED: that the City Solicitor submit in writing, an opinion to the Retirement Board as to the proper procedure for its Members when an individual selects their Option for Accidental Disability Retirement and said payment is exceeded by the Workmen's Compensation Payment, and the City Clerk is so directed to correspond with same.

CHARLES STEWART/HEART & HYPERTENSION - POLICE DEPARTMENT - DIED FEBRUARY 22, 1981.

On motion of Mr. Landi, seconded by Mr. Marnane, it is voted that payment be made - Heart Attack - Accidental Death Benefits.

This motion being seconded by Mr. Marnane is Put to Vote and Passed.

KIDDER PEABODY - CORRESPONDENCE.

Mrs. Spratt presents the following communication from Michael J. Mahoney, Investment Executive of Kidder, Peabody & Co., Inc dated September 19, 1983:

"As you know, Mr. Corrente, through your conversation with Mr. Andrew Annaldo, I am an Investment Executive with Kidder, Peabody & Co.

I am writing to you today to formally request participation on the rotating list utilized to service the City of Providence Pension System.

Enclosed is information on Kidder, Peabody and the services the firm provides. I know I will be able to furnish the necessary service the City of Providence Pension account warrants.

If you would like to discuss this proposal further, please contact me to arrange an appointment convenient for both of us."

SEPTEMBER 22, 1983

Accordingly, the City Clerk is directed to correspond with Kidder, Peabody & Co., Inc., informing them that they already ^{are} on the brokerage list by the firm name, not by individuals, and if they have any questions they should discuss the subject matter with their local office manager.

LEGAL OPINION - UNISEX RATES.

The following is a legal opinion from Frank Mastrati, Jr., Assistant City Solicitor dated September 7, 1983 same being requested at the Retirement Board Meeting held August 25, 1983:

James R. Quattrocchi, Chairman
Retirement Board of the Employees
Retirement System
City Hall
Providence, Rhode Island 02903

Dear Chairman Quattrocchi:

The United States Supreme Court recently decided a case which dealt with sex discrimination in retirement benefits. It is suggested that the Retirement Board make any changes necessary to conform to this decision.

The case, Arizona Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans v. Norris, decided July 6, 1983, involved a retirement plan open to employees of the State of Arizona. Contribution by employees was voluntary. The state did not administer the plan directly, but rather, contracted with several insurance companies from which the employees could choose. Upon retirement, the employee could choose from three methods of receiving benefits: (1) a lump-sum payment; (2) periodic payments of a specific amount over a specific period of time, or (3) an annuity.

The plaintiffs claimed that the third option violated Title VII of the Civil Rights Act (the federal statute which prohibits discrimination in employment on the basis of sex, race, religion, color or national origin) since women received lower annuity payments than men, based on the fact that actuarial tables showed women as a class, live longer than men.

The Supreme Court agreed that this was discriminatory. The Court decided, however, that the relief should be prospective only. In other words, the decision will only affect employees who have not yet started to make contributions to a retirement plan. It is the opinion of our department that the retirement board examine their policies in order to come within the confines of this decision.

If you have any questions, certainly feel free to contact me.

Accordingly, after further discussion, on motion of Mr. Graves, seconded by Mr. Landi, it is

VOTED: That the Retirement Board of the Employees' Retirement System adopt Unisex Tables, based on the subject legal opinion presented this day.

SEPTEMBER 22, 1983

NEW BUSINESS.

COMPENSATION FOR BOARD MEMBERS.

Mr. Graves suggests that Compensation be made to Board Members not receiving payments from the City of Providence, to come out of the General Fund.

Accordingly, after further discussion motion of Mr. Graves, seconded by Mr. Power, it is

VOTED: that the City Solicitor prepare the necessary legislation to submit to the General Assembly at its next session, to compensate members of the above named Board, the sum of One Hundred Dollars (\$100.00) per meeting for all members other than those receiving payment from the City of Providence for their respective positions and the City Clerk is directed to correspond with same.

SECTION 13 OF THE RETIREMENT ACT (EXEMPTION FROM TAXATION, ASSIGNMENT AND EXECUTION) RELATIVE TO STATE INCOME TAX.

Mr. Power is desirous of a legal opinion regarding Section 13 - "Exemption from Taxation, Assignment and Execution" regarding State Income Tax, and accordingly, on motion of Mr. Power, seconded by Mr. Mendillo, it is

VOTED: to request a Legal Opinion from the City Solicitor relative to Section 13 of the Act to provide for the Retirement of the Employees' of the City of Providence as it pertains to Exemption from Taxation on Pension Benefits received by former City Employees (State Income Tax Law having been adopted after the subject matter); ie: (Pension Benefits exempt from State Income Taxes?).

ADJOURNMENT. On motion of Mr. Mendillo, seconded by Mr. Marnane, the meeting adjourns at 2:15 o'clock P.M. to meet again on THURSDAY, OCTOBER 27, 1983.

Helen G. Gibbons
ASSISTANT CLERK

Rose M. Mendillo
CLERK