

DEPARTMENT OF CITY CLERK

CITY HALL

NOVEMBER 17, 1983

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

Present: Commissioner Quattrocchi; Class "A" Representatives McCrink and Graves; Class "B" Representatives Power and Landi; Class "A" Representative Retired Mendillo; Class "B" Representative Retired Marnane; and Mr. Corrente - 8.

Absent: Mayor Cianci, Chairman; Commissioner Wilkes and Councilwoman Brassil - 3.

(Helen G. Gibbons, Assistant Clerk).

Also present is Alan Kornstein, Assistant City Solicitor.

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 of Fleet National Bank is present this day for discussion and states as in communication dated November 15, 1983:

"I am enclosing a program with a recommendation to sell a portion of two of our holdings and using the proceeds to reinvest in other companies whose prospects look slightly superior in our opinion.

The suggestion to sell approximately 1/4 of our Xerox holding is based on the excellent recovery of better than 60 percent the stock has had from its market bottom in the middle of 1982, and also what appears to be a lower than expected growth rate in the near future. Eastman Kodak has experienced poor 1983 earnings, well below expected levels, and for the first time in over a decade, the company chose not to increase the dividend at year-end. Both of these stocks remain viable and certainly are leading American companies, but competition has made inroads into their markets and the future may not be as bright for them as the past has been.

On the purchase side, I am suggesting an addition to Raytheon, which we purchased for the first time last month at a slightly higher level. Raytheon, as we all know, is one of the leading defense companies in this country and, based on world conditions at the moment, defense stocks appear to be relatively attractive. With most bank stocks selling at well above the book value, Bank-america appears to be undervalued. This major West Coast bank has a book value of \$28 a share and is selling at about 70 percent of that price. The international loan exposure and recent acquisition of Seafirst seem to be well discounted at the current price of \$19 which is only six times earnings and provides a yield of 8 percent.

I will be present at the meeting on Thursday to discuss the program in more detail".

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

Mendillo, it is

VOTED: to authorize the Fleet National Bank as the Investment Agent for the Retirement System to sell a portion of two holdings, using the proceeds to reinvest in other companies whose prospects look slightly superior, as recommended by its Agent in communication dated November 15, 1983:

SELL: AMOUNT	DESCRIPTION	INT.OR DIV'D.	COST	NOW HELD	PRICE	APPROXIMATE VALUE	INCOME
3,300	Xerox	3.00	197,010	(13.3M)	47	155,100	9,900
2,000	Eastman Kodak	3.55	160,000	(7M)	71	142,000	7,100
			357,010			297,100	17,000

BUY: AMOUNT	DESCRIPTION	INT.OR DIV'D.	MATURITY	NOW HELD	PRICE	APPROXIMATE VALUE	INCOME
3,000	Raytheon	1.40		(5M)	45	135,000	4,200
8,000	Bankamerica	1.52		(15))	19	152,000	12,161
						287,000	16,360

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 his communication dated November 10, 1983:

"We believe that around midyear a switch in market sentiment took place. First the bond market peaked in May and shortly thereafter the stock market began to have trouble moving higher. The Federal Reserve was the main culprit in this shift. Their concern that the economic recovery might be too strong forced them to tighten credit. Negative momentum began to appear.

The first area of the market to be hit was the speculative stocks, which is the usual norm. Investors become more conservative and are less likely to pay a high multiple for future earnings. Most institutional investors switched their emphasis to large capitalized stocks with near term earnings visibility.

Because of the above trend the Dow continued to move to new highs while more speculative sectors went down. The negative momentum has also been affecting some quality issues, such as Digital Equipment, when earnings are disappointing. We believe this negative attitude will continue.

Our recommendation this month is to start an initial position in Oneida Ltd. The company is the nations leading manufacturer of flatware and the outlook for unit growth in this business is quite good for the next several years. We believe earnings can reach \$3.00 p/s in 1985 and the company has a book value of \$15 p/s and is currently selling for \$21 1/2."

Mr. Famiglietti also submits the following and explains

same to the members:

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NEW ENGLAND TRUST COMPANY

DATE: 11-17-83

TO: City of Providence Investment Committee

FROM: New England Trust Company

RE: Fleet Financial Group

Price: 11/16/83 47 5/8

Price Earning Ratio: 11/16/83 7.4

	'79	'80	'81	'82	'83	'84E
Price Earning Range (high)	5.4	4.8	5.0	6.5	7.9	8.0E
(low)	4.1	3.3	3.6	3.3	5.2	5.0E
Earnings Per Share	3.96	4.48	5.42	6.12	6.40E	7.40E
Dividends	1.48	1.64	1.82	2.05	2.25	2.45E
Price Range (high)	21	21	27	39	50	59E
(low)	16	15	19	20	33	37E

Fleet's profits from trust and commercial operations were down 10% in the first half of 1983. The commercial side is exhibiting moderate loan growth and reduced lending margins, as are the majority of commercial banks. Nonperforming loans have been lowered from 3.5% on 12/31/82 to 2.6% as of 6/30/83. Exposure in international loans have been lowered as well from 1.2% on 12/31/82 to 0.8% as of 6/30/83. One-third of corporate profits are derived from mortgage banking operations. This sector should perform well if housing activity picks up.

The Price-Earnings multiple is now in the range of its group reflecting increased investor awareness to Fleet's operations. Given the current multiple we feel the stock is no longer underpriced and will perform along with the general market.

Note: Earnings have been reduced to a fully diluted basis assuming conversion of the 10 1/2% subordinated debentures. This change reduces 1983 earnings by approximately 8%.

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

Mendillo, it is

VOTED: to authorize the New England Trust Company as the Investment Agent for the Retirement Board of the Employees' Retirement System to start an initial position in Oneida Ltd., they being the nations leading manufacturer in flatware; the company having a book value of \$15 p/s and is currently selling for \$21 1/2, same being as recommended by its Agent in communication dated November 10, 1983.

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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 November 10, 1983, is \$117,126,957.89 which is held as follows:

CASH AVAILABLE AS OF 11/17/83	\$ 97,031.00
TOTAL REPURCHASE AGREEMENT	4,000,000.00
(Accounts receivable City of Providence FY 1980)	4,765,813.62
Market Value Corporate Stock New England	3,784,842.50
Market Value Corporate Stock Fleet	36,170,121.88
Corporate Bonds Fleet	16,958,238.75
Short Term Investments Market Value Fleet	1,451,000.00
New England Asset Cash Equivalents	4,864,488.98
US Treasury Notes Fleet National	2,000,000.00
US Treasury Notes NE Trust Co.	3,000,000.00
US Governemnt N.E. Trust Co.	14,049,676.25
US Government Fleet National	19,579,435.03
Suborinated Note due 2/23/87	1,000,000.00
Loans Receivable as of 11/11/83	4,569,812.08
First Mortgage Investments	836,497.80
TOTALS	<u>117,126,957.89</u>

On motion of Mr. Mendillo, seconded by Mr. Landi, it is voted to Accept the City Treasurer's Report as presented.

MINUTES OF RETIREMENT BOARD MEETING HELD SEPTEMBER, 1983.

On motion of Mr. Mendillo, seconded by Mr. Landi, it is voted that the Minutes of the Retirement Board Meeting of September be Approved as Printed.

REPORTS FROM THE ACTUARY.

MAXIMUM ALLOWANCE.

FRANCESCA PRIGNOLE - APPLICATION FOR SERVICE RETIREMENT-MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Francesca Prignole employed as a Matron in the School Department. Ms. Prignole is 61 years of age with a service record of thirty years and eleven months, purchasing three years and six months, working for the City twenty-seven years and five months.

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

Francesca Prignole Matron/School Dept. Group 1  
Allowance \$667.00 a month, effective July 1, 1983.

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ARMANDO UVA - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Armando Uva, employed as a Foreman in the Highway Department. Mr. Uva is 59 years of age with a service record of twenty-seven years and one month, purchasing three years and five months, working for the City twenty-three years and eight months.

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

Armando Uva            Foreman/Highway Department    Group 1  
Allowance \$842.43 a month, effective August 8, 1983.

ANNA VOTTA - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Anna Votta, employed as a Custodian in the School Department. Ms. Votta is 63 years of age with a service record of six years and nine months, working for the City six years and nine months.

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

Anna Votta            Custodian/School Department    Group 1  
Allowance \$166.68 a month, effective September 1, 1983.

ANNA N. GIORGIANNI - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Anna N. Giorgianni, employed as a Clerk in the Recorder of Deeds Office. Ms. Giorgianni is 67 years of age with a service record of ten years, working for the City ten years.

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

Anna N. Giorgianni            Clerk/Recorder of Deeds    Group 2  
Allowance \$327.55 a month, effective August 26, 1983.

MICHAEL CELEBERTO - APPLICATION FOR SERVICE RETIREMENT-MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Michael Celeberto employed as a Custodian in the School Department. Mr. Celeberto is 62 years of age with a service record of thirteen years and seven months, purchasing three years and four months, working for the City ten years and three months.

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

Michael Celeberto            Custodian/School Department    Group 1  
Allowance \$456.16 a month, effective September 2, 1983.

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RICHARD R. TORCHIA - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Richard R. Torchia, employed as Director of the Mayor's Office of Community Development. Mr. Torchia is 51 years of age with a service record of twenty-eight years and one month, purchasing two years and seven months, working for the City twenty-five years and six months.

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

Richard R. Torchia            Director/MOCD            Group 2  
Allowance \$1,981.90 a month, effective September 17, 1983.

JOHN J. LEYDEN - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of John J. Leyden, employed as a Major in the Police Department. Mr. Leyden is 52 years of age with a service record of thirty-two years and one month, purchasing four and one half years, working for the City twenty-seven years and seven months.

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

John J. Leyden            Major/Police Department            Group 5  
Allowance \$1,826.37 a month, effective October 15, 1983.

FLORA PETRUSCI - APPLICATION FOR SERVICE RETIREMENT - MAXIMUM ALLOWANCE.

Mr. Corrente presents the application of Flora Petrucci, employed as Custodian in the School Department. Ms. Petrucci is 64 years of age with a service record of thirteen years and seven months, working for the City thirteen years and seven months.

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

Flora Petrucci            Custodian/School Department            Group 1  
Allowance \$322.67 a month, effective October 1, 1983.

OPTION 1.

FREDERICK E. BAILEY -APPLICATION FOR SERVICE RETIREMENT-OPTION 1.

Mr. Corrente presents the application of Frederick E. Bailey, employed as a Foreman in the Highway Department. Mr. Bailey is 56 years of age with a service record of thirty-five years and three months, purchasing two years and one month, working for the City thirty-three years and two months.

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

Frederick E. Bailey            Foreman/Highway Department    Group 1  
Allowance \$1,061.37 a month, effective August 2, 1983.

OPTION 3.

ALBERT G. CAPUTO - APPLICATION FOR SERVICE RETIREMENT - OPTION 3.

Mr. Corrente presents the application of Albert G. Caputo, employed as a Custodian in the School Department. Mr. Caputo is 70 years of age with a service record of ten and one half years, working for the City ten and one half years.

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

Albert G. Caputo            Custodian/School Department    Group 1  
Allowance \$319.14 a month, effective August 1, 1983.

BENEFICIARY OPTION 2.

VINCENZA PASQUALETTI, BENEFICIARY OF RAYMOND PASQUALETTI-OPTION 2.

Mr. Corrente presents the application of Vincenza Pasqualetti, Beneficiary of Raymond Pasqualetti, who worked as a Plant Operator in the School Department. Mr. Pasqualetti was 56 years of age with a service record of thirteen and a half years, working for the City thirteen and a half years.

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

Raymond Pasqualetti        Plant Operator/School Dept.  
Allowance \$319.41 a month, effective September 1, 1983.

Accordingly, on motion of Mr. Mendillo, seconded by Mr. Landi, it is voted that the applications for Service Retirements be Approved.

LEGAL OPINIONS.

MISCELLANEOUS.

A. RETIREMENT ACTUARY UPDATE.

Mr. Corrente presents the following legal opinion from Frank Mastrati, Jr., Assistant City Solicitor dated November 3, 1983:

"This is in reference to your recent request regarding an update on an Act to provide for the retirement of employees of the City of Providence. Said act was revised April 17, 1980, and codified by Nathan Gaines, the Retirement Board's actuary.

It is the opinion of this office that said board should vote to have the actuary update said act as soon as practical as we would like this completed for the submission for the 1984 General Assembly session.

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

Mr. Corrente informs that he will contact Mr. Gaines by telephone for more information regarding same.

Accordingly, the subject communication is received.

B. WIDOW PAYMENT ON PURCHASE OF SERVICE DISABILITY.

Mr. Corrente presents the following legal opinion from Alan Kornstein dated November 17, 1983:

"This opinion is in response to your request for same dated November 9, 1983, regarding a firefighter who was granted a disability pension and died, would in fact his widow be entitled to any military leave credited pursuant to a State Act.

It is the opinion of this office that under these special circumstances presented in this particular case, that said widow would be entitled for the credit of said military leave. It is also the opinion of this office that even though said firefighter deceased in 1979, he had applied for said credit of military leave prior to his death.

The City Solicitor's Office feels that even though the Act was passed in 1983, his beneficiary (which would be his wife) would be able to receive these benefits. It must be brought out at this time, that this opinion is only valid regarding the circumstances presented in this matter.

If you have any further questions regarding this matter please feel free to contact this office."

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

Landi, it is voted that the subject legal opinion be Received..

Mr. Corrente and Mr. Graves are opposed to the legal opinion.

Vice-Chairman Quattrocchi desires to be recorded as "Not Voting".

OUTSTANDING LEGAL OPINIONS.

A. LEGAL OPINION RELATIVE TO THAT SECTION OF THE ACT AS IT PERTAINS TO TAX EXEMPTION ON PENSION BENEFITS RECEIVED BY FORMER CITY EMPLOYEES.

B. LEGAL OPINION AS TO WHETHER OR NOT CLASS "A" EMPLOYEES SHALL RECEIVE PAID BLUE CROSS UPON RETIREMENT UNDER THE LOCAL 1033 UNION CONTRACT.

The Assistant Clerk informs that the Requests for Legal Opinions were transmitted to the City Solicitor September 22, 1983 and November 9, 1983 respectively and as of this date there is no response.

Mr. Kornstein informs that he will review same and submit a legal opinion on each at the next meeting of the Board.

ADJOURNMENT. On motion of Mr. Mendillo, seconded by Mr. Landi, the meeting adjourns at 2:15 o'clock P.M. to meet again on THURSDAY, DECEMBER 15, 1983 at 1:30 o'clock P.M.

*Helen D. Gibbons*  
ASSISTANT CLERK

*Rose M. Mendonca*  
CLERK