



Executive Chamber, City of Providence, Rhode Island

JOSEPH R. PAOLINO, JR.
MAYOR

August 12, 1988

The Honorable Members
The City Council of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Honorable Members:

Pursuant to Section 302 (f) of Article III and Section 412 of Article IV of the Providence Home Rule Charter of 1980, I hereby exercise the right of veto regarding the attached Resolution of the City Council regarding the Act to Provide for the Retirement of Employees of the City of Providence.

A review of this Resolution by the City Controller and the Pension Administrator (copy of memo attached) states that the Resolution incorrectly quotes paragraph (f) (2) of the Act, and the quotation referenced as paragraph (g) of Section (5) is actually the last paragraph of (f) (2). Also, the Resolution does not appear to serve any purpose because:

1. It is expected that a loan be paid off prior to retirement.
2. If the loan is not paid off, the remaining balance is offset against the annuity reserve and the lesser amount is used for the pension computation as if the loan never existed.

Respectfully submitted,

JOSEPH R. PAOLINO, JR.
Mayor of Providence

JRP:kmp

attachments

IN CITY COUNCIL

SEP 1 1988

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

CLERK



MAYOR JOSEPH R. PAOLINO, CHAIRMAN
MAURICE A. BISSONNETTE, VICE-CHAIRMAN
GLORIA L. LINCOURT, ACTING CITY CONTROLLER
COUNCILWOMAN CAROLYN F. BRASSIL
JAMES R. QUATTROCCHI

RETIREMENT BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM

CITY HALL, ROOM 409
PROVIDENCE, RHODE ISLAND 02903

PASQUALE D'AMICO
CHIEF ENRICO J. LANDI
EDMOND F. MARNANE
ANN T. McCRINK
ALFRED MENDILLO
CHIEF JOHN J. POWER, JR.
ROSE M. MENDONCA, CITY CLERK

To: Joseph R. Paolino, Mayor
City of Providence

From: J.R. Casale, Pension Administrator
Thru: Gloria Lincourt - Controller

Subject: City Council Resolution, Retirement Act
(Passed August 4, 1988)

Date: August 10, 1988

The resolution incorrectly quotes paragraph (f) (2) of the act which should read as follows:

"An amount together with interest thereon, which can be repaid prior to the member's attainment of the age of sixty (60) years by additional deductions from his compensation.

The quotation referenced as paragraph (g) of section 5 is actually the last paragraph of (f) (2).

The resolution does not appear to serve any purpose because:

1. It is expected that a loan be paid off prior to retirement.
2. If the loan is not paid off the remaining balance is offset against the annuity reserve and the lesser amount is used for the pension computation as if the loan never existed.

#456

VETOED

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No.

Approved

WHEREAS; The Act To Provide For The Retirement of Employees of the City of Providence provides in Section 5, paragraph (f) that a member of the Retirement System may borrow from his account in the annuity savings fund for enumerated purposes and such other purposes as the retirement board may approve; and,

WHEREAS; The aggregate amount of loans out-standing to any member shall never exceed the lesser of the following amounts:

- (i) Fifty (50%) percent of the amount of the member's accumulated contributions.
- (ii) An amount, together with interest thereon, which can be repaid prior to the member's attainment of the minimum retirement age for service retirement from his class by additional deductions from his compensation not in excess of ten (10%) percent of said compensation; and,

WHEREAS; Paragraph (g) of the same Section 5 provides that:

- (g) The amount of any benefit which becomes payable under the provisions of this act shall be determined on the basis of the member's accumulated contributions less the outstanding balance of such loan except that the annuity referred to in paragraphs (b) and (c) of subdivisions (2) and (4) of Section 9 shall be determined as if such loan had not been made.

WHEREAS; These two paragraphs seemingly conflict with each other and paragraph (g) does provide for an offset if the member does not repay the loan prior to date of retirement;

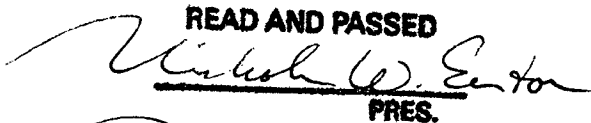
NOW THEREFORE BE IT RESOLVED; That this City Council urge the Retirement Board to grant loans to eligible members that will comply with paragraph f (i) of Section 5 and offset said loans as provided in paragraph (g) of Section 5; and,

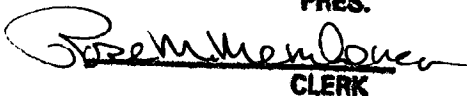
BE IT FURTHER RESOLVED; That this City Council supports the making of such loans.

IN CITY COUNCIL

AUG 4 1988

READ AND PASSED


PRES.


CLERK