

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 396

Approved June 25, 2002

BE IT RESOLVED, that the City Solicitor is hereby authorized to settle any litigation brought against the City of Providence, its officers, agents and employees by city police department retirees who retired between December 20, 1991 and June 30, 1995 in accordance with the terms set forth herein below.

Each retiree shall receive a monthly retirement allowance that is calculated as follows:

(a) The monthly retirement allowance effective January 2002 shall be recalculated to reflect an allowance as if the retiree had received an annual 3% compounded cost-of-living adjustment (COLA) beginning in the January immediately following the first (1st) anniversary of his/her retirement and continuing in each January thereafter, up to and including January, 2002.

(b) If the recalculation set forth in "(a)" hereinabove does not result in a monthly retirement allowance that is higher than the retiree's monthly retirement allowance in place as of September 30, 2001, then the monthly retirement allowance that will be utilized for payment of the 3% compounded COLA in January, 2002 shall be the monthly retirement allowance in place as of September 30, 2001, and no higher.

(c) In no event shall the monthly retirement allowance that will be utilized for payment of the 3% compounded COLA after January 1, 2002 be lower than the monthly retirement allowance that any retiree received as of September 30, 2001.

(d) In January of every year subsequent to January, 2002, each retiree shall receive a 3% compounded cost-of-living adjustment.

(e) No retroactive payments will be made by the City for any period prior to January, 2002.

IN CITY COUNCIL
JUN 20 2002
READ AND PASSED

AS AMENDED

PRES.

CLERK

APPROVED

JUN 25 2002

MAYOR

JUN 3 2002
IN CITY COUNCIL
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE
Charles R. Clement CLERK

THE COMMITTEE ON
Finance
Recommends - Approved
Ann M. Stebbins
6-13-02 CLERK

Guerrero Jackson, By Request

MATTHEW M. CLARKIN, JR.
Budget Analyst



VINCENT A. CIANCI, JR.
Mayor

Finance Department
"Building Pride In Providence"

June 18, 2002

Councilman Kevin Jackson
Chairman, City Council Finance Committee
City Hall
Providence, RI 02903

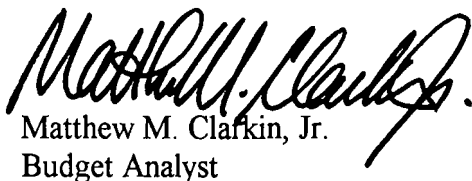
Dear Councilman Jackson:

Attached is a letter from the City's actuary, Buck Consultants, dated October 24, 2001 that quantifies the General Fund cost due to the new pensions provisions for Class B employees. I am sending this letter to you in response to the Finance Committee's questions concerning the cost associated with the proposed Resolution regarding police retirees who retired between December 20, 1991 and June 30, 1995.

As you will see, the total General Fund cost of a 3% compounded COLA for all Class B retirees is \$600,000, of which approximately \$250,000 is for police retirees. This change to the COLA will be reflected in the June 30, 2002 Actuarial Report, which calculates the City's pension contribution for FY 2004.

I hope this information answers your questions concerning this issue.

Sincerely,


Matthew M. Clarkin, Jr.
Budget Analyst

Cc: City Council Members

BUCK CONSULTANTS

10 Post Office Square Suite 600N
Boston, Massachusetts 02109-4603

October 24, 2001

Mr. Alex Prignano
Finance Director
City of Providence
Finance Department
City Hall
Providence, RI 02903-1789

Dear Alex,

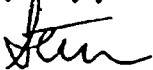
We have estimated the annual costs to the city of the pension provisions in the new collective bargaining agreement for Class B employees in the Providence Retirement System. The revised provisions and annual costs, beginning in FY2004, are:

Active members	Amount
8% future contributions	\$550,000
3 year average compensation	0
Revised pension percentages	350,000
3%, compounded, COLA (deferred)	1,675,000
No refund on disability	<u>(225,000)</u>
Total	\$2,350,000
Retired Members	
Minimum, 3%, compounded, COLA	<u>600,000</u>
Grand Total	\$2,950,000

Our calculations were based on the data and assumptions used in the June 30, 2001 valuation of the System.

Please let me know if you have questions or need additional information.

Very truly yours,



Stephen G. Peterson
Principal and Consulting Actuary

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