

Bond Case Briefs

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PUBLIC PENSIONS - RHODE ISLAND

Andrews v. Lombardi

Supreme Court of Rhode Island - June 30, 2020 - 231 A.3d 1108 - 2020 Employee Benefits Cas. 241,187

Beneficiaries of city pension plans brought action against city, challenging passage of city ordinance suspending annual cost-of-living adjustments (COLAs) until pension fund achieved 70% funding level, and alleging claims including promissory estoppel and violation of the Contract Clauses and Takings Clauses of the state and federal constitutions.

The Superior Court granted partial summary judgment for city, then entered judgment for city following bench trial. Beneficiaries appealed.

The Supreme Court held that:

- Ordinance did not apply to those beneficiaries that were parties to prior actions against city that were resolved when settlement agreements were reached and consent judgments were entered;
- City failed to demonstrate that ordinance's provision, suspending COLAs until plan was 70% funded, was reasonable and necessary, as required under Contracts Clauses of federal and state constitutions;
- Loss of expectancy by beneficiaries that arose when city passed ordinance constituted a regulatory, rather than physical, taking; and
- Existence of contract between city and beneficiaries precluded beneficiaries' promissory estoppel claims.