

ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held January 18, 1962.

The meeting was called to order at 2:30 p.m. by Chairman William J. O'Malley.

PRESENT: Messrs. Alvin F. Fischer, Charles G. Gumm, Alfred C. Haas, O. N. Strobel for John E. Kalupa, Bernard B. Kroenke, and William J. O'Malley; also Harry G. Slater, Legal Adviser, and Miss Ruth A. Poehlmann, Secretary.

EXCUSED: Mr. James H. Collins (illness).

Minutes

The minutes of the meeting of December 21, 1961, were approved as submitted.

Hampton State Bank Mortgage

The Secretary reported that under date of December 22, 1961, a letter was sent to Mr. A. M. Deshur of Hampton State Bank informing him of the Board's action at the meeting of December 21, 1961; that the letter requested by the Board had not been received prior to January 2, 1962, the time limit set by the Board, but that a letter was received January 4, 1962, (dated January 3, 1962) from A. M. Deshur stating that his attorney was trying to contact Mr. Slater, and requesting that the matter be held open until they could satisfy the Board as to guarantee of payments.

Mr. Haas stated that he had had a telephone call from Mr. Deshur that morning requesting a meeting of the attorneys, and Mr. Haas moved that the Board reconsider its action taken at the meeting of December 21, 1961, in regard to the Hampton State Bank Mortgage proposal. The motion was seconded by Mr. Kroenke and unanimously carried.

After discussion in regard to consideration for extension of the deadline of January 2, 1962, it was moved by Mr. Haas, seconded by Mr. Gumm and unanimously carried, that this matter be laid over until the next regular meeting of the Board; that the Legal Adviser be directed to contact the Attorney for Hampton State Bank and arrange to meet with him to see if details can be worked out with respect to the guarantee of payments and conditions of the proposed loan, and that he report to the Board at its next regular meeting in February.

Conference with Actuary

The Secretary presented and reviewed the tentative agenda for the proposed conference with Actuary George B. Buck in New York, January 30 and 31, 1962.

Mr. Gumm suggested that the Survivorship Fund be discussed to determine whether the experience will permit an increase in benefits to \$175 without additional cost to the city or employees.

Mr. O'Malley directed that the item suggested by Mr. Gumm in regard to the survivorship benefits for firemen and policemen be added to the agenda.

Attendance of Board Members

The Secretary reported that a record of attendance of Board Members at Board Meetings during the year 1961 was forwarded to the President of the Common Council at his request and copies of the attendance record were distributed to Board members.

Financial Statements

The financial statements for the month of December, 1961, were approved and ordered placed on file. (Copies to be attached to and become part of these minutes.)

Bills

The Secretary presented the following bills:

Bills Authorized 12/21/61
Paid at Year's End, 1961

<u>Voucher No.</u>	<u>Vendor</u>	<u>Amount</u>
<u>Expense Fund:</u>		
E-3162	Giljohann-Just Co.	\$ 47.04
E-3163	The Interstate Printers & Publishers	1.14
E-3165	Standard Manifold Co.	9.90
E-3166	J. J. Krueger, City Treasurer	<u>387.47</u>
Total Expense Fund		\$ 445.55

New BillsRetirement Fund:

R-3093	Newton and Company	\$ 3,989.00
R-3094	Barron's	<u>15.00</u>
Total Retirement Fund		\$ 4,004.00

Expense Fund:

E-3169	U. S. Postmaster, Milwaukee	\$ <u>374.58</u>
Grand Total All Expenses		\$ 4,378.58
Grand Total All Bills		\$ 4,824.13

The Secretary presented a bill from George B. Buck, Actuary, for fourth quarter retirement computations in the amount of \$705.00.

It was moved by Mr. Fischer and seconded by Mr. Gumm that the bills be approved and ordered paid. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Nass, Strobel, Kroenke, and O'Malley.

NOES: None.

Report of Investment Committee

Immediately preceding this meeting, the Investment Counselors presented the Year-End Investment Report and Appraisal at a special investment meeting. The meeting was attended by Board members - Messrs. Alvin F. Fischer, Charles G. Gumm, Alfred C. Hesse, ^{John E. Kalupa} Bernard E. Kroenke, and William J. O'Malley; Deputy Comptroller O. N. Strobel; City Attorney John J. Fleming and Harry G. Slater, Legal Adviser; Ruth A. Poehlmann, Secretary; Rudolph E. Pede, Assistant Secretary; members of the Committee on Finance-Printing of the Common Council - Aldermen James J. Mortier, John H. Budzien, Fred P. Meyers, and Irving G. Rahn; and representatives of Newton and Company, Investment Counselors.

The report shows the following investments:

	<u>Par Value</u>	<u>Percent of Total Portfolio</u>	<u>Investment Return by Type</u>
Government Bonds	\$ 5,189,000	6.0 %	3.64 %
Government Guaranteed	495,000	0.6	4.70
Federal Agency	1,820,000	2.1	4.18
Municipal	3,178,000	3.8	3.43
Canadian	4,710,000	5.5	4.17
Industrial	14,545,000	16.9	4.12
Institutional	3,587,000	4.1	4.99
Public Utility	41,684,000	48.3	3.88
Railroad	5,713,000	6.6	3.46
Total Bonds	\$ 80,921,000	93.9 %	
Real Estate and Mortgages	1,324,767	1.5	4.33
Preferred Stock	2,117,788	2.4	4.60
Common Stock	1,886,462	2.2	4.70
Total Account	\$ 86,250,017	100.0 %	

The Investment Counselors reported a yield of 4.72 per cent on investments made in 1961 and the current return on the entire portfolio of \$86,000,000, approximately 3.98 per cent as compared to 3.12 per cent in 1952 at the inception of the counseling service when the portfolio totaled \$20,000,000.

Copies of the report are to be forwarded to the Mayor and the President of the Common Council and the report is to be placed on file.

The Secretary reported the Investment Committee had authorized the following transactions:

<u>REDEMPTIONS & SALES</u>	<u>Securities</u>	<u>Yield</u>	<u>Rate</u>	<u>Maturity</u>
\$ 10,000.00	St. Joseph-Benton Harbor Mem. Hosp.	4	%	1-1-62
537.85	Grafton State Bank Mtges. - Regular	-	4	-
2,010.63	Butler Warehouse Lease Rental	-	4 1/8	-
4,910.54	Grafton State Bank Mtge. of Wm. C. Johnson	-	4	11-1-67
1,118.08	Howard Avenue Shopping Center, Inc.	5 3/4		3-1-70

<u>PURCHASES</u>	<u>Securities</u>	<u>Yield</u>	<u>Rate</u>	<u>Maturity</u>
\$ 200,000.00	Stritch College of Milw. & The Sisters of St. Francis of Assisi, Milwaukee	5 1/4 %	5 1/4 %	10-15-76
814.00	Standard Oil Co. of New Jersey-16 sh.	-	-	-
200,000.00	General Telephone Co. of California	4 5/8	4 5/8	12- 1-91
45,000.00	Wisconsin Power & Light First Mortgage	4.55	4 5/8	3- 1-89
100,000.00	Pacific Power & Light Co.	4.80	4 3/8	7- 1-88
1,000,000.00	U. S. Treasury Bills	2.70	2.70	4- 5-62
1,000,000.00	U. S. Treasury Notes	3 1/4	3 1/4	2-15-62
300,000.00	Archer-Daniels-Midland Co. Notes	3	3	3-15-62
175,000.00	Dow Chemical Corp. Notes	3 3/8	3 3/8	6-26-62
200,000.00	Philco Finance Corp. Notes	3 3/8	3 3/8	7-16-62
40,000.00	The Borden Co. Debentures	4.45	4 3/8	12- 1-91
200,000.00	Federal Home Loan Banks	3.30	3 3/8	9-17-62

The Secretary reported that a consensus of Board members attending the investment meeting authorized the following purchases:

\$ 300,000.00 Federal National Mtge. Association notes due 2/1/77
if the yield is 4 1/2% or better.

\$ 300,000.00 W. T. Grant Co. Debentures due 1/1/87
if the yield is 4 1/2% or better.

500 shares Beatrice Foods common stock

300 shares Eastman Kodak common stock

500 shares Goodyear Tire and Rubber Co. common stock

300 shares U. S. Gypsum common stock

It was moved by Mr. Kroenke and seconded by Mr. Fischer that the actions of the Investment Committee and the purchases authorized by the Board at the investment meeting be ratified. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

The Secretary recommended that \$75,000 of Expense Funds be invested in 91-day bills.

It was moved by Mr. Hass and seconded by Mr. Kroenke that \$75,000 of Expense Funds be invested in 91-day bills. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Death Claims

The Secretary presented the following resolutions:

The Ordinary Death Benefit Resolution listing the following deceased members:

A- 5204 Roman A. Daingle
C-12151 Lawrence L. O'Donnell

A-2087 William H. Tempel
A-1793 Frank J. Cibulka

the total amount to be paid being \$34,441.17.

The Option Number One Resolution listing the following deceased member:

R- 1053 Forest R. Poe

the total amount to be paid being \$62.07.

It was moved by Mr. Strobel and seconded by Mr. Gumm that the resolutions be adopted and the claims be paid. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Retirements

The Secretary presented the following resolutions:

The Service Retirement Resolution for the partial month of January, 1962, listing:

C- 751 John W. Day	January 7, 1962
C- 3121 Wallace W. Bruss	January 28, 1962

The Service Retirement Resolution for February 1, 1962, retirements, listing:

C- 285 Archibald F. Kowald	C-3074 Alice E. Quinn
C- 1033 Doris M. Rounseville	C-3268 Fred E. Hinze
C- 1423 Bernard M. Jaskulski	C-6905 William E. Gorn
C- 1528 Max Wrzesinski	

It was moved by Mr. Gumm and seconded by Mr. Fischer that the resolutions be adopted. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Withdrawal Benefits

The Secretary presented the Withdrawal Benefit Resolution, Voluntary Separation-Immediate Allowance, listing:

A- 1144 Helen Kennedy	January 20, 1962
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It was moved by Mr. Hass and seconded by Mr. Kroenke that the resolution be adopted. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Retirements Granted: 2,853

Terminated: 1,323

Balance: 1,530

Return of Contributions

The Secretary presented Resignation Resolutions listing 30 withdrawals, the total amount to be paid being \$18,475.79.

It was moved by Mr. Strobel and seconded by Mr. Gumm that the resolutions be adopted. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Return of Contributions (Rule 607)

The Secretary presented the Resolution for the Return of Contributions (Rule 607) listing returns to 2 members, the total amount paid being \$202.39.
117.43

It was moved by Mr. Kroenke and seconded by Mr. Gumm, that the resolution be adopted. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Excess Contributions

The Secretary reported receipt of applications for refund of excess contributions from Harry J. Zdrojek, June E. Falkowski, and Walter Ratai.

The Secretary presented the Partial Withdrawal of Annuity Savings Fund Resolution listing:

A- 52 Harry J. Zdrojek
A- 6479 June E. Falkowski

C- 5636 Walter Ratai

the total amount to be paid being \$3,650.87.

It was moved by Mr. Fischer and seconded by Mr. Strobel that the resolution be adopted. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Termination of Annuity

As a matter of record, the Secretary reported the following annuity has been terminated:

AR-1866 Mrs. Helen Bussert, widow of Gilbert J. Bussert, A-8146
7 year annuity in the amount of \$55.68 per month
beginning January 1, 1955, terminated December 31, 1961.

Report on Vested Rights

The Secretary reported that the following have elected deferred retirements under Section 36.05 (6) (d) 2 (Vested Rights) during the year 1961:

C- 7067	Agnes Bergstrom	C-15024	John Shaehy
A-13215	Jack Heinemann	C-13319	Edward Aronov
C- 8973	Norma Rathbun Hannah	C-13191	Richard Pfefferle
A-10039	Nora Hansen	C-17423	Julius R. Pinter

The Secretary also reported that the following, who had elected Vested Rights in prior years, withdrew contributions and membership was terminated in 1961:

C- 9319	Richard Loreck	A- 9041	Donald Muckerhaide
C-10233	Walter Schmitz	P-12468	Richard Strum

Option No. 4 Request

The Secretary reported receipt of a request, dated January 15, 1962, from Silas P. Graham, C-1372, for retirement allowance figures under Option No. 4.

It was moved by Mr. Fischer and seconded by Mr. Hass that the Board grant Mr. Graham's request for retirement allowance figures under the provisions of Option No. 4 on condition that he will pay any actuarial computation fees in excess of the \$15 for the regular computation. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Gumm, Hass, Strobel, Kroenke, and O'Malley.

NOES: None.

Coordinated Plan

The Board directed that the State Director for Social Security be requested to arrange for two modifications of the State's Agreement with the Federal Government, one to be signed about March 20, 1962, and the final one about June 20, 1962; that members who file Transfer Forms and Consent Agreements before March 1, 1962, will be transferred to the Coordinated Plan upon the effective date of the first modification, and that members filing forms after March 1 and before June 1, 1962, will be transferred upon the date of the final modification on or about June 20, 1962.

1962 Conventions

The Secretary reported that in accordance with Board action, a communication was sent to the Budget Supervisor with respect to the conventions to be attended by the Board; that the Budget Office has requested that the forms be completed.

After discussion, the Board directed that the Convention Request forms be completed as to names of Board members, adding "or alternate" after each name, and that the following Resolution be attached to the forms:

RESOLVED, That the following are hereby authorized and directed to attend the Municipal Finance Officers Association Conference in Boston, Massachusetts, May 27 - 31, 1962, inclusive, and the National Conference on Public Employee Retirement Systems May 20 - 24, 1962.

National Conference on Public Employee Retirement Systems
May 20 - 24, 1962

James H. Collins or alternate
 Charles G. Gumm or alternate
 John E. Kalupa or alternate
 Ruth A. Poehlmann, Secretary, or alternate

Municipal Finance Officers Association Conference - Boston
May 27 - 31, 1962

Alfred C. Hass or alternate
 Alvin F. Fischer or alternate
 Bernard B. Kroenke or alternate
 William J. O'Malley or alternate
 Ruth A. Poehlmann, Secretary, or alternate

Court Reorganization

The Secretary reported that because of the court reorganization provided by State law, the Municipal and District Courts have been transferred to the County, and 14 employees have filed applications to withdraw their contributions in the city system.

Mr. Slater explained that these people made application for withdrawal of their contributions but that they do not fall within the ordinary category of someone withdrawing contributions because these people are not withdrawing from employment so that it is not a resignation as we understand it, and that the law should be amended to permit these members transferred to county employment because of the reorganization to withdraw contributions from the city system and terminate membership and to protect the city if they should ever return to city employment.

The Secretary stated that these people had also signed Waivers stating that they understand that the withdrawal of contributions will terminate for all times any interest or right that they will have with respect to retirement benefits from the City of Milwaukee or from the County of Milwaukee to the date of transfer, and that a Charter Ordinance was drafted by the Legal Adviser.

After discussion, it was moved by Mr. Gumm, seconded by Mr. Fischer, and unanimously carried, that the Charter Ordinance to amend Section 36.13 (5) of the Employees' Retirement Act be approved and that the Charter Ordinance be recommended to the Common Council for adoption.

Mr. Gumm inquired whether payment would be made right away, and, when informed payment would be made after adoption of the ordinance by the Council, he withdrew his motion.

After further consideration and consultation with the Legal Adviser, it was moved by Mr. Hass and seconded by Mr. Kroenke that the Charter Ordinance to amend Section 36.13 (5) of the Employees' Retirement Act be approved and recommended to the Common Council for adoption, and that when the ordinance has been passed by the Council and signed by the Mayor, the Secretary is hereby authorized to issue checks and release them to the 14 employees who have applied for refund of contributions. The motion prevailed by the following vote:

AYES: Messrs. Fischer, Hass, Strobel, Kroenke, and O'Malley.

NOES: Mr. Gumm.

Report on Group Life Insurance Program

The Secretary reported that there have been \$264,224.00 in premiums paid to the Wisconsin Life Insurance Company in 11 months ending December 31, 1961; that there have been 36 deaths since February 1, 1961, when the Group Life Insurance Program went into effect; and that total claims amount to \$226,500.00, resulting in a \$37,724.00 excess of premiums over claims.

It was also reported that an Account Clerk I was hired and began work on the Group Life Insurance Program on January 2, 1962.

The meeting adjourned at 3:40 p.m.

Ruth A. Pohlmann

Secretary

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EMPLOYEES' RETIREMENT SYSTEM - Retirement Fund

Statement of Receipts and Disbursements

for December, 1961

Cash Balance November 30, 1961

\$ 384,049.74

Add: December Receipts

Redemptions:

Butler Warehouse Lease Rental	\$ 2,003.75	
Child Care Centers, Inc.	4,000.00	
Howard Ave. Shopping Center, Inc.	1,112.52	
Saline County, Mo. Toll Bridge 4%	8,000.00	
New York Central R. R. Eq. Tr.	100,000.00	
Central Tel. First Mtge. 3.80%	3,000.00	
Alberta Municipal Fin. Corp. 5%	7,000.00	
Southern California Edison Co.		
4.88% Preferred Stock	53,000.00	
Grafton State Bank Mtges.	537.85	
St. Joseph-Benton Harbor Mem. Hosp. 4%	10,000.00	\$ 188,654.12
Interest Income		268,473.28
Members' Contributions		383,077.79
Members' Excess Contributions		4,403.70
F & P Survivorship Contributions		5,188.64
Reimbursement for alleged forged endorsement on pension check - Arthur J. Meyers		<u>85.09</u>

Total Receipts

849,882.62

Total Receipts and Balance

\$ 1,233,932.36

Deduct: December Disbursements

Investments:

Mercy Hospital, Urbana, Ill. 5½%	\$ 201,130.00
Carolina Power & Light Co. 4½%	200,375.00
The Borden Co. 4 3/8%	197,767.36
Bank of America Common Stock	4.00
Idaho Power Co. First Mtge. 4½%	200,925.00
Investment Expense:	
Registration & Postage	66.81
Members' Contributions Refunded	15,369.78
Active Death Claims	41,602.69
Retired Death Claims	16,449.16
Retirement allowance payment reissued to Arthur J. Meyers	<u>85.09</u>
Fire & Police Survivorship Payroll	600.00
Pension Payroll	<u>201,570.16</u>

Total Disbursements

\$ 1,075,945.05

Cash Balance December 31, 1961

\$ 157,987.31

EMPLOYEES' RETIREMENT SYSTEM - Expense Fund

Statement of Receipts and Disbursements

for December, 1961

Cash Balance November 30, 1961

\$ 27,604.74

Add: December Receipts

Reimbursement of unused Travel Advances

from R. Peda

\$ 19.30

Reimbursement for registration and postage paid

66.81

Balance of Salary of Clerk Typist II - Group

Life Insurance

66.56

Total Receipts

152.67

Total Receipts and Balance

\$ 27,757.41

Deduct: December Disbursements

Salaries and Wages

\$ 5,780.26

Salaries and Wages - Group Life Insurance

347.04

Printing

1,065.66

Purchase of Equipment

161.50

Postage

251.25

Tabulating Service

2,400.00

Travel Expense

1,000.00

Stationery and Office Supplies

52.47

Binding Records

16.00

Miscellaneous Expense

12.20

Repair of Equipment

8.80

Election Expense

122.32

Newspapers and Periodicals

1.14

Co-ordinated Plan Conversion Fund

42.60

Actuarial fees

1,455.00

Total Disbursements

12,716.24

Cash Balance December 31, 1961

\$ 15,041.17