

## ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held January 17, 1963.

The meeting was called to order at 2:00 p.m. by Chairman William J. O'Malley.

**PRESENT:** Messrs. Alvin F. Fischer, Stephen A. Galligan, Charles G. Gumm, Alfred C. Hass, Bernard B. Kroenke, and William J. O'Malley; also Miss Ruth A. Poehlmann, Secretary.

**EXCUSED:** John E. Kalupa (another meeting).

### Minutes

The minutes of the meeting of December 20, 1962, were approved as submitted.

### Information Booklet

The Secretary reported that the Actuary had revised the Booklet of Information for the Employees' Retirement System and copies were forwarded to all Board members.

After discussion, the Board directed the Secretary and Legal Adviser to review the booklet and any changes submitted by Board members and report back to the Board.

Mr. Fischer arrived.

### Bonding and Insurance Coverage

The Secretary reported that in accordance with action of the Board at the December meeting (page 153), the matter of insurance coverage was discussed with representatives of the company, and it was recommended that the policy be increased to \$100,000.

After discussion, it was moved by Mr. Gumm, seconded by Mr. Hass and unanimously carried, that the money and securities policy be increased to \$100,000 for Inside Premises and \$100,000 Outside Premises, and that the Secretary be authorized to purchase the additional coverage.

### Death Benefit Payment - William A. Hoyt

The Secretary reported receipt of a certified copy of Letters of Guardianship in the matter of the guardianship of Russell Hoyt, minor son of #SP-22628, William A. Hoyt, deceased, appointing Lawrence Schuetz, as guardian. The following letter, dated January 8, 1963, from Harry G. Slater, Deputy City Attorney, was read:

"Dear Miss Poehmann:

Acknowledgment is made of your letter of January 4, 1963, to which you attached a letter from Attorney Leonard S. Zubrensky, and a certified copy of Letters of Guardianship in the matter of the Guardianship of Russell Hoyt, Minor, dated the 28th day of December, 1962. The Letters of Guardianship appear to satisfy your requirements and under the circumstances you may release the monthly survivorship check of \$75.00 to the guardian, taking his receipt therefor pursuant to the guardianship.

Concerning the payment of the death benefit to the minor son, an order from the County Court will have to be obtained before any payments can be made, but there are these further conditions which must be imposed:

1. The Board must decide if this is the procedure it wishes to follow.
2. A waiver should be secured from Mrs. Dona Hoyt to any right that she may claim with respect to the death benefit, assigning such death benefit to the guardian for the benefit of her minor son.

We are returning to you the letters of guardianship above referred to.

Very truly yours,

(Signed) HARRY G. SLATER  
Deputy City Attorney"

After discussion, it was moved by Mr. Kroenke, seconded by Mr. Gumm and unanimously carried that the claim received from Mrs. Dona Hoyt for the death benefits on account of the death of William A. Hoyt be denied based upon the City Attorney's Opinion dated July 27, 1962 (see minutes of December 20, 1962, page 151).

It was then moved by Mr. Galligan, seconded by Mr. Gumm and unanimously carried, that, upon the advice of the Legal Adviser, the following resolution be adopted:

RESOLVED, That the death benefits be paid to Russell Hoyt, the minor son of William A. and Dona Hoyt, through the guardian, conditioned upon the fact that a complete waiver is obtained from Mrs. Dona Hoyt to any right she may claim with respect to the death benefits and assigning such death benefits to the guardian for the benefit of her minor son; and that an order is obtained from the County Court for payment of the death benefits to the minor son.

The Board then directed that the matter be referred to the Legal Adviser and that he be authorized and directed to confer with Attorney Zubrensky regarding the waiver and court order.

#### Attendance of Board Members

In accordance with Section 2-194, Milwaukee Code, the Secretary reported the attendance of Board Members at Board Meetings during the year 1962 to the President of the Common Council. Copies of the record were sent to Board members.

Financial Statements

The Financial Statements for the month of December, 1962, 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:

1962 Bills  
(Paid Out of 1962 Funds)

<u>Voucher No.</u>	<u>Vendor</u>	<u>Amount</u>
<u>Expense Fund:</u>		
E-3320	The Boehm Bindery Co.	\$ 97.41
E-3321	Dept. of Admin. Bureau of Purchases and Services	20.00
E-3322	Standard Manifold Co.	24.64
E-3323	Tranco Envelope Co.	33.18
E-3324	J. J. Krueger, City Treasurer	472.85
E-3326	Milwaukee Equipment Co.	26.00
E-3327	Siekert & Baum Stationery Co.	5.10
E-3328	Universal Printing Co.	97.50
Total Expense Fund		\$ 776.68

1963 BillsRetirement Fund:

R-3318	Barron's Magazine	\$ 15.00
--------	-------------------	----------

Expense Fund:

E-3330	Addressograph - Multigraph Corp.	\$ 6.00
E-3331	H. C. Miller Co.	4.50
E-3332	National Conference on Public Employee Retirement Systems	100.00
E-3333	Employes' Retirement System - Retirement Fund	7,042.00
E-3334	Frederick C. T. John, Postmaster, Milwaukee	395.00
Total Expense Fund		\$ 7,547.50

Grand Total All Bills \$ 8,339.18

The Secretary presented bills from Actuary George B. Buck, for fourth quarter retirement computations in the amount of \$305; and for drafting of the Booklet of Information and special actuarial studies in the amount of \$1,027. The Secretary reported that the 1962 budget amount for actuarial services was \$1,000 and that the amount in excess of that amount would have to be charged to the "Fees and Commissions" Account.

It was moved by Mr. Kroenke and seconded by Mr. Gumm that the bills be approved and ordered paid and that the following resolution be adopted:

RESOLVED, That the actuary's bills for special services be charged to the Pension Study and Actuarial Conferences Fund and the amount over \$1,000 be charged against balance in the "Fees and Commissions" item of the 1962 budget.

The motion prevailed by the following vote:

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

NOES: None.

### Report of Investment Committee

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

<u>REDEMPTIONS &amp; SALES</u>	<u>Securities</u>	<u>Yield</u>	<u>Rate</u>	<u>Maturity</u>
\$ 2,000.00	The Standard Oil Co. of Ohio Deb.	4 1/4 %	4 1/4 %	1- 1-82
10,000.00	Southern Natural Gas Co. 1st Mtge.	4 3/4	4 3/4	1- 1-79
398.11	Grafton State Bank Mtges.	-	-	-
2,095.16	Butler Warehouse Lease Rental	-	4 1/8	-
5,479.45	Union Carbide S. F. Notes	4.45	4 1/2	12-31-96
1,187.04	Howard Avenue Shopping Center, Inc.	5 3/4	5 3/4	3- 1-70
<u>PURCHASES</u>				
\$ 200,000.00	Metropolitan Edison Co. 1st Mtge.	4.26 %	4 3/8 %	12- 1-92
175,000.00	Sisters of the Divine Saviour, Milwaukee, Wisconsin, Direct Obligation Notes	5 1/2	5 1/2	12- 1-77
25,000.00	Sisters of the Divine Saviour, Milwaukee, Wisconsin, Direct Obligation Notes	5 1/4	5 1/4	12- 1-73
300,000.00	Pacific Tel. & Tel. Co. Bonds	4 1/4	4 3/8	8-15-88
175,000.00	Consolidated Natural Gas Co. Deb.	4 1/4	4 1/2	3- 1-87
200,000.00	U. S. Treasury Bonds	4	4	2-15-93/88
200,000.00	General American Transportation Corp. Equipment Trust Certificates	4.30	4.30	1-15-83
200,000.00	New York Tel. Refunding Mtge. Bonds	4.21	4 1/4	1- 1-2000
201,700.00	Franklin National Bank of Long Island \$4.60 Cumulative \$100 P. V. Preferred Stock - 2000 shares	4.57	4.60	-

It was moved by Mr. Fischer and seconded by Mr. Hass that the action of the Investment Committee be ratified. The motion prevailed by the following vote:

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

NOES: None.

The Secretary reported that the Investment Counselors in their communication of January 15, 1963, recommended purchase of the following securities which will be issued during the month of February:

\$ 400,000	Bell Telephone Co. of Pa. deb. due 2003
400,000	Texas Power & Light Co. 1st mtga. due 1993
200,000	Potomac Electric Power Co. 1st mtga. due 1998
200,000	Arkansas Power & Light Co. 1st mtga. due 1993
200,000	Brooklyn Union Gas Co. 1st mtga. due 1988
400,000	Northwestern Bell Telephone Co. deb.

It was moved by Mr. Gumm and seconded by Mr. Fischer that the Board authorize purchase of the above securities if offered at the yields as listed in the January 15, 1963, letter. The motion prevailed by the following vote:

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

NOES: None.

The Secretary recommended that funds received from the city and city agencies be invested in United States Treasury Bills and other short-term paper until satisfactory long-term investments are available. The Secretary was authorized to purchase short-term paper as required.

The Secretary reported that the annual evaluation of securities would be presented by the Investment Counselors at a meeting on Wednesday, January 30, 1963, at 11:00 a.m. at Newton and Company headquarters.

#### Retirements

The Secretary presented the following resolutions:

The Service Retirement Resolution for January, 1963, listing:

C- 166	Fred J. Paepke	January 5, 1963
C- 672	Kenneth S. Harris	January 5, 1963
C- 9519	Joseph Reeves	January 7, 1963
C- 7590	Clarence Christiaansen	January 10, 1963
C- 8447	Esther Wink	January 12, 1963

The Service Retirement Resolution for February 1, 1963, retirements, listing:

C- 683	William T. Harris	C- 7274	Frank Laskowski
C- 6274	Edwin A. Schier	C- 7286	Edward Maciejewski
C- 6632	Elmer A. Tosky	A-12568	Anna Martha Hemke
C- 7099	Joseph Granza		

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

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

NOES: None.

#### Ordinary Disability Retirement

The Secretary submitted the Ordinary Disability Retirement Resolution listing AC-1574, Walter Polaczyk. (See minutes of December 20, 1962, page 157.)

It was moved by Mr. Galligan and seconded by Mr. Gumm that the Ordinary Disability Retirement Resolution authorizing the retirement of Walter Polaczyk be adopted. The motion prevailed by the following vote:

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

NOES: None.

Retirements Granted: 3,032

Terminated: 1,399

Balance: 1,633

#### Annuity

The Secretary presented the Annuity in Lieu of Ordinary Death Benefit Resolution listing the following deceased member and his beneficiary:

AR-3019 John Kube

Emily Kube, wife

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

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

NOES: None.

#### Death Claims

The Secretary presented the following resolutions:

The Ordinary Death Benefit Resolution listing the following deceased members:

C-22197 Nazareno J. Franceschetti

C-21269 Peter L. Elgeti

the total amount to be paid being \$6,230.24.

The Option Number One Resolution listing the following deceased members:

R- 1254 Louis Frank Brummeyer

R- 1587 Fred H. Aul

the total amount to be paid being \$895.79.

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

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

NOES: None.

#### Return of Contributions

The Secretary presented Resignation Resolutions listing 24 withdrawals, paid December 21, 1962, in the amount of \$9,893.38; and 18 withdrawals, paid January 4, 1963, in the amount of \$9,963.76.

It was moved by Mr. Hass and seconded by Mr. Galligan that the payments be ratified and the resolutions be adopted. The motion prevailed by the following vote:

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

NOES: None.

#### Return of Contributions - Section 36.03 (6)

The Secretary presented the Resolution for the Return of Contributions - Section 36.03 (6) listing returns to 5 members, the total amount to be paid being \$325.00.

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

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

NOES: None.

#### 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 1962:

A- 4767 Gertrude E. Neumann	A- 7983 Margaret Schwacher
C-18346 Spiro Mehail	C- 7747 Martyn A. Ronge
A- 5496 June Oliver Polinski	A- 8789 Eileen Koepke
A- 7143 Mary Bielefeld	C-15754 Myrl Ricking
C- 9143 Ruth Malloy	C-12440 Geraldine Robarge
C- 6978 Mildred Sokolnicki	

The Secretary also reported that the following, who had elected Vested Rights in prior years, withdrew contributions and membership was terminated in 1962:

C- 8973 Norma Rathbun Hannah	C-15024 John Sheehy
------------------------------	---------------------

The Secretary also reported that the following, who had elected Vested Rights in prior years, reached the minimum retirement age and are now on retirement allowance:

A- 7126 Agnes Gornick	A- 9173 Mildred Kuehn
-----------------------	-----------------------

#### Option #3 Benefits Continued

The Secretary reported that Walter M. Schroeder, R-2467, retired May 1, 1959, under Option #3, died December 25, 1962, and that an amount of \$80.48 a month will be continued to his wife, Mrs. Dorothy Schroeder, for her lifetime.

#### 1963 Conventions

The Secretary reported that the National Conference on Public Employee Retirement Systems is to be held May 29 - June 1, 1963, at the Statler Hilton Hotel in Detroit, Michigan; and that the Municipal Finance Officers Association Conference will be held in Detroit, Michigan, June 2 - 6, 1963, at the Statler Hilton Hotel.



The Board designated three Board members and the City Comptroller to attend the National Conference on Public Employee Retirement Systems May 29 - June 1, 1963, and three Board members to attend the Municipal Finance Officers Association Conference June 2 - 6, 1963, and that the Secretary or alternate is authorized and directed to attend both conferences.

#### Group Life Insurance Program

The Secretary reported receipt of a letter from Wisconsin Life Insurance Company regarding the 1962 experience under the Group Life Insurance program.

#### Letter from Robert L. Maier Regarding Election

The Secretary presented a communication dated December 21, 1962, from Robert L. Maier, Public School Engineer, suggesting that candidates for member of the Annuity and Pension Board be required to have financial, economic and investment experience.

After discussion, the communication was ordered placed on file.

#### Option No. 4 Request

The Secretary reported receipt of a request, dated January 16, 1963, from #C-669, Andrew L. Wapp, for retirement allowance figures under Option No. 4.

It was moved by Mr. Gumm and seconded by Mr. Fischer that the Board grant Mr. Wapp'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, Galligan, Gumm, Hass, Kroenka, and O'Malley.

NOES: None.

#### Bank Account - Marshall & Ilsley Bank

The Secretary reported that the retirement allowance payroll will be handled by the Tabulating Department effective with the January, 1963, payroll and that we are now ready to open the account at the Marshall & Ilsley Bank which was authorized October 20, 1960. The following resolution was presented:

RESOLVED, By the Annuity and Pension Board that, pursuant to the action of the Board at its meeting held October 20, 1960, the Secretary is hereby authorized and directed to open an account at the Marshall & Ilsley Bank and to deposit therein each month funds withdrawn from our account at the Marine National Exchange Bank to cover payment of the monthly pension, annuity and survivorship benefits, and be it further

RESOLVED, That the MARSHALL & ILSLEY BANK be, and it hereby is, selected as a depository for funds of this entity, and any and all checks, drafts, and orders against any funds at any time standing to the credit of this entity with said Bank, shall be signed by one of the hereinafter designated officers and/or persons:



Joseph J. Krueger      Treasurer  
or  
Milton J. McGuire      Deputy Treasurer

and countersigned by one of the following officers or employees of this entity, provided, however, that the party signing shall not be empowered to countersign the same check or draft in which his name appears thereon as a signer:

Ruth A. Poahlmann      Secretary  
or  
Rudolph E. Pede      Assistant Secretary

that said Bank hereby is authorized to honor any and all checks, drafts, and orders so signed, including those drawn to the individual order of any such officer and/or person signing and/or countersigning the same, without inquiry or regard to the authority of said officer or the use of said checks, drafts, and orders, or the proceeds thereof.

That said authority hereby conferred shall remain in force until written notice of the revocation thereof shall be received by said Bank; and that the certification of the Chairman and Secretary of this entity as to the election and appointment of the officers so authorized to sign such checks and as to the signature of such officers, shall be binding upon this entity, and be it further

RESOLVED, By the Annuity and Pension Board that any officer or person authorized to sign or countersign checks covering lawfully authorized disbursements of funds of the retirement system may affix to such checks a facsimile signature in lieu of a handwritten signature, and

RESOLVED, That any bank or banking association permitting the withdrawal of such funds by checks bearing facsimile signatures as aforesaid, in accordance with this resolution, shall be fully warranted and protected in making payment upon any such check and the Annuity and Pension Board waives any and all claims against said bank on account thereof, if the facsimile signature thereon is identical to the facsimile signature adopted and filed by such officer or person, notwithstanding that said facsimile signature may have been placed on such checks by some person without authority, or otherwise wrongfully using the mechanism to print, stamp, or affix said facsimile or purported facsimile signature; unless said bank or banking association, in making such payment, shall not have acted in good faith or shall have failed to use the same diligence in inspecting such checks before paying the same as is used by banks in inspecting checks bearing handwritten signatures.

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

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

NOES: None.

Mr. Hass left the meeting.

Tax Exemption of Retirement Income

The Secretary presented a copy of Bill 4-S, relating to the repeal of special exemptions applying to the retirement benefits of Milwaukee city and county and Milwaukee teacher annuitants.

It was moved by Mr. Kroenke, seconded by Mr. Fischer and unanimously carried, that the Board be recorded as opposed to this Bill and any type of tax on retirement income; and that the Legal Adviser and members of the Board be authorized to appear at hearings on this matter.

The meeting adjourned at 3:10 p.m.

*Ruth A. Pochlmann*

Secretary

111

EMPLOYEES' RETIREMENT SYSTEM - Retirement Fund

Statement of Receipts and Disbursements

for December, 1962

Cash Balance November 30, 1962

\$ 620,842.40

Add: December Receipts

Redemptions:

Howard Avenue Shopping Center, Inc.	\$ 1,181.14	
County of Saline, Mo. 4%	65,000.00	
Central Telephone Co. 3.80 %	3,000.00	
Central Maine Power 5½%	1,022.30	
Child Care Centers	4,000.00	
Butler Warehouse Lease Rental	2,087.98	
Loup River Public Power 3½%	111,875.00	
Alberta Municipal Finance 5%	5,000.00	
Northern Illinois Gas Co. 5%	1,006.70	
Grafton State Bank Mtges. - Regular	398.11	
R.J. Reynolds Tobacco Co. 3.60%		
Pref. Stock - 100 shares	8,696.52	
Wisconsin Power & Light Co.	<u>1,005.40</u>	\$ 204,273.15
Interest Income		286,279.31
Members' Contributions - Regular		393,570.85
Members' Contributions - Excess		3,715.19
Fire & Police Survivorship Contributions		<u>5,326.89</u>

Total Receipts

893,165.39

Total Receipts and Balance

\$ 1,514,007.79

Deduct: December Disbursements

Investments:

Inter-American Development Bank 4½%	\$ 200,094.44
Beneficial Finance Co. 4.45%	200,420.28
Metropolitan Edison Co. 4 3/8%	204,360.10
Grace Line Inc. 4.20%	300,000.00
Metropolitan Edison Co. 4 3/8 %	204,554.55
Members' Contributions Refunded	26,065.20
Active Death Claims	7,022.00
Retired Death Claims	8,036.89
Registration and Postage	138.42
Insurance Expense (Securities)	8.54
Fire and Police Survivorship Payroll	975.00
Pension Payroll	<u>225,729.35</u>

Total Disbursements

1,377,404.77

Cash Balance December 31, 1962

\$ 136,603.02

12.

EMPLOYEES' RETIREMENT SYSTEM - Expense Fund

Statement of Receipts and Disbursements

for December, 1962

Cash Balance November 30, 1962

\$ 26,588.53

Add: December Receipts

Retirement Fund Check - Reimbursement  
for postage placed on security  
mailings by Central Mail Room

114.68

Total Receipts and Balance

\$ 26,703.21

Deduct: December Disbursements

Salaries and Wages	\$ 5,857.58
Employer Social Security Taxes	84.59
Medical Fees	10.00
Employees' Insurance	82.64
Printing	1,162.65
Stationery and Supplies	158.52
Postage	307.72
Periodicals	3.28
Miscellaneous Expense	7.15
Election Expense	186.39
Actuarial Fees	1,662.00
Pension Study and Actuarial Conference	1,000.00
Convention and Travel Expense	15.70
Tabulating Expense	<u>2,400.00</u>

Total Disbursements

12,938.22

Cash Balance December 31, 1962

\$ 13,764.99

## ANNUITY AND PENSION BOARD

Minutes of the Special Meeting on Investments held January 30, 1963.

The meeting was called to order at 11:15 a.m. by Chairman William J. O'Malley.

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

ALSO PRESENT: O. N. Strobel, Deputy Comptroller.  
Representatives of Newton and Company, Investment Counselors.

Mr. Robert M. Krauskopf presented Newton and Company Year-End Investment Report and Appraisal of the Employees' Retirement System as of December 31, 1962, and commented upon the valuation and transactions during the year 1962. The Report shows a total investment portfolio of \$95,088,621 par value and a market value of \$92,048,058 as of December 31, 1962; purchases for the year 1962 totaled \$14,520,986 and sales and redemptions \$5,681,078.

The Report shows the diversification of the portfolio as follows:

Type	Par Value	Percent of Total Portfolio	Investment Return by Type
U. S. Government Bonds	\$ 5,689,000	6.0 %	3.82 %
Government Insured Bonds	789,000	.8	4.51
Federal Agency Bonds	2,530,000	2.7	4.25
Municipal Bonds	1,320,000	1.4	3.44
Canadian Securities	4,791,000	5.0	4.19
Industrial Bonds	16,969,082	17.8	4.19
Institutional Bonds	4,137,000	4.4	5.03
Public Utility Bonds	47,254,000	49.7	3.95
Railroad Bonds	5,934,000	6.2	3.54
Total Bonds	\$ 89,413,082	94.0 %	
Real Estate and Mortgages	1,262,325	1.3 %	4.34
Preferred Stock	2,130,327 (cost)	2.3	4.59
Common Stock	2,282,887 (cost)	2.4	4.51
Total Account	\$ 95,088,621	100.0 %	Average Return-4.05 %

Mr. Krauskopf reported that the return on the entire portfolio had increased from 3.12% on a \$20,000,000 portfolio in 1952 to 4.05% on the present portfolio of over \$95,000,000. He called attention to the fact that the earnings rate is over the 4% basis for the first time.

After discussion, it was moved by Mr. Gumm, seconded by Mr. Kalupa and unanimously carried that the Secretary and Legal Adviser draft a Resolution to the Common Council, for discussion at the next Board meeting.

The report was accepted and ordered placed on file.

The Investment Counselors submitted a list of common stocks to be purchased and also recommended the sale of 2,000 shares of S. S. Kresge Company and 800 shares Quaker Oats Company common stock.

Upon motion of Mr. Kroenke, seconded by Mr. Fischer, the following Resolution was adopted:

RESOLVED, That the following common stocks be sold:

2,000 shares S. S. Kresge Company  
800 shares Quaker Oats Company

and, be it further

RESOLVED, That the following common stocks be purchased:

500 shares Kimberly-Clark Corp.	at 55
500 shares Commercial Credit Co.	at 47
387 shares Bank of America	at 64
400 shares Greyhound Corp.	at 35
1,000 shares Reynolds Tobacco Co.	at 42
1,000 shares Pillsbury Co.	at 56
1,200 shares Marsh & McLennan, Inc.	at 41

The motion prevailed by the following vote:

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

NOES: None.

The Investment Counselors reported that Archer-Daniels-Midland Company will offer notes due March 1, 1988, as a private placement at a rate of about 4.40%, and recommended that we purchase \$500,000 of the issue.

After discussion, it was moved by Mr. Kroenke and seconded by Mr. Galligan that we purchase \$500,000 of the Archer-Daniels-Midland Company notes due 1988 if they are offered at a price to yield about 4.40%. The motion prevailed by the following vote:

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

NOES: None.

Mr. Krauskopf stated that \$390,000 of our railroad equipment trust certificates will mature during 1963 and recommended that we purchase \$400,000 of new railroad equipment trust certificates to replace those called, the issues to be selected at a later date.

It was moved by Mr. Kalupa and seconded by Mr. Fischer that the Secretary be authorized to purchase \$400,000 of railroad equipment trust certificates with maturities of 10 to 15 years, at a rate of 4% or better, and rated "A" or better. The motion prevailed by the following vote:

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

NOES: None.

Mr. Krauskopf reviewed the proposal, emanating from the merger of the Pacific Power and Light Company and the California-Oregon Power Company, to exchange bonds of the latter company for Pacific Power and Light Company Bonds with an interest rate one-half of 1% higher than the present bonds. He stated that the exchange requires consent of 85% of the holders of the bonds and recommended that the Board accept the exchange offer at this time since failure to obtain the required 85% would result in the bonds remaining at the present low interest rate.

It was moved by Mr. Fischer and seconded by Mr. Gumm that the Secretary be authorized and directed to accept the exchange offer and to execute the "Notice of Intention to Accept Exchange Offer" of the Pacific Power and Light Company for the following bonds:

\$225,000	California-Oregon Power Company	2 7/8 %	Series due 8/1/79,
	for		
\$225,000	Pacific Power and Light Company	3 3/8 %	Series due 8/1/79,
	and		
\$ 75,000	California-Oregon Power Company	3 1/4 %	Series due 3/1/84,
	for		
\$ 75,000	Pacific Power and Light Company	3 3/4 %	Series due 3/1/84.

The motion prevailed by the following vote:

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

NOES: None.

Mr. Krauskopf recommended the purchase of 2,000 shares of International Harvester Company 7% non-callable preferred stock, stating the company is proposing to offer 4 5/8% subordinate debentures due in 1988 in exchange for a portion of the outstanding stock.

It was moved by Mr. Kalupa and seconded by Mr. Gumm that we purchase 2,000 shares of International Harvester Company 7% non-callable preferred stock with the understanding that when the debentures are offered, the stock will be exchanged for the debentures.

Mr. Krauskopf recommended that the Board continue the investment policy which it has been following since its declaration in 1959 and including dollar averaging of common stock.

The Board unanimously agreed to continue the investment policy.

The Investment Counselors again recommended establishing an Investment Reserve Fund.

The Secretary reported that a Charter Ordinance had been drafted to create an Investment Reserve Fund; that the matter is being held in the box by the Committee on Finance-Printing of the Common Council; and that the matter is scheduled to come up within the next few weeks. Board members requested Mr. Krauskopf to arrange to be present at the meeting of the Finance Committee when the matter comes up.

The meeting adjourned at 12:15 p.m.

*Ruth A. Lockman*

Secretary