ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held February 18, 1965.

The meeting was called to order at 2:05 p.m. by Chairman William J. O'Malley.

PRESENT: Messrs. Alvin F. Fischer, Stephen A. Galligan, Charles G. Gumm, Alfred C. Hass, O. N. Strobel for John E. Kalupa, Robert L. Sulkowski, and William J. O'Malley; also Harry G. Slater, Legal Advisor, and Miss Ruth A. Pochlmann, Secretary.

ALSO PRESENT: Robert M. Krauskopf of Newton and Company, Investment Counselors.

Minutes

The minutes of the Regular Meeting held January 21, 1965, and the Special Meeting held January 29, 1965, were approved as submitted.

Investments

The Secretary presented a communication from the Aluminum Company of America requesting consent to amend the indenture covering debentures which we hold. The Investment Counselor recommended approval of the amendment.

It was moved by Mr. Gumm and seconded by Mr. Fischer that the Secretary be authorized and directed to execute the consent to amend the indenture of Aluminum Company of America. The motion prevailed by the following vote:

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

NOES: None.

The Secretary presented a communication dated February 12, 1965, from The Greyhound Corporation requesting a waiver of certain provisions of the March 28, 1964, Note Agreement. The Investment Counselor recommended that consent be given to waive the provisions as requested.

It was moved by Mr. Sulkowski and seconded by Mr. Galligan that the terms of the Greyhound Corporation waiver be accepted as recommended by the Investment Counselor and the Secretary be directed to sign the form submitted. The motion prevailed by the following vote:

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

NOES: None.

The Secretary reported receipt of 266-8/10 shares of Continental Illinois National Bank & Trust Company of Chicago stock, representing a 10% dividend, and that the Investment Counselor recommends that we purchase the additional 2/10 share.

The Secretary reported that fractional shares are received from time to time and suggested the following Resolution:

> RESOLVED, That whenever there is a stock split or dividend on our security holdings and it results in distribution of a fractional share, the Secretary is hereby authorized and directed to purchase the additional fractional share to provide one share of stock.

It was moved by Mr. Hass and seconded by Mr. Strobel that an additional 2/10 share of Continental Illinois National Bank & Trust Company of Chicago stock be purchased to round out the fraction, and that the Resolution authorizing future purchases of fractional shares of stock as a result of stock splits or dividends be approved. The motion prevailed by the following vote:

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

NOES: None.

The Secretary reported the 1964 Investment Policy Declaration was reviewed with the Investment Counselor who recommended that it be continued as the Policy for 1965.

It was moved by Mr. Galligan, seconded by Mr. Sulkowski and unanimously carried, that the 1964 Investment Policy be continued for 1965.

Mr. Krauskopf recommended that the Board sell Universal Foods Corporation common stock.

It was moved by Mr. Hass and seconded by Mr. Gumm that, upon recommendation of the Investment Counselor, the following resolution be adopted:

> RESOLVED, By the Annuity and Pension Board of the Employes' Retirement System of the City of Milwaukee, that the following securities be sold:
>
> 3,478 shares Universal Foods Corporation common stock.

The motion prevailed by the following vote:

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

NOES: None.

The Secretary read a letter dated February 15, 1965, from Newton and Company, advising that effective February 15, 1965, Newton and Company has become a wholly-owned subsidiary of Inland Financial Corporation, a financial holding company organized by The Jacobus Company of Milwaukee, and requesting an acknowledgment indicating the Board's agreement to the continuation of the contract under these new circumstances. The

Secretary reported that the communication was referred to the Legal Adviser who replied, under date of February 18, 1965, as follows:

"Under the circumstances listed in your letter, there is no reason why any further documentation must be effectuated in order to maintain the status quo between Newton & Company and the Board. The mere fact that the counseling service will be a subsidiary of another firm does not change our arrangement as long as the corporate entity, namely, Newton & Company, remains in existence."

It was moved by Mr. Fischer, seconded by Mr. Gumm and unanimously carried, that the Newton and Company change be accepted and that this be confirmed by the Secretary who is hereby authorised and directed to sign and return the letter as requested by Newton and Company.

Mr. Krauskopf left the meeting at 2:30 p.m.

#P-10301 - Harry A. Race

The Secretary reported that, in accordance with instructions of the Board at the meeting of January 21, 1965, a letter was sent to Mr. Race on January 27, 1965, stating that pension payments made to him during the period July 9, 1962, through June 30, 1964, amounting to $7,554.35 would have to be repaid; and that a follow-up letter was sent February 10, 1965. The Secretary read a communication dated January 29, 1965, from Mr. Race's attorney, Mr. Galin, requesting "a statement that Mr. Race's payments under the Pension Plan are only temporarily suspended for the time being until such time as he again becomes entitled to payments thereunder and the facts justify the continuance of payments and other benefits under the Pension Plan."

After discussion, it was moved by Mr. Gumm, seconded by Mr. Sulkowski and unanimously carried, that upon advice of the Legal Adviser, Mr. Race be notified that upon repayment to the Employes' Retirement System of the $7,554.35 due the System, the Board will give him a statement as requested by his attorney and, further, that payment is to be made on or before March 8, 1965.

Financial Statements

The Financial Statements for the month of January, 1965, were approved and ordered placed on file. (Copies to be attached to and become part of these minutes.)

Appropriations to the Pension Accumulation Fund

The Secretary reported receipt of the following appropriations to the Pension Accumulation Fund for the year 1965:

General City		$ 2,507,148
Water Department		145,716
School Board		
General Education Fund	$ 221,577	
Repair Fund	79,181	
School Extension Fund	22,394	
School Construction Fund	5,978	329,130

Vocational School	$ 46,916
Sewerage Commission	128,759
Auditorium Board	8,376
Teachers' Annuity and Retirement Fund	1,150
Firemen's Annuity and Benefit Fund	410
Policemen's Annuity and Benefit Fund	281
Annuity and Pension Board of the Employes' Retirement System	3,226
Agent for City of Milwaukee (Social Security Administration)	236
Total	$ 3,171,348
Appropriation for payment to the Firemen and Policemen's Survivorship Fund received was	78,928
Grand Total	$ 3,250,276

The report was accepted and placed on file.

Bills

The Secretary presented the following bills:

Voucher No.	Vendor	Amount
Expense Fund:		
E-3641	Siekert & Baum Stationery Co.	$ 1.32
E-3642	Remington Office Systems	17.40
E-3643	Thermo-Fax Sales Inc.	41.63
E-3644	The Boehm Bindery Co.	110.88
E-3645	Frederick C. T. John, Postmaster, Milwaukee	437.57
E-3646	State of Wisconsin, Wisconsin State Prison-Metal Industry	10.00
E-3647	J. J. Krueger, City Treasurer	140.20
E-3648	George B. Buck, Actuary	750.00
	Total Expense Fund	$ 1,509.00

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

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

NOES: None.

Report of Investment Committee

The Secretary reported the following investment transactions since the last meeting:

REDEMPTIONS	Securities	Yield	Rate	Maturity
$ 11,000.00	Consolidated Natural Gas Co.	4.95 %	5 %	2- 1-85
7,000.00	Inland Steel Company	4 1/2	4 1/2	2- 1-89
33,000.00	Sears, Roebuck & Co.	4 3/4	4 3/4	8- 1-83
5,479.45	Union Carbide S. F. Notes	4.45	4 1/2	12-31-96
10,000.00	Prov. of New Brunswick, Canada S. F. Deb.	5.40	5 3/8	2- 1-85
8,000.00	Prov. of New Brunswick, Canada S. F. Deb.	3 7/8	3 7/8	2- 1-76
3,000.00	Montreal Metropolitan Corp.	5.70	5 5/8	2- 1-85
3,000.00	Otter Tail Power Co.	4.70	4 3/4	8- 1-88
50,000.00	Illinois Central R. R. Equip. Trust -	2 7/8	2 7/8	2- 1-65
149.80	Grafton State Bank Mtges.	-	-	-
20,000.00	Thorp Finance Corp.	4.23	4	2- 1-66
2,282.84	Butler Warehouse Lease Rental	-	4 1/8	-
800,000.00	U. S. Treasury Bills	3.80	3.80	4- 1-65
1,344.68	Howard Avenue Shopping Center, Inc.	5.75	5 3/4	3- 1-70

SALES

$ 300,000.00	General Motors Corp. 25 year Debentures	3.22 %	3 1/4 %	1- 1-79
104,100.50	International Harvester Co. 7% Cumulative Preferred Stock (607 shares)	-	-	-
12,680.00	Greyhound Corp. Com. Stock (1,000 shares)	-	-	-
16,375.00	Phillips Petroleum Corp. Com. Stk. (500 sh.)	-	-	-

PURCHASES

$ 250,000.00	Wisconsin Telephone Co. Deb.	4.42 %	4 3/8 %	5- 1-2002
200,000.00	Texas Elec. Service Co.	4.40	4 1/2	2- 1-95
225,000.00	Central Illinois Public Service Co.	4.41	4 1/2	5- 1-94
200,000.00	International Harvester Co. Sub. Deb.	4.435	4 5/8	3- 1-88
500,000.00	U. S. Treas.	4.23	4 1/4	8-15-92/87
200,000.00	Texas Power & Light Co.	4.37	4 1/2	1- 1-95
300,000.00	Duke Power Co.	4.47	4 1/2	2- 1-95
31,887.72	General American Transp. Corp. Com. Stk. (400 shares)	3.38	3.38	-
25,604.97	Monsanto Co. Com. Stk. (300 shares)	1.64	1.64	-
39,606.60	Union Carbide Corp. Com. Stk. (300 sh.)	3.03	3.03	-
53,118.28	McGraw-Edison Co. Com. Stk. (1,000 sh.)	3.01	3.01	-
49,118.90	General Motors Corp. Com. Stk. (500 sh.)	2.65	2.65	-

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

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

NOES: None.

#P-18120 - James Demitros

The Secretary reported receipt of an affidavit from the Hawley House, employer of James Demitros, reporting his earnings of $900.00 for the year 1964; that Mr. Demitros' limit on earnings is $888.78. The Board determined that Mr. Demitros' earnings exceeded the limit permitted under the law, and it was moved by Mr. Hass, seconded by Mr. Fischer and unanimously carried, that the $11.22 earnings by which Mr. Demitros exceeded the limit be offset from his next pension check.

Coordinated Plan Offset

The Secretary reported that in accordance with action of the Board on January 29, 1965, a copy of the City Attorney's opinion dated January 27, 1965, relative to the Coordinated Plan offset, was sent with a communication to Mr. John C. Zinos, Director of Milwaukee District Council 48, and to the Committee on Finance-Printing. (See minutes of January 21, 1965, page 5, and January 29, 1965, page 13.)

The Secretary also reported receipt of a copy of a communication sent to the Common Council by Mr. Zinos on February 12, 1965, requesting that the Coordinated Plan offset and 70% limitation be rescinded to comply with the policy of the Congress of the United States.

The letter was accepted and placed on file.

The Secretary presented copy of an opinion from the City Attorney, dated January 29, 1965, addressed to Alderman James J. Mortier, Chairman of the Committee on Finance-Printing, with respect to Section 36.15 (1) (a) of the Employes' Retirement Act on the responsibility of the Annuity and Pension Board. The letter was placed on file.

Mr. Slater left the meeting at 3:00 p.m.

Retirements

The Secretary presented the following resolutions:

The Service Retirement Resolution for February, 1965, retirements, listing:

C-12309	Edward J. Kartes	February 6, 1965
C-13752	Sigurd W. Skare	February 17, 1965

The Service Retirement Resolution for March 1, 1965, retirements, listing:

C- 29	Elfrieda S. Scherer	C- 5478	Harold S. Morgan
C- 4523	Anton Maier, Jr.	C- 5501	Kinner W. Hollister

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

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

NOES: None.

Withdrawal Benefit

The Secretary presented the Withdrawal Benefit Resolution (Voluntary Separation - Withdrawal - Deferred) listing the following retirement:

A- 174 Gladys K. Mattison

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

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

NOES: None.

Retirements Granted: 3,338 Terminated: 1,597 Balance: 1,741

Recertified Retirement Allowance

The Secretary reported that #A-52, Harry J. Zdrojek, who was transferred to the County under the Court Reorganization, retired on Voluntary Separation - Immediate Allowance from the County Retirement System under their Coordinated Plan (see minutes of September 17, 1964, page 125); that since he was not a member of our Coordinated Plan the question of applying an offset was referred to the Legal Adviser who replied as follows:

> "On the basis of the application of the Coordinated Plan insofar as the operation of our Employes' Retirement Act, it would appear that since Mr. Zdrojek was not a member of the Coordinated Plan while in City Service, he could not be subject to any offset with reference to any contribution that is required to be made on the part of the Employes' Retirement Fund to the County retirement allowance. However, the County's administration of its own act is not a matter within our jurisdiction, and their determination insofar as it affects the retirement allowance which they will pay to the member is not a matter for our review nor for our determination. We are returning your papers as you requested."

The Secretary presented a revised Withdrawal Benefit Resolution (Voluntary Separation - Immediate Allowance, City-County Service, Retired from County) showing the revised retirement allowance certified by the Actuary.

It was moved by Mr. Gumm and seconded by Mr. Strobel that the revised allowance for Harry J. Zdrojek be approved and the resolution adopted and that the revision be noted in the minutes of September 17, 1964. The motion prevailed by the following vote:

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

NOES: None.

Death Claims

The Secretary presented the following resolutions:

The Ordinary Death Benefit Resolution listing the following deceased members:

C-13691	John Smith	C- 5377	Barney S. Kania
A-17467	Donald A. Yenor	C- 5176	John A. Crawford

the total amount to be paid being $36,334.81.

The Option Number One Resolution listing the following deceased members:

R- 1609	Mary Ann Kane	R- 1096	Mary F. Kennedy
R- 1718	Daniel D. Allen		

the total amount to be paid being $747.54.

The Fractional Instalment Retirement Allowance Resolution listing the following deceased members:

R- 2806 Paul Baer R- 2362 Henry F. Riemann

the total amount to be paid being $279.75.

It was moved by Mr. Sulkowski 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, Strobel, Sulkowski, and O'Malley.

NOES: None.

Excess Contributions

The Secretary reported receipt of an application for refund of excess contributions and presented the Partial Withdrawal of Annuity Savings Fund Resolution (Excess Contributions) listing:

C- 25 Gertrude C. H. Horst

the total amount to be paid being $809.97.

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

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

NOES: None.

Return of Contributions

The Secretary presented Resignation Resolutions listing 21 withdrawals, paid January 29, 1965, in the amount of $12,316.24; and 20 withdrawals, paid February 12, 1965, in the amount of $24,394.71.

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

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

NOES: None.

Option Number 3 Benefits Continued

The Secretary reported that Bernard M. Jaskulski, R-2849, retired February 1, 1962, under Option No. 3, died February 9, 1965, and that an amount of $174.60 a month will be continued to his wife, Mrs. Victoria Jaskulski.

Mr. Strobel was excused at 3:15 p.m.

National Conference Attendance

The Secretary reported that the National Conference on Public Employe Retirement Systems is to be held April 11-14, 1965, in Washington, D. C.

After discussion, it was moved by Mr. Hass, seconded by Mr. Fischer and unanimously carried, that the Secretary be directed to forward a letter to the Common Council reporting that all members of the Board have been authorized to attend the conference as in past years and requesting an appropriation from the contingent fund for expenses; that the Secretary be authorized to attend this convention, and that the amount as established for the Board members be appropriated from our Travel Expense Fund for the Secretary's expenses.

Group Life Insurance Report

The Secretary reported that a communication was sent to the Common Council under date of February 15, 1965, listing statistics on the operation of the Group Life Insurance program for the year 1964. It was reported that Gross Premiums for the year were $348,357.88; that the death claims paid amounted to $348,750.00 for 55 deaths in 1964; and that there was no dividend received by the city. The premiums for the 4-year period 1961 - 1964 were $1,220,969.55; death claims paid for 168 deaths amounted to $1,103,500.00; and the dividend received by the city was $33,758.17.

The report was accepted and placed on file.

Option #4 Request

The Secretary reported receipt of a request dated February 15, 1965, from #C-6043, Anthony Stanek, for retirement allowance figures under Option No. 4.

It was moved by Mr. Fischer and seconded by Mr. Gumm that the Board grant the request of Mr. Stanek for retirement allowance figures under the provisions of Option No. 4 on condition that he will pay any excess actuarial computation fees. The motion prevailed by the following vote:

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

NOES: None.

#P-17276 - Chester Witkowski

The Secretary read a communication dated January 26, 1965, from Marjan Kmiec, Attorney for Chester Witkowski, objecting to the offset of the entire Workmen's Compensation Award against the pension reserve.

After discussion, it was moved by Mr. Hass, seconded by Mr. Galligan and unanimously carried that the Secretary be instructed to send a communication to Attorney Kmiec stating that the offset is applied in accordance with the law and is not subject to adjustment.

Mr. Gumm suggested that consideration be given to having members of the retirement system share in the fund earnings in excess of the required 4%. No action was taken.

The meeting adjourned at 3:45 p.m.

Ruth A. Pohlman

Secretary

EMPLOYES' RETIREMENT SYSTEM - Retirement Fund

Statement of Receipts and Disbursements

for January, 1965

Cash Balance December 31, 1964			$ 179,752.56
Add: January Receipts			
Redemptions:			
U. S. Govt. Insured Merchant Marine Bonds 4.20% - SS Brasil Series	$ 8,000.00		
Southern Natural Gas Co. 4 3/4%	8,000.00		
Union Carbide Prom. Note 4 1/2%	5,479.45		
Tidewater Oil Co. $1.20 Cum. Pfd. Stock - 100 shares	2,500.00		
San Diego Gas & Elec. Co. 4 5/8%	2,000.00		
Wabash Railroad Equip. Tr. 4%	100,000.00		
U. S. Treasury Bills due 4/1/65	496,377.50		
General Motors Corp. 3 1/4% Deb.	283,350.00		
Butler Warehouse Lease Rental	2,275.02		
Grafton State Bank Mtges.	149.80		
Howard Ave. Shopping Center, Inc.	1,337.99	$ 909,469.76	
Interest Income		427,678.69	
Members' Contributions - Regular		255,544.64	
Fire and Police Survivorship Contributions		6,969.50	
1964 Tax Levy to Pension Accumulation Fund:			
General City	$ 2,507,148.00		
Boards and Commissions	664,200.00	3,171,348.00	
1964 Tax Levy from General City to Fire and Police Survivorship Fund		78,928.00	
Total Receipts			4,849,938.59
Total Receipts and Disbursements			$ 5,029,691.15
Deduct: January Disbursements			
Investments:			
U. S. Treasury Bills due 4/1/65	$ 2,180,028.88		
U. S. Treasury Bonds 4 1/4%	1,021,402.86		
Cincinnati Gas & Electric 4 1/8%	194,354.17		
U. S. Treasury Bills due 4/8/65	300,000.00		
Northern States Power Co. 4 1/2%	207,675.00		
C. I. T. Financial Corp. 4 5/8%	206,228.47		
Belt Railway Co. of Chicago 4 5/8%	203,332.99		
Texas Power & Light Co. 4 1/2%	204,995.00		
Union Carbide Corp. Common Stock (300 shares)	39,606.60		
Monsanto Co. Com. Stk. (300 sh.)	25,604.97		
General American Transportation Co. Common Stock (400 shares)	31,887.72		
McGraw-Edison Co. Com. Stk. (100 sh.)	53,118.28		
U. S. Treasury Bills due 6/24/65	250,000.00	$ 4,918,234.94	
Members' Contributions Refunded		42,737.49	
Active Death Claims		4,302.94	
Retired Death Claims		8,473.71	
Partial Payment to Expense Fund for 1965 Admin. Expenses		50,000.00	
Total Disbursements			5,023,749.08
Cash Balance January 31, 1965			$ 5,942.07

EMPLOYES' RETIREMENT SYSTEM - Expense Fund

Statement of Receipts and Disbursements

for January, 1965

Cash Balance December 31, 1964		$ 3,253.21
Add: January Receipts		
Partial payment by Retirement Fund for 1965 Admin. Expenses		50,000.00
Total Receipts and Balance		$ 53,253.21
Deduct: January Disbursements		
Salaries and Wages	$ 6,594.18	
Employer Social Security Taxes	138.12	
Employes' Insurance - Group Life	24.65	
Employes' Insurance - Blue Cross	130.56	
Medical Fees	10.00	
Convention and Travel Expense	9.46	
Membership Dues	100.00	
Employer Pension Contributions	3,226.00	
Repair of Equipment	11.15	
Actuarial Fees	750.00	
Election Expense	469.00	
Investment Counsel	4,812.50	
Newspapers and Periodicals	15.00	
Total Disbursements		16,290.62
Cash Balance January 31, 1965		$ 36,962.59