

ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held March 18, 1965.

The meeting was called to order at 2:10 p.m. by Chairman William J. O'Malley.

PRESENT: Messrs. Alvin F. Fischer, Stephen A. Galligan, Charles G. Gann, and William J. O'Malley; also Miss Ruth A. Fochlmann, Secretary.

LATER: John E. Kalupa and Robert L. Sulkowski; also Harry G. Slater, Legal Adviser.

EXCUSED: Alfred C. Hass (out of town).

Election of Employee Member of Board

The Secretary reported on the election of an employee member of the Board and read the following letters:

"Annuity and Pension Board
City of Milwaukee

February 22, 1965

Gentlemen

I hereby report the following on the election held Friday, February 19, 1965 for one member of the Annuity and Pension Board of the City of Milwaukee.

Gerald K. Brzycki and Alvin F. Fischer were nominated at the Primary held Friday, January 15th, having received the two highest number of votes; the drawing for position on the ballot was held at 10:00 a.m. in the office of the Election Commission on January 16th. The final election was held on Friday, February 19, 1965 with the following results:

Votes received:

Gerald K. Brzycki	1623	Alvin F. Fischer	2618
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Alvin F. Fischer having received the highest number of votes cast was elected a member of the Annuity and Pension Board of the Employees' Retirement System of the City of Milwaukee.

Tally sheets for the primary and the election are sent to you herewith for your custody. Ballots were put in the vault of the Election Commission and sealed, and will be destroyed unopened in 60 days.

Respectfully submitted

(Signed)
WILLIAM J. O'MALLEY, Secretary
BOARD OF ELECTION COMMISSIONERS"

WJO:dm
Encls.

Miss Ruth A. Pochlmann
Secretary and Executive Director
Employees' Retirement System
Room 610, City Hall
Milwaukee, Wisconsin

February 24, 1965

Dear Miss Pochlmann:

You are hereby notified that on February 24, 1965, Alvin F. Fischer took his oath of office as A Member of the Annuity and Pension Board of the Employees' Retirement System and now is qualified for the office.

Very truly yours,

(Signed)
CHESTER P. SCHMIDT
Deputy City Clerk"

CPS:jw

The communications were ordered placed on file.

Minutes

The minutes of the meeting of February 18, 1965, were approved as submitted.

National Conference

The Secretary reported that a communication had been sent to the Common Council reporting that all members of the Board have been authorized to attend the National Conference on Public Employee Retirement Systems to be held April 11 - 14, 1965, in Washington, D. C., and requesting an appropriation from the Contingent Fund for expenses; that we have received no authorization from the Council to date; that the Finance Committee referred the request to the Budget Supervisor suggesting four Board members be authorized, but no action has been taken.

After discussion, it was the consensus that if four Board members are authorized to attend the conference, the following would be designated: Messrs. Fischer, Gunn, Hass, and O'Malley. There being no objection, it was so ordered, and the Chairman designated the four members as delegates. The Secretary was also authorized to attend as a delegate with expense funds to be provided out of our Travel account (see minutes of February 18, 1965, page 25).

Revision of Rules for Election of Employee Member of Board

The Secretary suggested review of the rules for election of an employee member of the Board and that a subcommittee be appointed to study the rules and make recommendations for revision.

Chairman O'Malley designated Messrs. Hass and Fischer and the Secretary as a subcommittee to review and suggest revisions in the election rules.

#P-10801 - Harry A. Race

The Secretary reported that pursuant to Board action February 18, 1965, Mr. Race was notified that upon repayment to the Employees' Retirement System of the \$7,554.35 due the System, the Board would give him a statement as requested by his attorney, and that payment was to be made on or before March 8, 1965 (see minutes of

February 18, 1965, page 19); however, no response has been received from Mr. Race to date, although his attorney Mr. Charles H. Galin called at the office on March 15, 1965, to inquire whether the amount could be paid by withholding Mr. Race's annuity of \$30 a month. Mr. Galin requested the matter of repayment be laid over until he could discuss it with Mr. Race. He was informed the matter was on the agenda for this meeting. It was further reported that Actuary Buck advised Mr. Race's Annuity Reserve was approximately \$5,640 as of March 1, 1965.

Mr. Slater arrived at 2:20 p.m.

After discussion, and upon advice of the Legal Adviser, it was moved by Mr. Galligan, seconded by Mr. Fischer and unanimously carried, that Harry A. Race be declared in violation of the Employees' Retirement Act and he be so notified and also that his annuity reserve in the amount of approximately \$5,640.00 will be offset as part-payment of the amount he owes the Employees' Retirement System; that his rights will be forfeited, and the City Attorney will be requested to proceed with proper action under the law to recover the balance due unless payment is made on or before April 21, 1965.

Financial Statements

The Financial Statements for the month of February, 1965, 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:

<u>Voucher No.</u>	<u>Vendor</u>	<u>Amount</u>
<u>Expense Fund:</u>		
E-3652	H. C. Miller Co.	\$ 8.92
E-3653	Commercial and Financial Chronicle	20.00
E-3654	Burroughs Corporation	19.00
E-3655	First National Bank, Stevens Point, Wisconsin	35.00
E-3656	Milwaukee Public Library	16.50
E-3657	Tab Products Co.	133.50
E-3658	J. J. Krueger, City Treasurer	608.24
E-3659	George B. Buck	730.00
Total Expense Fund		\$ 1,691.16

It was moved by Mr. Gumm 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, and O'Malley.

NOES: None.

Report of Investment Committee

The Secretary reported that on recommendation of the Investment Counselors, Board members were polled March 12, 1965, with respect to an offer to sell our City of Milwaukee Housing Authority bonds and approved the sale.

On motion by Mr. Fischer, seconded by Mr. Gumm, and unanimously carried, the Board ratified the action taken by poll of the Board on March 12, 1965, to sell Housing Authority of the City of Milwaukee, Wisconsin, First Closed Mortgage Revenue $3\frac{1}{2}\%$ bonds, \$43,000 due 8/1/85, \$49,000 due 8/1/86, \$208,000 due 8/1/87.

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

<u>REDEMPTIONS</u>	<u>Securities</u>	<u>Yield</u>	<u>Rate</u>	<u>Maturity</u>
\$ 1,351.40	Howard Avenue Shopping Center, Inc.	5.75 %	5 $\frac{3}{4}$ %	3- 1-70
4,414.58	Quadro Stations, Inc.	4.65	4.65	3-18-89
2,290.69	Butler Warehouse Lease Rental	-	4 $\frac{1}{8}$	-
181.76	Grafton State Bank Mtges.	-	-	-
3,000.00	U. S. Government Insured Merchant Marine Bonds, S. S. Pres. Lincoln Series	5	5	3- 1-81
6,000.00	Colorado Interstate Gas Co.	4.67	4.70	3- 1-79
3,000.00	Duquesne Light Co. S. F. Deb.	4.95	5	3- 1-2010
400,000.00	U. S. Treasury Bills	3.80	3.80	4- 1-65

SALES

\$ 43,000.00	Housing Authority of the City of Milwaukee	3.05 %	3 $\frac{1}{4}$ %	8- 1-85
49,000.00	Housing Authority of the City of Milwaukee	3.05	3 $\frac{1}{4}$	8- 1-86
208,000.00	Housing Authority of the City of Milwaukee	3.05	3 $\frac{1}{4}$	8- 1-87
49,996.25	Universal Foods Corp. Com. Stk. (3,478 sh.)	-	-	-

PURCHASES

\$ 100,000.00	U. S. Treasury Bills	3.95 %	3.95 %	5-20-65
100,000.00	Southern California Edison Co.	4.49	4 $\frac{1}{2}$	2-15-90
300,000.00	Southwestern Public Service Co.	4.58	4 $\frac{5}{8}$	2- 1-95
200,000.00	Florida Power & Light Co.	4.51	4 $\frac{5}{8}$	3- 1-95
8.07	Continental Illinois National Bank & Trust Co. (2/10ths share common stock)	-	-	-
17.80	Beatrice Foods Co. (1/3 share common stock)	-	-	-

(Received 444 $\frac{2}{3}$ shares common stock of Beatrice Foods Co. as a 1 for 3 stock split to holders of record February 1, 1965.)

(Received 266 $\frac{8}{10}$ shares common stock of Continental Illinois National Bank & Trust Company of Chicago as a 10% stock dividend to holders of record January 25, 1965.)

(Received 1,000 shares common stock of The Pillsbury Company as a 2 for 1 stock split effective February 5, 1965.)

(Received 600 shares common stock of Cutler-Hammer, Inc. as a 2 for 1 stock split effective February 3, 1965.)

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

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

NOES: None.

Report of the Medical Council

The Secretary reported that the Medical Council reviewed the disability retirements of #C-12630, Edmund Maziarczyk, #C-14495, Charles Barth, and #C-14255, Joseph Puechner, Jr., on March 11, 1965, and certifies that they are unable to return to work and recommends that they be continued on ordinary disability retirement.

It was moved by Mr. Gumm and seconded by Mr. Fischer that the Board concur in the recommendation of the Medical Council and that Messrs. Maziarczyk, Barth, and Puechner be continued on ordinary disability retirement. The motion prevailed by the following vote:

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

NOES: None.

Report of Police Department Medical Panel

The Secretary presented reports from the Police Department Medical Panel dated February 14, 1965, with respect to the re-examination of #P-18393, Lawrence A. Olson, #P-17276, Chester S. Witkowski, and #P-18120, James Demitros, retired on accidental duty disability allowance, certifying that Messrs. Olson, Witkowski, and Demitros are unfit for active Police duty, and recommending that they be continued on retirement.

It was moved by Mr. Galligan and seconded by Mr. Gumm, that the Board concur in the recommendation of the Police Department Medical Panel and that Lawrence A. Olson, Chester S. Witkowski, and James Demitros be continued on duty disability retirement. The motion prevailed by the following vote:

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

NOES: None.

Report of Fire Department Medical Panel

The Secretary presented a report from the Fire Department Medical Panel dated February 28, 1965, with respect to the re-examination of #SF-13642, Gene W. Ramus, retired on accidental duty disability allowance, certifying that Mr. Ramus is unable to work as a Firefighter and recommending that he be continued on retirement.

It was moved by Mr. Galligan and seconded by Mr. Gumm, that the Board concur in the recommendation of the Fire Department Medical Panel and that Gene W. Ramus be continued on duty disability retirement. The motion prevailed by the following votes:

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

NOES: None.

Retirements

The Secretary presented the following resolutions:

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

C-12878	Ella M. Brookhouser	March 6, 1965
C- 5134	Joseph A. Schultz	March 12, 1965
C-12674	Katherine S. Homestead	March 12, 1965
C- 3357	Lyman E. Becker	March 13, 1965
C- 36	Lillian Leverenz	March 14, 1965
C- 5480	Ernest Olfe	March 14, 1965
C- 828	John N. Kaiser	March 17, 1965
C-15627	Otto F. Vaje	March 17, 1965
C- 2942	Elizabeth Ahern	March 18, 1965
C- 7011	Josephine Kusko	March 18, 1965
C- 7730	Ralph Clifford Jupp	March 18, 1965
C-18604	Harry D. Paulsen	March 25, 1965

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

C- 3367	Edwin S. Wachowiak	C-13737	Clarence A. Flynn
C- 7124	Frank J. Gavin	C-14134	Fred O. Nickel
A- 8976	Lillian Bastian		

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

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

NOES: None.

Retirements Granted: 3,355 Terminated: 1,603 Balance: 1,752

Death Claims

The Secretary presented the following resolutions:

The Ordinary Death Benefit Resolution listing the following deceased member:

C- 4553 George A. Mulzoff

the total amount to be paid being \$9,546.21.

The Option Number One Resolution listing the following deceased members:

R- 1830 Florence Flynn
R- 2383 Frank Gienza

R- 1117 John L. Weber

the total amount to be paid being \$3,562.92.

It was moved by Mr. Gumm 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, and O'Malley.

NOES: None.

#C-8515 - Anton W. Karabon

The Secretary reported receipt of a Claim and Proof of Death Form from Mrs. Elizabeth Karabon on account of the death of #C-8515, Anton W. Karabon; that the Certificate of Death submitted with the claim indicated an ordinary death benefit was payable; however, the City Attorney's office has forwarded a copy of an Industrial Commission award in this case.

After discussion, and upon recommendation of the Legal Adviser, the case was referred to the Medical Council for a report as to whether the death was an accidental death as defined in the Employees' Retirement System Act.

Mr. Kalupa arrived at 2:40 p.m.

Return of Contributions

The Secretary presented Resignation Resolutions listing 23 withdrawals, paid February 26, 1965, in the amount of \$22,835.06; and 28 withdrawals, paid March 12, 1965, in the amount of \$20,642.66.

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

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

NOES: None.

Termination of Membership - Section 36.03 (6)

The Secretary presented the Resolution for the Return of Contributions - Section 36.03 (6), Termination of Membership, listing returns to 5 members, the total amount to be paid being \$282.07.

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, Kalupa, and O'Malley.

NOES: None.

Option Number 3 Benefits Continued

The Secretary reported that Walter Aldridge, R-2791, retired October 1, 1961, under Option No. 3, died February 23, 1965, and that an amount of \$81.92 a month will be continued to his wife, Mrs. Elizabeth Aldridge, for her lifetime.

#C-22182 - William Brown

The Secretary reported that on August 20, 1964, the Annuity and Pension Board was served a Garnishee Summons in the case Milwaukee Municipal Credit Union, Plaintiff, versus William Brown, Defendant, Annuity and Pension Board, Employees' Retirement System, City of Milwaukee, Garnishee; that the matter was referred to Mr. Slater, Legal Adviser;

that an Answer to Garnishee Summons, as drafted by the Legal Adviser, was filed in court August 24, 1964; that in his Answer, Mr. Slater directed the court's attention to the Employees' Retirement System Law, Section 36.10, "Exemption of Funds and Benefits from Taxation, Execution and Assignment."

The Secretary further reported that #C-22182, William Brown, Garbage Collection Laborer, failed to return to work after release from injury and the department forwarded a resignation report dated June 3, 1964; that on June 11, 1964, a letter was forwarded to Mr. Brown at his last known address informing him of his rights under the Pension Law, and enclosing an Application for Withdrawal of his Annuity Savings Funds. To date, we have not received an application for refund and have not been able to locate Mr. Brown.

On October 21, 1964, Judge Robert J. Miech of County Court, Civil Division, of Milwaukee County, forwarded an Order to Garnishee to the Annuity and Pension Board, Employees' Retirement System of the City of Milwaukee, as Garnishee Defendant, ordering that we pay into court the sum of \$667.37 due from the Retirement System to the Defendant, William Brown. The Order to Garnishee was forwarded to the Legal Adviser calling attention to the fact that Mr. Brown had not filed an application for refund, and therefore his account in the Employees' Retirement System was still active since his membership was not terminated; that on October 23, 1964, Mr. Slater replied as follows:

"You have sent to me an Order to Garnishee Defendant, which is the Annuity and Pension Board in the action of Milwaukee Municipal Credit Union vs. William Brown, Defendant, in the County Court Civil Division of Milwaukee County. This order which you have submitted to me requires you to pay into court the sum of \$667.37. Therefore, in accordance with such order you are to pay to the Clerk of the County Court Civil Division of Milwaukee County the amount which you were ordered to pay as Garnishee Defendant.

"The mere fact that no application for refund has been filed by Mr. Brown becomes a matter of subordinate importance in view of the order of the court. I would, therefore, write to Mr. Brown and advise him of the action that you are taking pursuant to the order of the court."

In accordance with Mr. Slater's letter, another communication was forwarded to Mr. Brown at his last known address, certified mail, and the communication was returned with a notation "Unknown."

On November 4, 1964, Judge Miech extended the Garnishee Order to January 31, 1965. On March 12, 1965, Mr. Robert J. Gunnis, Attorney for the Milwaukee Municipal Credit Union, sent a communication to the Employees' Retirement System stating that at the request of the Court handling the case, it will be necessary to dispose of the same at this time, and therefore the money is to be paid into the court, or it will be necessary to enter a judgment against the Employees' Retirement System. Mr. Gunnis stated that the Milwaukee Municipal Credit Union will agree to hold the Employees' Retirement System harmless as to any claims.

Mr. Brown has not been located. The balance in his account at this time amounts to \$976.63.

After discussion, and on advice of the Legal Adviser, the Board directed the Secretary to pay into the Court the sum of \$667.37 out of the Annuity Savings Account of #C-22182, William Brown, in accordance with the Order to Garnishee, on approval by the Legal Adviser of an executed Agreement from the Municipal Credit Union to save the Annuity and Pension Board of the Employees' Retirement System harmless against claims.

Report of Actuary's Evaluation of System

The Secretary reported that from time to time Council Committees, City Service and Budget Offices request information on Retirement System membership for city employees and Fire and Police groups, and that the Actuary's report does not separate the groups. A request to Mr. Buck as to whether his report could be submitted by groups indicates it would increase the cost of the annual report by \$250.

After discussion, the Board decided that the cost involved would not warrant proceeding with the tabulations as a supplement to the annual evaluation report; however, if city agencies desire the information, they are to be informed it is available upon payment of the actuarial fee for such service.

State Tax Department Earnings Information

The Secretary reported that Chapter 396, Laws of 1937, and the Employees' Retirement System Law provide that earnings from gainful occupation shall be limited while an employee receives a Disability Retirement allowance or a Service Retirement allowance prior to the minimum retirement age of 60, and in determining the earnings of such retired employees, it would be helpful to check their Wisconsin State Income Tax returns; that to examine the records we are required to submit a certification designating those persons authorized to act as agents in examining tax returns. The Secretary submitted a resolution.

Mr. Slater left the meeting at 2:50 p.m.

Mr. Sulkowski arrived.

It was moved by Mr. Gumm, seconded by Mr. Kalupa and unanimously carried, that the Annuity and Pension Board adopt the following resolution:

WHEREAS, Section 36.05 (6) (c) and Section 36.07 (2) of the Employees' Retirement Act (Chapter 396, Laws of 1937 as amended) require a reduction in the beneficiary's pension when he engages in a gainful occupation paying in excess of the limit provided in this act, and

WHEREAS, It is necessary to check income tax records to obtain the information necessary to determine whether a beneficiary is engaged in a gainful occupation and whether his earnings exceed the limit under the law, therefore be it

RESOLVED, That the Annuity and Pension Board hereby certifies Secretary Ruth A. Poehlmann, Assistant Secretary Rudolph E. Pede, and Accountant Roger Gorski, as agents of the Board for the purpose of examining State tax returns, and be it

FURTHER RESOLVED, That a certified copy of this resolution be forwarded to the State of Wisconsin Department of Taxation, Madison, Wisconsin.

Mr. Galligan left the meeting at 2:55 p.m.

The Secretary reported the National Conference will be held the week of April 11th and, therefore, the regular meeting of the Board was scheduled for Thursday, April 22, 1965, at 2:00 p.m.

The meeting adjourned at 3:05 p.m.

Ruth A. Poehlmann

Secretary

EMPLOYEES' RETIREMENT SYSTEM - Retirement Fund

Statement of Receipts and Disbursements

for February, 1965

Cash Balance January 31, 1965

\$ 5,942.07

Add: February Receipts

Redemptions:

U. S. Treasury Bills due 4/8/65	\$ 300,000.00	
Thorp Finance Corp. 4% Note	20,000.00	
Otter Tail Power Co. 4 3/4%	3,021.60	
Consolidated Natural Gas Co. 5%	11,070.40	
Inland Steel Co. 4 1/2%	7,000.00	
Sears Roebuck & Co. 4 3/4%	33,000.00	
Prov. of New Brunswick 3 7/8%	8,000.00	
Montreal Metropolitan Corp. 5 5/8%	3,000.00	
Prov. of New Brunswick 5 3/8%	10,000.00	
Illinois Central Equip. Trust 2 7/8%	50,000.00	
International Harvester Co. 7% Preferred Stock (607 shares)	103,603.81	
U. S. Treasury Bills due 4/1/65	298,391.67	
Phillips Petroleum Co. Common Stock (500 shares)	28,244.52	
Greyhound Corp. Comm. Stk. (1,000 shs.)	25,629.04	
U. S. Treasury 4% Notes due 11/15/66	250,000.00	
Butler Warehouse Lease Rental	2,282.84	
Grafton State Bank Mortgages	181.76	
Howard Ave. Shopping Center, Inc.	1,344.68	\$ 1,154,770.32
Interest Income		537,789.77
Members' Contributions - Regular		266,554.17
Fire and Police Survivorship Contributions		7,106.33
Refund for deaths on 1/31/65 Pension Payroll		270.00
Total Receipts		1,966,490.59
Total Receipts and Disbursements		\$ 1,972,432.66

Deduct: February Disbursements

Investments:

International Harvester 4 5/8% Bonds	\$ 209,405.56	
Central Illinois Public Service 4 1/2%	230,962.50	
Duke Power Co. 4 1/2% Bonds	503,062.50	
Texas Electric Service Co. 4 1/2%	203,712.00	
General Motors Corp. Common Stock (500 shares)	49,118.90	
Wisconsin Telephone Co. 4 3/8%	251,688.37	
U. S. Treasury Bills due 5/20/65	99,056.39	\$ 1,547,006.22
Members' Contributions Refunded		48,039.74
Active Death Claims		36,334.81
Retired Death Claims		1,027.29
Fire and Police Survivorship Payroll		1,275.00
Pension Payroll - January 31, 1965		264,124.28
Total Disbursements		1,897,807.34

Cash Balance February 28, 1965

\$ 74,625.32

EMPLOYEES' RETIREMENT SYSTEM - Expense Fund

Statement of Receipts and Disbursements

for February, 1965

Cash Balance January 31, 1965	\$ 36,962.59
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Add: February Receipts

Reimbursement for 1st week of pay period #2 - Ingeliese Bauer transfer from Building Inspection	84.66
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Total Receipts and Balance	\$ 37,047.25
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Deduct: February Disbursements

Salaries and Wages	\$ 6,338.88
Employer Social Security Taxes	138.18
Employees' Insurance - Blue Cross	176.44
Employees' Insurance - Group Life	26.10
Accounts Payable	10.00
Tabulating Expense	139.36
Printing	152.51
Stationery and Office Supplies	18.72
Miscellaneous	.84
Actuarial Fees	750.00
Election Expense	437.57

Total Disbursements	8,188.60
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Cash Balance February 28, 1965	\$ 28,858.65
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