

PROCEEDINGS OF ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held January 20, 1977.

The meeting was called to order at 2:02 P. M. by Chairman Robert W. Walker.

PRESENT: Messrs. Carl E. Hanneman, Kenneth H. Mandt, Clarence M. Miller, W. Martin Morics, Roy B. Nabors, Miss Ruth A. Poehlmann, Robert W. Walker, and Edmund M. Wisniewski; also Messrs. William J. Lukacevich and Thomas E. Hayes, Legal Advisers, Rudolph E. Pede, Secretary, and Robert G. Nehls, Assistant Secretary.

ALSO PRESENT: Messrs. Jack Windsor, Richard Farren, and Richard Stanley, Heritage Investment Advisors, Inc., Investment Counselors; Gene Gilbert, Bache & Company, Inc., and Joe Ellis, representing Labor Negotiator.

Mr. Miller arrived.

Mr. Nabors arrived.

Appointment of Alderman Roy B. Nabors

The Secretary reported that the President of the Common Council, Alderman Ben E. Johnson, on December 22, 1976 appointed Alderman Roy B. Nabors to the Annuity and Pension Board to fill the unexpired term of Warren D. Braun through August 31, 1979, and that the appointment was confirmed by the Common Council on January 18, 1977. Board members welcomed Alderman Nabors and extended best wishes. Alderman Roy B. Nabors then took his oath of office as provided in Section 36.15 (4) of the Employees' Retirement Law.

Minutes

It was moved by Mr. Morics, seconded by Mr. Miller and unanimously carried, that the minutes of the regular meeting held December 16, 1976 be approved as submitted.

The Secretary reported that the June 17, 1976 minutes were inadvertently submitted to the Board without the following passed motion: "It was moved by Mr. Wisniewski, seconded by Miss Poehlmann and unanimously carried, that the minutes of the regular meeting held May 20, 1976 be approved as submitted." It was moved by Miss Poehlmann, seconded by Mr. Wisniewski and unanimously carried, that the minutes of the regular meeting held June 17, 1976 be approved as corrected.

Seminar Attendance

The Secretary reported on letters dated January 6, 1977 to the Board and December 16, 1976 to Alderman Kalwitz, Chairman of the Common Council Finance Committee, from Board Member Kenneth H. Mandt, copies sent to Board members with meeting notice, requesting that he be authorized to attend the International Foundation's Advanced Trustees Institute, June 12 thru 15, 1977 in Tahoe, Nevada via the Common Council Seminar Fund, which request Alderman Kalwitz advised Mr. Mandt must be made by the Board on his behalf.

Mr. Gene Gilbert arrived.

After discussion, it was moved by Mr. Mandt, seconded by Mr. Hanneman and unanimously carried, that three board members annually be requested to attend Seminars via the Common Council's Seminar Fund.

After further discussion, it was moved by Mr. Mandt, seconded by Mr. Wisniewski and unanimously carried, that a request be put before the Chairman of the Common Council's Finance Committee for Board Members Edmund M. Wisniewski and Kenneth H. Mandt to attend the New Trustees Institute in Quebec, Canada, June 26 thru June 29, 1977 and the Advanced Trustees Institute in Tahoe, Nevada June 12 thru June 15, 1977 respectively, with funds provided by the Common Council's Seminar Fund.

As a matter of information, the Secretary reported that the Municipal Finance Officers Association Convention attendance at Atlanta, Georgia April 17 thru April 21, 1977 has been approved for one Board Member and the Secretary by the Common Council on January 18, 1977. It was agreed that the convention requests authorized at the November 18, 1976 Board meeting be granted to three Board Members in the following priority:

1. Municipal Finance Officers Convention, Atlanta, Georgia
April 17 - 21, 1977 - Ruth A. Poehlmann
2. International Foundation's Educational Conference,
San Francisco, California, August 5 - 10, 1977
Robert W. Walker
3. International Foundation's Public Employes Conference,
Tahoe, Nevada, October 2 - 5, 1977 - Edmund M. Wisniewski.

Mr. Gene Gilbert left the meeting.

Late Protective Survivorship Option Request

The Secretary, in response to the Board's request at the last meeting, reviewed in detail the past procedure relating to the handling of late Protective Survivorship Option requests including the Protective Survivorship Option details leading to Mr. Harry J. Daniels' November 10, 1976 written request for an extension of his deadline (8/23/74) to elect the Protective Survivorship Option.

The Investment Counselors arrived.
Mr. Gene Gilbert arrived.

After considerable discussion, it was moved by Mr. Hanneman and seconded by Mr. Mandt, that Mr. Daniels be allowed his request to make a late election under the previous conditions as we have done for other employees, provided he furnishes a medical affidavit, and that he be given 30 days from the date of his written notification in which to elect the option. The motion lost by the following vote:

AYES: Messrs. Hanneman and Mandt.

NOES: Messrs. Miller, Morics, Nabors, Miss Poehlmann, Walker and Wisniewski.

Additional Unfinished Business

Board Member Edmund M. Wisniewski inquired regarding the status of the Board's request for a legal opinion on Investment Counsel Selling Authority. The Secretary advised that we have nothing further on the matter since the last legal opinion of October 22, 1976, and that the subject will be up for discussion by the Investment Committee with the legal adviser present, hopefully, before the next Board meeting. Also, in response to Mr. Wisniewski's request the Secretary advised that in connection with the Cybela case the matter of a deceased Fire or Policeman's "Duty Disability Member Contributions" is awaiting the receipt of a legal opinion from the Milwaukee Professional Fire Fighters' Association, as promised by Mr. Joseph Ruditys.

Bills

The Secretary presented a list of bills for December in the amount of \$64,359.45, copies sent with meeting notice to be attached to these minutes. It was moved by Mr. Mandt, seconded by Miss Poehlmann and unanimously carried, that the bills be approved and payments ratified.

Mr. Lukacevich left the meeting.

Investment Transactions

As a matter of information, the Secretary presented list of Investment Transactions settled during the month of December 1976, copies sent with meeting notice to be attached to these minutes.

The Secretary then requested approval of the December 1, 1976 Sale of 500,000 Georgia Pacific Corp. 6-1/4% Convertible Sub. Debentures, Due 5/15/2000 as recommended by Investment Counsel on December 1, 1976. It was moved by Mr. Mandt, seconded by Mr. Hanneman and unanimously carried, to approve the sale of 500,000 Georgia Pacific Corp. Convertible Sub. Debentures.

Investments

Mr. Windsor reported on the name change of their company from Newton and Company to Heritage Investment Advisors, Inc.

Mr. Windsor presented the Investment Counsel agenda and lists of activity committed since the December 16, 1976 Board meeting (copy to be attached to these minutes).

Mr. Stanley reviewed the Short Term Investments and the activity in the fixed income portfolio and discussed that portion of the agenda.

Mr. Farren reviewed the activity in the equity portfolio and discussed that portion of the agenda.

Mr. Windsor reviewed the activity in the stock options program and discussed that portion of the agenda.

Mr. Gene Gilbert recommended that two million dollars more be allocated to the Pilot Option Program at this time.

After discussion Mr. Windsor requested that we lay this matter over until their Mr. Walter Beck has a chance to review this, after which they will make their recommendation. It was agreed that the matter be laid over to the February Board meeting.

Mr. Mandt left the meeting.

Mr. Windsor presented Heritage letter of January 20, 1977 confirming their December 16, 1976 recommendation that the net 1977 investable cash flow be invested 70% in fixed income securities and 30% in equities. It was agreed that this recommendation be reviewed at the Investment Counselor's 1976 informational meeting on February 15, 1977 when they present their 1976 Investment Portfolio Report.

The Investment Counselors left the meeting.

Retirements, Death Claims, and Refunds

The Secretary presented lists of activity since the last Board meeting, copies of which were sent with meeting notice to be attached to these minutes:

Retirements for the month of January 1977

Active Death Benefits paid thru December 21, 1976	\$28,515.76
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Retired Deaths paid thru December 21, 1976	\$ 495.20
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Refund of Member Contributions paid thru December 30, 1976	\$58,570.31
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It was moved by Miss Poehlmann, seconded by Mr. Wisniewski and unanimously carried, that the above indicated retirements, death claims, and refunds be approved.

Medical Council Report

The Secretary presented application for Duty Disability Retirement from #C-8320 Eugene J. Dominiak, effective February 1, 1977, and submitted report of the Medical Council certifying that he is physically incapacitated for the performance of duty as the natural and proximate result of an injury occurring in the actual performance of duty, and that he should be retired. It was moved by Miss Poehlmann, seconded by Mr. Hanneman and unanimously carried, to accept the certification of the Medical Council and that Mr. Dominiak be retired on Duty Disability Retirement.

The Secretary also presented application for Ordinary Disability Retirement from #C-17760 Jerry D. Brown, Jr. effective December 22, 1976, and submitted report of the Medical Council certifying that he is incapacitated for the performance of duty, that such incapacity is likely to be permanent and that he be retired. It was moved by Mr. Morics, seconded by Mr. Miller and unanimously carried, to accept the certification of the Medical Council and that Mr. Brown be placed on Ordinary Disability Retirement.

The Secretary also presented reports of the Medical Council relative to re-examinations, certifying that #C-12958 Frank J. Czecholinski, #C-16942 Henry A. Deer, #F-12415 Donald A. Dettmann, #C-11954 Edward L. Janczak, #A-10523 Norbert N. Meyer, #A-17114 Paul M. Pinter, #C-10824 William H. Rounseville, and #C-14699 Roy J. Schmidt be continued on Ordinary Disability Retirement. It was moved by Miss Poehlmann, seconded by Mr. Wisniewski and unanimously carried, to accept the certifications of the Medical Council and that Messrs. Czecholinski, Deer, Dettmann, Janczak, Meyer, Pinter, Rounseville, and Schmidt be continued on Ordinary Disability Retirement.

Report of Special Physician Panel - 90% Duty Disability

The Secretary presented a report of the Special Three-Physician Panel relative to the annual re-examination of #F-15801 Michael Skiba, Jr., a former Firefighter, certifying that he be continued on Duty Disability enlarged 90% allowance. It was moved by Mr. Wisniewski, seconded by Mr. Hanneman and unanimously carried, to accept the certification of the Special Three-Physician Panel and that Mr. Skiba be continued on Duty Disability enlarged 90% benefit.

Election of Officers

The Secretary reported that the rules designate the January meeting of the Board as the Annual Meeting at which time the Chairman and Vice Chairman are to be elected for a term of one year.

It was moved by Miss Poehlmann, seconded by Mr. Morics and unanimously carried, that Mr. Walker be nominated as Chairman for the ensuing year. It was moved by Mr. Hanneman, seconded by Mr. Miller and unanimously carried, that nominations be closed. It was moved by Miss Poehlmann, seconded by Mr. Miller and unanimously carried, that the Secretary be instructed to cast a unanimous ballot for the election of Robert W. Walker as Chairman.

It was moved by Mr. Hanneman, seconded by Mr. Miller and unanimously carried, that Mr. Mandt be nominated as Vice Chairman for the ensuing year. It was moved by Mr. Miller, seconded by Mr. Hanneman and unanimously carried, that nominations be closed. It was moved by Mr. Miller, seconded by Mr. Hanneman and unanimously carried, that the Secretary be instructed to cast a unanimous ballot for the election of Kenneth H. Mandt as Vice Chairman.

Authorization to Sign Vouchers

The Secretary presented the following resolution in accordance with Section 36.15 (11) of the Retirement Act:

RESOLVED, That the following persons are hereby designated and authorized to sign vouchers for payments from funds of the Employees' Retirement System:

One of the following:

Robert W. Walker, Chairman
or
Kenneth H. Mandt, Vice Chairman
or
James A. McCann, City Comptroller
or
W. Martin Morics, Deputy City Comptroller
or
Edwin Goldman, Special Deputy City Comptroller

And one of the following:

Rudolph E. Pede, Secretary
or
Robert G. Nehls, Assistant Secretary

and be it

FURTHER RESOLVED, That a duly attested copy of this resolution bearing on its face specimen signatures of the above designated persons shall be forwarded to the City Treasurer.

It was moved by Miss Poehlmann, seconded by Mr. Wisniewski and unanimously carried, that the resolution be adopted.

Appointment of Investment Committee

The Chairman appointed the following as members of the Investment Committee for the ensuing year:

Mr. James A. McCann, Chairman, Robert W. Walker and Kenneth H. Mandt, with any other member of the Board as alternate.

Administrative Offices Consolidation

The Secretary presented December 14, 1976 letter from Edwin C. Whitney, Secretary, Special Committee on Organization and Methods on the subject: Possible Merger (Consolidation) of Administrative Offices and Staffing of Three Separate Pension Systems Into One, copies of which were previously furnished to the board, wherein comments were requested of the board.

Assistant City Attorney Thomas Hayes arrived.

After discussion, it was moved by Mr. Hanneman and seconded by Miss Poehlmann, that we respond to Mr. Whitney's letter in the negative saying that our recommendation is not to merge the administrative offices and staffing of the three pension systems into one.

(The following motion to lay-over superseded the above motion.)

After further discussion regarding the effect on existing staff and space, infringement on the vested and contractual provisions relative to the administration of our system and the desire for more time and information on the matter, it was moved by Mr. Nabors, seconded by Mr. Morics and unanimously carried, that the matter be laid over and have Mr. Whitney provide a cost benefit analysis of the efficiencies of the consolidation of the three pension systems provided to the Board in advance of the next meeting, with Mr. Whitney's presence requested, so the Board may have an informed discussion on the matter.

State Retirement Research Committee

The Secretary presented January 12, 1977 letter from Blair Testin, Director of the State of Wisconsin Retirement Research Committee relative to their engaging the services of a consulting actuary to aid in the comparison and analysis of the Milwaukee Funds and the possibility of some additional actuarial cost to our fund because of this and wherein he requests a response as to our willingness to cooperate in such a comparative study. Copies of the letter were sent to Board members and attorneys with meeting notice. The Secretary also distributed letter of January 17, 1977 from our Actuary, Robert L. Barnes, wherein he advises that until he sees what the Research Committee wishes the Wyatt Company cannot state that there would be no additional fee involved.

After considerable discussion, it was moved by Mr. Morics, seconded by Mr. Miller and unanimously carried, to write the Committee stating that the Board approves the study in principle but to seek a commitment from the State to pay any additional actuarial cost.

Mr. Nabors left the meeting.

Charter Ordinance No. 440

The Secretary presented January 16, 1977 letter from Board Member Carl E. Hanneman requesting legal opinion relative to Charter Ordinance No. 440, passed December 23, 1976 amending Section 36.05 (3) (c) to the effect that Policemen who are found to be eligible for a duty disability retirement allowance on or after November 1, 1976 shall continue to receive such allowance during their period of eligibility until they reach age 63, at which time it will convert to a service retirement allowance. Copies of the letter and Charter Ordinance No. 440 were previously submitted to the Board.

After considerable discussion, it was moved by Mr. Hanneman and seconded by Mr. Miller, that Charter Ordinance No. 440 be referred to the City Attorney's Office for a legal opinion as to its compatibility with other sections of Chapter 36 listed in a letter dated January 16, 1977 from Carl E. Hanneman and also request that our legal adviser include in his opinion a general set of guidelines for administration of this ordinance. The motion lost by the following vote:

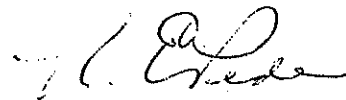
AYES: Messrs. Hanneman, Miller, and Wisniewski.

NOES: Messrs. Morics, Miss Poehlmann, and Walker.

Charter Ordinance No. 439

The Secretary passed out copies of Charter Ordinance No. 439, passed December 23, 1976 which amends Section 36.13 (5) (g) of the Retirement Act relating to State Service Credit.

The meeting adjourned at 4:50 P. M.



Secretary

EXPENSE FUND BILLS - DECEMBER 1976

<u>Vendor</u>	<u>Amount</u>
For ratification at Board Meeting January 20, 1977 -	
U. S. Post Office - Election Postage	\$ 130.71
Travel Expense Advance - Ken Mandt (Madison)	45.00
City Treasurer - Payroll P.P. 24-25	13,658.60
City Treasurer - November Pension Checks (3161 x .09¢)	284.49
City Treasurer - Data Processing P.P. 24-25	480.07
City Treasurer - Systems & Programming P.P. 23-24	247.99
City Treasurer - Microfilming P.P. 21-22	211.47
City Treasurer - Central Clerical Pool Service - Election	476.67
City Treasurer - Herbert P. Ruthenberg - Court Hearings (Billed by City Attorney)	898.00
City Treasurer - Social Security Taxes	325.10
City Treasurer - Blue Cross - February 1977 coverage	955.28
City Treasurer - Group Life - January 1977 coverage	121.25
First Wisconsin Trust Co. - Annual Fee (includes \$1,800.00 option account)	39,509.77
First Wisconsin Trust Co. - Collection & Shipping Expense	492.40
Milwaukee Public Library - Binding Services	11.00
The 780 North Corp. - Luncheon - Board Members	69.32
Typewriter & Adding Machine Exchange - Cleaning of Manual Typewriters	68.00
The H. H. West Co. - Office Supplies	2.89
Western States Envelope Co. - Pension Roll payment envelopes	466.44
Wyatt Co. - Actuarial Fees - 4th quarter 1976	4,500.00
Wyatt Co. - Actuarial Fees in connection with the transfer of assets regarding Museum employees and the Milwaukee County Employees Retirement System	1,375.00
U. S. Post Office - 1977 Annual permit fee due 1/1/77	30.00
Total Expenses	\$64,359.45

INVESTMENT TRANSACTIONSSettled Month of December

<u>REDEMPTIONS</u>	<u>Securities</u>	<u>Rate</u>	<u>Maturity</u>
\$ 300,000.00	Long Island Lighting - 1st Mtge.	3-5/8%	12- 1-1976
34,000.00	Ford Leasing - Company Note	5-3/4	12- 1-1986
20,000.00	Witco Chemical Company - Debenture	4.65	12- 1-1984
3,000.00	Central Telephone Company - 1st Mtge.	3.8	12- 1-1977
3,209.21	Quadro Stations - Company Note	5.15	3-18-1989
94,892.64	Gov't. Nat'l. Mtge. Assn. Bonds (Guaranteed)	Various	Various

SALES

\$1,000,000.00	U. S. Treasury Tax Bonds	4-1/8	5-15-1994
500,000.00	Georgia Pacific Corp. - Convertible Sub. Deb.	6-1/4	5-15-2000
750,000.00	Allied Chemical - Debenture	7-7/8	9-1-1996

PURCHASES

\$ 500,000.00	Regional Municipal of Peel - Municipal Bd.	8-7/8	12- 1-1996
850,000.00	Union Tank Car - Equipment Trust Certificate	7-7/8	9- 1-1996
500,000.00	First National Bank of Dallas - Company Note	4-1/2	1-31-1999
	(Yield 8.875%)		

SALES - Common Stock

\$ 406,892.12	GATX Corp. - 11,000 shs (Loss on sale \$82,063.06)	-	-
112,656.40	General Foods Corp. - 4,000 shs (Gain on sale \$7,949.55)	-	-
2,092,475.80	General Motors, Inc. - 28,000 shs (Loss on sale \$2,802.08)	-	-

PURCHASES - Common Stock

\$ 100,141.00	Simmons Co. - 5,300 shs	-	-
142,670.00	Sterling Drug, Inc. - 9,000 shs	-	-
164,100.00	Citi Corp. - 5,500 shs	-	-
304,780.00	RCA Corp. - 12,000 shs	-	-
57,500.00	Wisconsin Electric Co. - 2,000 shs	-	-
844,027.50	Coca Cola - 11,000 shs	-	-
113,500.00	DuPont de Nemours - 900 shs	-	-
588,665.00	Eastman Kodak - 7,000 shs	-	-
836,220.00	Minnesota Mining - 15,000 shs	-	-
51,125.00	General Electric - 1,000 shs	-	-
94,777.50	AMF, Inc. - 4,500 shs	-	-
113,785.00	Gillette Co. - 4,500 shs	-	-
93,482.50	Honeywell, Inc. - 2,000 shs	-	-
113,037.50	Xerox Corp. - 2,000 shs	-	-

1/20/77

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Investment Transactions - Cont'd.

OPTION STOCK

PURCHASE

\$ 175,496.00 Minnesota Mining - 3,000 shs

SERVICE RETIREMENTS - MONTH OF JANUARY 1977

<u>Active Service No.</u>	<u>Name and Department</u>	<u>Date of Retirement</u>
C-29299	Marian C. Tschudy - Bridges and Buildings	1- 1-77
C- 8860	Walter W. Fliss - Bureau of Forestry	1- 2-77
P-10988	Donald C. Brueser - Police Department	1- 4-77
C-32186	Fred A. Williams - Bridges and Buildings	1- 4-77
C- 7088	Stanley A. Studer - Building Inspection	1- 5-77
P- 9428	Eugene L. Kluczny - Police Department	1- 5-77
C-30346	Charles H. Wolf - Municipal Equipment	1- 5-77
C- 7744	Robert J. Meusy - Bridges and Buildings	1- 7-77
C-25790	Norman A. Tarr - Health Department	1- 7-77
A- 6309	Robert C. Wiesner - School Board	1- 8-77
A-15469	Dr. Walter Gebert - Health Department	1- 8-77
C-23755	Marvin J. Davidson - Water Department	1- 8-77
C-34030	Edmund J. Stanis - Municipal Equipment	1- 8-77
C-34322	Shellie Robertson - Bureau of Forestry	1- 8-77
C- 5881	Raymond J. Papke - School Board	1- 9-77
P-10688	Jerold W. Wohlfeil - Police Department	1-14-77
P-11334	Elmer J. Fredericks - Police Department	1-15-77
C-31802	Steven Zygmanski - Library	1-15-77
C-38983	Ethel McCauley - School Board	1-15-77
C-27367	Carl J. Marshall - Water Department	1-19-77
C- 8671	Daniel W. Kamens - Tax Commission	1-21-77
C-12589	Anton L. Mussa - Building Inspection	1-22-77
C- 8156	John Liebl, Jr. - Municipal Equipment	1-25-77
C-17931	James A. Duffus - Municipal Equipment	1-25-77
A- 8328	Joseph J. Bergeron - St. & Sewer Maint.	1-26-77
P-11683	Raymond A. Patulski - Police Department	1-27-77
C-18956	William A. Kunzler - Municipal Equipment	1-27-77
P- 8845	Carl Maederer - Police Department	1-29-77

Involuntary Separation - Immediate Allowance

C-28725	Robert E. Atkins - Treasurer's Office	1- 1-77
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Voluntary Separation - Deferred to Age 60

C-26000	Donald R. Morrison - City Service	1-16-77
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Voluntary Separation - Immediate Allowance

A- 5994	Oliver B. Perry - Sewerage Commission	1-29-77
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Policemen's Survivorship Benefit

P-12760	Richard V. Adams, Deceased December 4, 1976 widow, Rita Adams	
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DEATH CLAIMSActive Death Benefits paid December 21, 1976

<u>Active No.</u>	<u>Name</u>	<u>Date of Death</u>	<u>Amount</u>
24737	Robert E. Jung	10-31-76	\$22,748.91
	paid January 4, 1977		
26150	Talmadge Mays, Jr.	8-31-72	<u>5,766.85</u>
	Total		\$28,515.76

Retired Deaths paid December 21, 1976

<u>Retired No.</u>	<u>Active No.</u>	<u>Name</u>	<u>Date of Death</u>	<u>Amount</u>
2861	2744	James J. Bannen	10-26-76	\$ 201.32
1885	878	John P. Bialk	11- 2-76	12.52
2274	3286	Foster C. Shouldice	11-29-76	199.79
	paid January 14, 1977			
1674	249	Arthur C. Uecker	11-14-76	<u>81.57</u>
	Total			\$ 495.20

Return of Contributions listed on Voucher No. R-7623 paid December 17, 1976

<u>Active No.</u>	<u>Name</u>
SP-28698	Alice A. Swessel
C-28748	Diane E. Mick (Deferred Retirement)
C-31295	Robert M. Dunn
C-32173	Maria Vagourdes
C-36280	Roger A. Jaeger
SP-42382	Robert W. Johns

Total \$24,613.37

Return of Contributions listed on Voucher No. R-7624 paid December 30, 1976

<u>Active No.</u>	<u>Name</u>
SP-16880	Otto E. Wegner
C-29034	Gerald D. Potrykus
C-32244	John Smith
C-35581	William P. Hadley III

Total \$33,956.94

GRAND TOTAL \$58,570.31