

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

PROCEEDINGS OF ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting held February 23, 1981.

The meeting was called to order at 1:03 p.m. by Chairman Cooper.

PRESENT: Ronald R. Beaudoin, John C. Cooper, Sandra Hoeh, W. Martin Morics, Harry G. Slater, Edmund M. Wisniewski; also, James B. Brennan and Thomas E. Hayes - Legal Advisors, Robert G. Nehls - Secretary and Duamel Vellon - Asst. Secretary

ALSO PRESENT: Eugene Gilbert - Bache Halsey Stuart Shields, Inc; Frank Blau - City Risk Manager, Michael Tagtow - Rollins Burdick Hunter of Wisconsin; and Linda Fibish - Milwaukee Journal Reporter.

EXCUSED: Carl E. Hanneman and Eunice Lockhart-Moss.

Minutes

The Secretary submitted proposed minutes of the Annual Meeting of January 26, 1981. It was thereupon moved by Mr. Slater, seconded by Mr. Morics and unanimously carried to include the name of the City Comptroller as ex-officio member of the Investment Committee and then to accept the minutes as amended.

Investment Committee Report

Mr. Morics reported that the Investment Committee had met on February 9, 1981 and officers were elected with the results as follows: Mr. McCann, Chairman and Mr. Slater as Vice Chairman.

An explanation of the proposed asset allocation was made by the Secretary regarding transfer of assets from Heritage to Loomis Sayles and Funds Advisory. He reported that since the equity investment limit under present law was 40% at cost, the Pension Office monitor all managers so that the portfolio is maintained within the statutory limits and advised that the Committee recommend the following percentages for each of the managers' equity portfolio (Heritage - 30%; Loomis Sayles - 100% and Funds Advisory - 57%). He also reported that the Committee recommended the addition to Guideline III. c. the following: "Loomis Sayles shall be permitted to invest in the stock of any issuing corporation up to four percent (4%) of the total assets managed as measured by their cost at the time of acquisition."

The Secretary also reported that the Investment Committee voted that the date of transfer for the securities and/or cash (to Loomis and Funds from Heritage) take place as soon as it was legally possible following Common Council approval of release of the funding.

It was thereupon moved by Mr. Morics, seconded by Mr. Wisniewski and unanimously carried to accept the recommendations of the Committee re asset allocation.

2/23/81

Mr. Morics also reported that it was a recommendation of the Committee to sell Chrysler bonds as recommended by Heritage. It was thereupon moved by Mr. Morics and seconded by Mr. Beaudoin that the Board accept the recommendation of the Investment Committee and sell these bonds. Upon discussion, the motion upon roll call failed the following vote:

AYES: Members Beaudoin, Hoeh and the Chairman.
 NOES: Members Morics, Slater and Wisniewski.

It was thereupon moved by Mr. Slater, seconded by Alderman Hoeh and unanimously carried that the Board get a written report from Heritage as to the chronological data of these bonds in value and why March '80 was the first time the Board was notified of the loss in value of these bonds.

Mr. Morics also reported that the Investment Committee minutes would be submitted (as informational material) to the Board at the Board meeting next following the Committee meeting if possible.

Mr. Morics further reported that the Committee recommended meetings of the performance evaluators, managers and the trust company be held as follows: a meeting of the evaluators be held prior to separate meetings with each of the managers which would be held in the usual manner followed by a properly noticed informal discussion over luncheon and that meetings with the trust be held as needed. He reported that lengthy discussion had taken place regarding the format of these meetings.

Meeting Format for Managers and Evaluators

The Secretary presented a letter from Mr. Carl Hanneman dated February 13, 1981, copies sent with meeting notice, regarding meeting format and minutes of the Investment Committee meetings.

It was thereupon moved by Mr. Slater, seconded by Alderman Hoeh and unanimously carried that the Chairman, Mr. Cooper, develop the meeting schedule and format relative to meetings with the Board's professionals.

Outside Earnings Limit

The Secretary reported that adjustments have been made to those members on disability pension who exceeded their outside earnings limit for 1980. These adjustments satisfy both the old method and the one recommended by the City Attorney's office. Specifically, taking the amount of excess outside earnings, dividing by 12 and reducing the 1981 monthly pension by that amount.)

He further reported that although this is a satisfactory solution for 1981, a decision must be reached before January, 1982 at which time the pension would be increased to the original amount which is not in accordance with the City Attorney's opinion.

He reported that no adjustments were made for those who exceeded the 1979 earnings limit because it was expected that the Board would approve the recommendations of the guidelines (by the City Attorney).

It was thereupon moved by Mr. Slater, seconded by Alderman Hoeh and unanimously carried to accept the recommendations of the City Attorney and Secretary for 1981 and to continue the study of what should be done in 1982.

Equity Manager Progress Report

The Secretary reported that a letter had been sent to the Finance and Personnel Committee February 4, 1981 with a copy of the Becker report and letter and also a copy of the Basis for the Selection of Loomis. He reported that this matter would come before the Committee on February 25, 1981 and the Council on March 10, 1981.

Fiduciary Liability Insurance

The Secretary reported that the Board had asked the City Risk Manager to prepare a report on Fiduciary Liability Insurance and to analyze a proposal made by Rollins Burdick Hunter of Wisconsin.

Mr. Blau reported he had investigated Fiduciary Liability Insurance and prepared a report dated February 23, 1981, copies on file in the office of the Employees' Retirement System. The report identified the present risk to which the Board is exposed, describes methods to treat the exposure and makes a recommendation as to which treatment the Board should consider.

The final recommendation was that the City is financially capable of absorbing the risk as part of its current risk retention program and that the Board members consider transferring this risk to the City. (At the present time, there is no mechanism in place allowing for the transfer of risk from individual Board members against financial liability arising out of breach of their fiduciary duty; accordingly, Board members individually retain exposure to potential financial loss.)

It was thereupon moved by Mr. Slater that the Board proceed purchasing coverage by an insurance carrier and send communications to the Common Council when the premium would be determined on a policy acceptable to the Board members. There was no second to the motion.

It was thereupon moved by Mr. Cooper, seconded by Mr. Morics and unanimously carried that the report presented by Frank Blau be forwarded to the City Attorney for a report on the availability of coverage by the City and to determine whether the City of Milwaukee can, in fact, insure this risk.

Resolution of Appreciation

The Secretary presented the following resolution of appreciation:

2/23/81

A RESOLUTION

WHEREAS, Board Member Carl E. Hanneman served as Chairman of the Annuity and Pension Board for the period September, 1978 to January, 1981, during which he generously devoted time and effort in the discharge of his responsibilities; and,

WHEREAS, Carl Hanneman also served, and continues serving, as a member of the Investment Committee of the Annuity and Pension Board; and,

WHEREAS, As member of both the Board and the Investment Committee, Carl has consistently evidenced interest in the best administration and application of the Pension Law; and,

WHEREAS, Carl's input, leadership, ideas, and judgements as member of the Board, in different capacities, have been extremely effective and helpful in providing direction to this body; and,

WHEREAS, Carl Hanneman has been a strong supporter and defender of the pension rights of the members as contained in the Annuity and Pension Law; and,

WHEREAS, Board Member Carl Hanneman's dedication and eagerness to serve is expected to continue with us during the rest of his term; therefore be it

RESOLVED, By the Annuity and Pension Board that it hereby expresses its sincere appreciation for the valuable and conscientious services of Mr. Hanneman as Chairman of the Pension Board; and be it

FURTHER RESOLVED, That this resolution be spread upon the permanent records of this Board and a suitable engrossed copy be forwarded to Mr. Hanneman.

It was thereupon moved by Mr. Wisniewski, seconded by Mr. Beaudoin and unanimously carried that the Board adopt this resolution.

Bache Contract

Mr. Morics informed the Board that this item had been put on the agenda at his request as he was very concerned about the amount of commissions which had been directed to Bache in 1980 (\$311,987). He further indicated that he would prefer that the Board enter into a new contract with Bache which would specifically list those services which were requested and to cap-off the commissions.

Discussion ensued in which Mr. Gilbert expressed indignation at the continuing bickering about the Bache contract which had been negotiated in good faith; concern was expressed by several members that the level of remuneration is far in excess of what the Board has negotiated for similar services.

Mr. Brennan entered.

Mr. Brennan addressed the Board on this situation and advised the Board that in comparison with the State of Wisconsin Investment Board's costs relating to the average value of assets managed per \$100 of securities, the Investment Board's costs were much lower than those of the Pension Board. He informed the Board that proposed statutory revision of the State of Wisconsin Investment Board contains a provision which would permit the Board to utilize the investment management services of the State. He further stated that he was concerned about the comparatively large amount of brokerage fees being paid, and further, that one brokerage firm, i.e., Bache, was guaranteed commissions amounting to approximately \$300,000 per year and that this guarantee is out of proportion to the services received. Mr. Brennan continued that this relationship "indefinitely creates a condition fraught with conflicts, favoritism and ethical consideration".

It was thereupon moved by Mr. Morics and seconded by Mr. Slater to refer this to the Investment Committee to re-negotiate the contract keeping in mind the competitive bids and current contracts. Discussion ensued relative to the wording of the motion, specifically, that portion regarding reference to current contracts as the services rendered by Bache were not identical to those provided by the other two evaluators. The motion upon roll call failed by the following vote:

AYES: Members Hoeh, Morics and Slater.

NOES: Members Beaudoin, Wisniewski and the Chairman.

It was thereupon moved by Alderman Hoeh and seconded by Mr. Beaudoin to refer this matter to the Investment Committee for renegotiation. The motion upon roll call prevailed by the following vote:

AYES: Members Beaudoin, Hoeh, Morics, Slater and the Chairman.

NOES: Member Wisniewski.

Mr. Gilbert indicated that Bache was certainly willing to renegotiate.

It was thereupon moved by Mr. Slater and seconded by Alderman Hoeh that the Board, at an early opportunity, meet with the Wisconsin Investment Board to determine whether or not they are available for consultation and advice and what their options are with respect to investments. Mr. Slater withdrew this motion because the Board still has to meet with the State regarding pending legislation.

Mr. Brennan left.

1981 Employer Contributions

The Secretary presented a letter dated February 2, 1981 from Alderman Hoeh to the City Attorney and the legal opinion written in response dated February 2, 1981; copies sent with meeting notice. In her letter, Alderman Hoeh requested a written opinion as to whether the City Treasurer was obligated to make the City's contribution in full on or prior to January 31 of the current year.

2/23/81

The City Attorney's opinion reads in part as follows:

"36.08(6)(d) On or before September 1 in each year... The amount so ascertained shall be included by the common council or other governing body and city agencies in their budgets and shall be appropriated and paid to the retirement system by the city and city agencies in January of the fiscal year next following.

"In our opinion, the foregoing provision places a plain ministerial duty upon the City Treasurer to make the required contribution to the Employees' Retirement System on or before the 31st day of January. Accordingly, our 1971 opinion should not be interpreted so as to permit the Treasurer to prorate the payment to the Employees' Retirement System based upon the ratio that property taxes collected bear to property taxes levied."

It was thereupon moved by Mr. Beaudoin, seconded by Mr. Slater and unanimously carried that the Secretary write to the City and/or City Agencies who had not made their contribution on or before January 31, 1981 informing them of the interest due on the unpaid balance (from January 31, 1981 until the date received).

It was then moved by Mr. Beaudoin and seconded by Mr. Slater that the Secretary contact the Actuary and ascertain whether the delay in payments do, at any point in time, cause the Board to lose interest that wasn't made up and at the projected rate what amounts were lost. Mr. Hayes, upon discussion, informed the Board that this wasn't going to serve any purpose. Mr. Slater withdrew his second. There was no other second to the motion.

Board Rule re Outside Earnings

The Secretary presented a rule proposal to be added to Section VII of the Rules and Regulations as follows:

"c. Outside Earnings Limit

All members on disability or other type of retirement affected by outside earnings limits provided in the Pension Law, must submit a copy of their State Income Tax Return not later than May 31 following the year being audited."

He reported that the City Attorney had indicated that the Board could adopt this rule. It was thereupon moved by Mr. Wisniewski and seconded by Mr. Morics to adopt the rule as proposed by the Secretary. The motion upon roll call prevailed by the following vote:

AYES: Members Morics, Wisniewski and the Chairman.
NOES: Members Beaudoin and Slater.

The Secretary informed the Board that the Employees' Retirement System staff would once each year, send a request for information on outside earnings to both ordinary and duty disability retirees.

Board Rule re Service Credit

The Secretary reported that Milwaukee Public Schools have currently questioned the practice of "once enrolled, always enrolled". In discussion of this matter with Mr. Hayes, he advised that it was within the authority of the Board to rule on service credit allowed to members working in "no benefit" or less than half-time positions.

It was thereupon moved by Mr. Slater, seconded by Mr. Wisniewski and unanimously carried to refer this to the City Attorney to draft the necessary amendment to the Rules and Regulations consistent with the Pension Law.

Report on Investments

As a matter of information, the Secretary presented lists of investment transactions settled during the month of January, 1981, copies sent with meeting notice and to be attached to these minutes.

Report on Bills and Cash Flow

As a matter of information, the Secretary presented lists of bills for February and a cash flow statement reporting cash inflow, outflow and cash available for security investments, copies sent with meeting notice; a copy of list of bills to be attached to these minutes.

Retirements, Refunds, Death Claims

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

Retirements for the month of February.

Refund of Member Contributions paid:

January 27, 1981	\$41,467.22
February 11, 1981	32,321.62

Active Death Benefits paid:

February 20, 1981	42,513.19
-------------------	-----------

Retired Death Benefits paid:

February 20, 1981	2,541.41
-------------------	----------

It was thereupon moved by Mr. Wisniewski, seconded by Mr. Morics and unanimously carried to accept the reports as submitted.

Medical Council Reports

The Secretary presented applications for Ordinary Disability and reports of the Medical Council For #A-17678 Jerry Freeman, Jr. and #C-32750 John E. Glomski certifying that they be retired on Ordinary Disability Retirement. It was thereupon moved by Mr. Wisniewski, seconded by Mr. Morics and unanimously carried that Mr. Freeman effective January 22, 1981 and Mr. Glomski effective February 22, 1981 be retired on Ordinary Disability Retirement.

The Secretary also presented application for Duty Disability For #C-41406 Juanita Spencer and submitted reports of the Medical Council denying the application for Duty Disability but approving the application for Ordinary Disability. It was thereupon moved by Mr. Morics, seconded by Mr. Wisniewski and unanimously carried to concur with the report of the Medical Council and that Ms. Spencer be denied Duty Disability Retirement but be approved for Limited Payment Ordinary Disability Retirement effective February 16, 1981.

The Secretary also presented reports of the Medical Council relative to their examination of Messrs. Daniel Lentz and Russell F. Semon certifying that they be continued on Duty Disability Retirement. It was thereupon moved by Mr. Wisniewski, seconded by Mr. Slater and unanimously carried that the aforementioned be continued on Duty Disability Retirement.

The Secretary also presented reports of the Medical Council relative to the re-examinations of Messrs. Anthony David, Samuel Ellis, Roger Klught, Robert Kroll and Robert O. Raines certifying that they be continued on Ordinary Disability Retirement. It was thereupon moved by Mr. Wisniewski, seconded by Mr. Slater and unanimously carried that the aforementioned be continued on Ordinary Disability Retirement.

Fire Medical Panel Reports

The Secretary presented application for Duty Disability Retirement and report of the Medical Panel for SF-31845 Joseph Brazgel certifying that he is incapacitated for the performance of duty as the natural and proximate result of an injury occurring in the actual performance of duty. It was thereupon moved by Mr. Wisniewski, seconded by Mr. Slater and unanimously carried that effective March 1, 1981 Mr. Brazgel be retired on Duty Disability Retirement.

The Secretary also presented a report of the Medical Panel relative to the re-examination of Messrs. Richard A. Lueders and Sylvester T. Mazurkiewicz certifying that they be continued on Duty Disability Retirement under the provisions of Chapter 891.45 of the ~~State~~ Statutes, presumption of employment connected disease. It was moved by Mr. Wisniewski, seconded by Mr. Morics and unanimously carried that the aforementioned be continued on Duty Disability Retirement under the provisions of Chapter 891.45 of the Statutes.

Police Medical Panel Report

The Secretary presented a report of the Medical Panel relative to the re-examination of Mr. Montgomery Sykes certifying that he be continued on Duty Disability Retirement. It was thereupon moved by Mr. Slater, seconded by Mr. Beaudoin and unanimously carried that the aforementioned be continued on Duty Disability Retirement.

Miscellaneous - Computer Direction Associates

The Secretary reported that a request had been submitted by Computer Direction Associates to participate in a pooled fund performance survey and as a result of this participation, the Board would receive a performance evaluation from them comparing our Fund to other funds participating in the survey.

Upon discussion, it was moved by Mr. Slater and seconded by Mr. Wisniewski to refer this request to the Investment Committee. The motion upon roll call lost by the following vote:

AYES: Members Slater and Wisniewski.

NOES: Members Beaudoin, Morics and the Chairman.

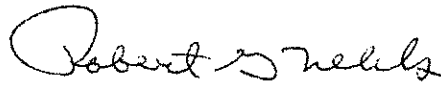
It was thereupon moved by Mr. Morics, seconded by Mr. Beaudoin and unanimously carried that the Secretary comply with the request and participate in the survey.

Miscellaneous - Workers' Compensation

The Secretary reported that the Board still has pending the cases of the seven fire fighters who are contesting their Workers' Comp offsets and those persons who have retired since the June 23, 1980 meeting of the Board whose Worker's Comp benefit is not being offset.

The Chairman directed that this matter be laid over.

There being no further business, the meeting adjourned at 3:10 p.m.


Secretary

INVESTMENT TRANSACTIONS FOR THE MONTH OF JANUARY, 1981

I. Bond Transactions

A. Prepayments/Maturities

Description	Rate	Maturity Value	Book Value	Proceeds	Gain/(Loss)
Household Finance - Deb. 1/1/81	4.875	300,000.00	300,000.00	300,000.00	-0-
Academy of Holy Cross - Deb. 1/1/81	5.5	10,000.00	10,000.00	10,000.00	-0-
Western Pacific - Deb. 1/1/81	3.125	300,000.00	300,000.00	300,000.00	-0-
Marathon Finance - Deb. 7/1/83	4.4	16,666.66	16,666.66	16,666.66	-0-
Patriot IV Ship. Financing Bds. - Gov. Guaranteed	8.1	20,000.00	20,000.00	20,000.00	-0-
Union Carbide - Deb. 12/31/96	4.5	13,287.67	13,287.67	13,287.67	-0-
Penn Central Corporation - 12/31/87	7.0	7,100.00	7,100.00	7,100.00	-0-
Canadian Nat'l. Railroad - Deb. 7/15/89	8.5	35,263.86	35,263.86	35,263.86	-0-
GNMA - Gov. Guaranteed - monthly	various	192,177.36	192,177.36	192,177.36	-0-
*GNMA - Gov. Guaranteed - Monthly	various	3,861.92	3,861.92	3,861.92	-0-
Freddie Mac's - Certificate - Monthly	various	33,107.20	33,107.20	33,107.20	-0-
SBA Term Loan - Guaranteed - Monthly	various	8,436.41	8,436.41	8,436.41	-0-

B. Sales - Formula

Peoples Gas Light & Coke - Deb.	4.625	281,000.00	281,218.21	204,039.72	77,178.49
---------------------------------	-------	------------	------------	------------	-----------

C. Purchases

Description		Maturity Value	Book Value	Cost	Disc.(Premiums)
*U.S. Treasury Bond 11/15/10	12.75	1,000,000.00	1,048,036.00	1,048,036.00	(48,036.00)
*GNMA Pool #90412 10/15/09	9.5	662.73	662.73	662.73	-0-
Burlington Northern Railroad 1/1/87	14.125	1,000,000.00	989,080.00	989,080.00	10,920.00

II. Stock Transactions

A. Sales

Description	# of Shares	Book Value	Proceeds	Gain/(Loss)
Northern Telecom. Ltd.	17,000.00	711,202.67	482,693.82	(228,508.85)
Halliburton	8,000.00	395,094.28	671,697.52	276,603.24
AVX Corporation	32,300.00	926,786.12	946,551.79	19,765.67
Amerada Hess	100,000.00	2,782,880.92	4,182,387.70	1,399,506.78
Dresser Industries	3,000.00	83,399.56	156,054.77	72,655.21
Shell Oil Company	23,000.00	291,897.14	1,251,948.13	960,050.99
Standard Oil of Indiana	5,000.00	96,908.76	388,817.00	291,908.24
Xerox	10,000.00	674,546.18	605,079.75	(69,466.43)
Lone Star Industries	70,000.00	2,062,767.21	2,203,034.29	140,267.08
Sterling Drug	5,000.00	105,092.44	114,296.16	9,203.72
Central & Southwest	11,500.00	226,971.49	153,917.33	(73,054.16)
Air Products	1,300.00	33,534.97	54,377.18	20,842.21
Raytheon	6,000.00	446,943.00	611,124.56	164,181.56
Tidewater	7,500.00	133,341.85	364,733.79	231,391.94
Union Pacific Corp.	15,000.00	602,348.82	1,075,534.06	473,185.24
Standard Brands	1,600.00	41,068.44	44,380.40	3,311.96

B. Purchases

Description	# of Shares	Cost
Corning Glass Works	5,000.00	302,775.00
CR Bard	28,400.00	584,756.00
Sperry Corporation	65,000.00	4,011,205.80
H & R Block	14,400.00	422,340.00
Northwest Bancorp	108,700.00	3,268,225.36
Masco Corporation	9,200.00	272,504.00
Eli Lilly & Company	58,000.00	3,730,401.70
Stanffer Chemical	134,000.00	3,427,530.06
Genstar Limited	13,000.00	425,555.00
G.K. Technologies	4,000.00	145,560.00
St. Joe Minerals	15,000.00	451,500.00
Thiokol Corporation	12,000.00	383,535.00
MGIC	800.00	23,072.00
Canadian Pacific Limited	15,000.00	511,650.00
*Texas Oil & Gas	4,700.00	338,359.50
United Technologies	6,100.00	373,104.00
Smith International	3,400.00	200,773.00
Richardson Merrell	1,500.00	58,275.00
P.P.G. Industries	6,400.00	272,987.00

EXPENSE FUND BILLS - JANUARY, 1981

<u>Vendor</u>	<u>Amount</u>
Salaries - P.P. 1-2	\$21,062.84
Barron's - One Year Subscription	49.00
Dr. Steve L. Chojnacki - Medical Council Fee 1/22/81	150.00
Dept. of Administration (1980 Exp.) Long Distance Tele- phone charges - December, 1980	5.48
Forbes - One Year Subscription	27.00
International Foundation - Annual Membership Dues	325.00
Pension and Investments - One Year Subscription	216.00
	<hr/>
	\$21,835.32

SERVICE RETIREMENTS - FEBRUARY, 1981

<u>Active No.</u>	<u>Name and Department</u>	<u>Date</u>
C- 7995	Hubert Banaszak - School Board	2/01/81
C- 8221	Frank R. Wernisch - Milwaukee Public Library	2/01/81
C- 8299	Stanley L. Waszak - T.E. & E.S.	2/01/81
C- 8510	Glenn Herbst - Municipal Equipment	2/01/81
C- 8873	John E. Szydlowski - Bureau of Forestry	2/01/81
C-11253	Ralph W. Barden - Bureau of Municipal Equipment	2/01/81
C-11708	Dorothy B. Radmer - Dept. of City Development	2/03/81
P-13120	Irwin Cornfield - Police Department	2/01/81
A-14914	Clara S. Abel - M.A.T.C.	2/01/81
P-18035	Dale H. Buschmann - Police Department	2/01/81
A-19384	Marion H. Fischer - Bureau of Engineers	2/01/81
C-24818	Frances Omdahl - School Board	2/01/81
C-30819	Rose M. Truchan - Bureau of Bridges & Buildings	2/01/81
C-36129	Helen M. Kroboth - School Board	2/04/81
C-40049	Ruth A. Koplin - School Board	2/01/81
C-41884	Florian Banasiak - Bureau of Sanitation	2/01/81
C-34256	Matthew E. Gordon - Sewerage Commission	2/03/81
C-10257	Henry L. Enders - Bureau of Municipal Equipment	2/07/81
C-15209	John L. Zalewski - Municipal Water Works	2/07/81
P-17482	Jerome L. Radtke - Police Department	2/07/81
C-24775	Herbert W. Janusz - Building Inspection & Safety Engineering	2/07/81
C-41715	Julia M. Rozman - School Board	2/07/81
C-27653	Kenneth O. Helgeson - Bureau of Municipal Equipment	2/08/81
C-26893	Violet D. Eckert - Building Inspection & Safety Engineering	2/09/81
A- 9897	Frank E. Dukat - Bureau of Sanitation	2/10/81
P-17490	Elaine R. LaFond - Police Department	2/10/81
P-14854	Richard L. Napierola - Police Department	2/13/81
A-11548	Donald E. Schneider - Bureau of Bridges & Buildings	2/14/81
C-35455	Joseph M. Ferguson - Health Department	2/14/81
P- 7981	Marcella R. Glembin - Police Department	2/15/81
C-14515	Frank Szabo, Jr. - School Board	2/15/81
P-16327	Mary Ann Trevillian - Police Department	2/15/81
A-11864	Alvin F. Krueger - Bureau of Bridges & Buildings	2/21/81
C-18100	Estelle H. Michalak - School Board	2/21/81
C-43033	Charles F. Uhlers - Bureau of Bridges & Buildings	2/22/81
C- 5301	Henry A. Malak - Harbor Commission	2/23/81
C-15002	Joseph Karll - Bureau of Municipal Equipment	2/24/81
C-25702	Janet A. Raasch - Health Department	2/27/81
C-39968	Georgia B. Taylor - School Board	2/27/81
P-13908	Edmund W. Braun - Police Department	2/28/81

Voluntary Separation - Deferred to Age 60

C-39397	Mary O'Connor - School Board	1/31/81
C-35383	Mary E. Cocking - Health Department	2/02/81
C-37103	Gordon E. Munson - School Board	2/17/81
C-32526	Eleanore M. Schuettig - Municipal Water Works	2/27/81

2/23/81

Voluntary Separation - Immediate Allowance

<u>Active No.</u>	<u>Name and Department</u>	<u>Date</u>
C-25679	Etta Mae Hudt - School Board	2/01/81
A-12893	Lawrence A. Waranka - Street & Sewer Maintenance	2/13/81
C-20833	Earland J. Stenstrup - School Board	2/13/81
C-21032	Leonard J. Bialk - Sewerage Commission	2/20/81

Two Year Annuity

A-15896	Lorraine (Edward) Rymaszewski - Bureau of Forestry	2/01/81
---------	--	---------

Survivorship Benefit

SF-43388	Racine King as widow of Robert King, deceased 12/23/80
SP-16390	Carolyn Splittgerber as widow of Robert G. Splittgerber, deceased 12/10/80

REFUND OF MEMBER CONTRIBUTIONS

Paid January 27, 1981 -

Active No.Name

C-24247	Maryann K. Laskowski
C-36316	Sharon L. Scott
C-36733	Leanne J. Zeczycki
C-37008	Patricia A. Kegel (Deferred)
C-38359	Wendy R. Cetera
C-38511	Mary Carol Hubmann
C-38604	Petar Kokanovic
SP-41376	James E. Wirt, Jr.
SP-47947	Willie H. Bradford

Total: \$41,467.22

Paid February 11, 1981 -

Active No.Name

C-28286	Christina R. Peterson (Deferred)
SP-29690	Robert A. Jungbluth
C-38084	Pamela A. Kolas
SP-47162	Jeanne E. Solik
SP-48156	Sylvester Bruce

Total: \$32,321.62

2/23/81

DEATH CLAIMS

Active Death Benefits paid February 20, 1981

<u>Active No.</u>	<u>Name</u>	<u>Date of Death</u>	<u>Amount</u>
29290	George B. Posanski	8/22/79	\$ 2,606.05
17230	Homer L. Kraus	1/ 9/81	<u>39,907.14</u>
			\$42,513.19

Retired Death Benefits paid February 20, 1981

<u>Retired Number</u>	<u>Active Number</u>	<u>Name</u>	<u>Date of Death</u>	<u>Amount</u>
3417	12825	Ellen A. Dowd	12/16/80	\$ 16.21
1444	3957	Elsie M. Marcklein	12/24/80	134.03
2354	3323	Arthur F. Henke	12/27/80	113.57
3559	1883	Lillian D. Kloman	1/ 8/81	20.86
3253	9754	Frank S. Russ	1/10/81	33.95
2948	3568	George W. Ware	1/12/81	59.13
4133	6746	Paul Wetzel	1/15/81	716.73
2401	3901	Bella Rodriguez	1/17/81	42.00
4115	10322	Joseph W. Schoofs	1/18/81	1,320.97
2642	6812	Vincent Pipia	1/30/81	<u>83.96</u>
				\$2,541.41

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

PROCEEDINGS OF ANNUITY AND PENSION BOARD

Minutes of the Special Meeting of the Annuity and Pension Board held March 23, 1981.

The meeting was called to order at 10:00 a.m. by Chairman Cooper.

PRESENT: Ronald R. Beaudoin, John C. Cooper, Carl E. Hanneman, W. Martin Morics, Harry G. Slater, Edmund M. Wisniewski; and, Thomas E. Hayes - Legal Advisor, Robert G. Nehls - Secretary and Duamel Vellon - Asst. Secretary.

EXCUSED: Sandra Hoeh and Eunice Lockhart-Moss.

ALSO PRESENT: Jon Brightman and Ernest ~~Bienko~~⁶⁻¹⁰⁰ of Meidinger and Associates; Howard Pohl of A.G. Becker, Inc.; Eugene Gilbert and Alan Rosenfeld of Bache Halsey Stuart Shields, Inc.; and Jack Windsor of Heritage Investment Advisors.

Presentation - Meidinger and Associates

A presentation was made by Messrs. ~~Bienko~~⁶⁻¹⁰⁰ and Brightman regarding the Fund's performance, 1980, copies of their reports on file in the office of the Employees' Retirement System and distributed to Board members prior to the meeting.

They reported a total rate of return of 9.7% for the year ending December 31, 1980 (representing an increase of \$43 million for the System). They reported these results, in large part, to the fine equity performance achieved by the Fund's two managers; the rate of return in the Funds Advisory equity portfolio was 45.6% and Heritage Investment Advisors generated a 33.9% return.

They expressed some concern about the bond portfolio managed by Heritage and suggested the Board ask specifically what they (Heritage) ~~was~~^{were} going to do in order to produce a higher return for the bond portfolio.

A simplified explanation of bond immunization was made by Mr. ~~Bienko~~⁶⁻¹⁰⁰ and a request was made to have a meeting with the Board regarding options writing.

Presentation - A.G. Becker, Inc.

A presentation was made by Mr. Howard Pohl regarding the Fund's performance for 1980, copies of the report on file in the office of the Employees' Retirement System and distributed to Board members prior to the meeting.

Mr. Pohl also indicated that both managers had good results in 1980 and that Funds Advisory's equity portfolio had done extremely well. He indicated that the bond portfolio handled by Heritage had done poorly and indicated that the restrictions on sale of bonds was a legitimate handicap to the managers.

Presentation - Bache Halsey Stuart Shields, Inc.

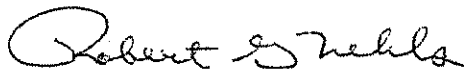
A presentation was made by Mr. Gene Gilbert regarding the Fund's performance for 1980, copies of their report on file in the office of the Employees' Retirement System and distributed to Board members prior to the meeting.

Mr. Gilbert reported that the total performance of the Fund was up 16.30% and that the equity portfolios had outperformed the bond portfolios with a rate of return of 26.52%. A brief question and answer period followed in which it was noted that the figures presented by all of the evaluators were basically the same.

Alan Rosenfeld

An overview of the current economic scenario was made by Mr. Rosenfeld including a recommendation that it might be wise to go to a 50% maximum in equities. This sentiment was echoed by various Board members who pointed out that a manager was not required to go to the maximum, but was given the opportunity to invest as they see fit, within the limits of the law and the guidelines. He pointed out further, that Funds Advisory had the advantage of starting the portfolio in January with cash inflow and they were not handicapped by being locked into positions they might not think advantageous.

There being no further business, the meeting adjourned at 12:10 p.m.



Secretary