

Reply to Common Council File No. 011628

From DOA-Budget and Management Division

March 15, 2002

Ref: 02010 (23)


Common Council File Number 011628 is a resolution authorizing the City Comptroller to execute a Deposit and Sales Authorization Form to sell 79,281 shares of Principal Financial Group, Inc. and the proceeds to be deposited into the City's account in the Employer's Reserve Fund.

As a result of Common Council File Numbers 891524 and 891539, on January 25, 1990, all of the annuities of the Firemen's Annuity and Benefit Fund, excluding duty disability obligations, were transferred to and guaranteed by the Principal Mutual Life Insurance Company. On February 1, 1990, the Retirement Board and the Firemen's Annuity and Benefit Fund ceased to exist.

In 2001, the Principal Mutual Life Insurance Company changed its status from a mutual insurance company to a stock insurance company. As a result of this demutualization, the City of Milwaukee has on deposition 79,281 shares of Principal Financial Group. The City of Milwaukee may sell any or all of these shares at the market price. If sold, the Mellon Investor Services would conduct this transaction, subject to a transaction fee not to exceed \$15 plus 12 cents per share.

As a result of this sale, proceeds will be deposited in the Employer's Reserve Fund. As a result of this transaction, the Mayor intends, as part of the 2003 Budget, that some of these proceeds be returned to the former members of the Firemen's Annuity and Benefit Fund as well as the current members of the Policemen's Annuity and Benefit Fund.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER
011628.**


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