

# CITY OF MILWAUKEE

Form CA-43

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March 21, 2002

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Finance & Personnel Committee  
of the Common Council  
City Hall, Room 205

Re: Demutualization of Principal Financial Group  
Common Council File No. 011628

Dear Members:

We have been advised there were several questions unanswered because the City Attorney's office was not able to be represented at the hearing on the file. This letter is designed to answer those questions.

According to the resolution, the proceeds of the sale of the Principal Financial Group stock are to be deposited in the Employer Reserve Fund. This is a fund established by the Global Pension Settlement and authorized by Chapter 36 of the City Charter. The fund accepts voluntary contributions from employers within the ERS. The contributions are invested by the ERS. They may be used at the discretion of the employer for the purpose of making either employer contributions to the ERS or employer-paid employee contributions to the ERS.

The Common Council management and control of the finances of the City authorizes the Common Council to determine the treatment to be accorded to the proceeds of the stock sale. In exercise of this authority, the file directs that the proceeds be deposited into the Employer Reserve Fund of the ERS. The Common Council is not required to use the proceeds in this manner. The Common Council could direct the deposit to the general fund. If the funds are deposited in the general fund they should be classified as unanticipated revenue and be transferred at the close of the fiscal year to fund the tax stabilization fund.

We trust this answers all of the questions that were left unanswered.

Very truly yours,



THOMAS E. HAYES  
Special Deputy City Attorney

c: W. Martin Morics, Comptroller  
Laura Engan, Budget Director  
Grant Langley, City Attorney

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