

City of Hickory Hills Police Pension Board Meeting Minutes

Meeting Date: January 22, 2014 5:30pm

Attendance-David Wetherald, Active Trustee and President; Robert Troy, Retired Trustee and Vice-President; Mary McDonald, Appointed and Secretary; Dan McCauley, Active Trustee; James Kardleis, Appointed Trustee; Daniel Davis, VP of Morgan Stanley; Steve Wagner, Retiree (arrived 6:00pm)

Mr. Dan Davis did a review of the of the calendar year investment activity which shows net return for 2013 of 16.9%. We started the year with a beginning balance of \$18,058,966. Our net cash contributions (City contributions, employee contributions, and payroll and bill expenditures) was basically a negative \$138,000. The ending value of the portfolio was almost \$20,951,323 so that is a net return of \$3,030,000.

In February the portfolio has \$1,470,000 in Certificates of Deposit that will be maturing and a decision on the reinvestment of the funds is need to be made. Since the portfolio is capped at holding 65% equities, which it is at the board approved the purchase of two GNMA agency bonds.

Dan Davis when reviewing Morningstar reports on the mutual funds in the portfolio all the ratings were strong with the exception of the Nuveen Dividend Growth Fund as it appears that this type of investment at this time has lost favor in the market place.

Mr. Davis introduced the Lord Abbett Growth Leader Fund. This is actually an all cap fund; small, medium and large cap companies. Coming off a good year, that is not why I am recommending it, but basically look at the largest holdings, the ten largest holdings: Facebook, Google, Apple, LinkedIn, the first four largest holdings are companies that we are certainly familiar with kind of lead the market last year and a lot of analyst believe that this is the future and these companies will continue to grow. This particular fund is kind of loaded up in the information technology space and it is a relatively a new fund it is only about 3 years old, but if you look at the investment team you will see 27 years, 19 years, 20 years of experience so I really like this investment team for Lord Abbett and this particular fund looks a little bit different from any other fund in the portfolio.

Dan Davis – If you look at the portfolio as a whole, right now we are about 26.2% International, some may argue that that is a little high, you may want to be at 20%. So it may be easy to pare down. Your two largest holdings are the Ivy Small Cap Fund and the Nuveen Santa Barbara Dividend Growth Fund each with a market value of approximately \$3,000,000 being held in the portfolio. After discussion by the board the decision was to sell \$250,000 of each of the two largest holdings and invest a total of \$500,000 in the Lord Abbett Growth Leaders Fund.

The board agreed that the next scheduled meeting will be Wednesday, April 30, 2014 at 5:30pm.

Retired Officer Steve Wagner approached the pension board with an inquiry about the recent activity in Springfield regarding pensions and the change in the cost of living increases for pensioners. The board addressed his concerns also stating that there are two lawsuits filed at this time regarding the matter of changes in the pension benefits.

The board approved the minutes of the October 23, 2013 meeting.

Mary reported that she has not received the required annual beneficiary form from three of the retirees. The board asked to contact these retirees again and if there is no response the board will make a decision if the payment of benefits to those who have not responded should cease.

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Mary contacted Richard Reimer (the pension board's attorney) to find out the status of the outstanding disability issue is. The pension board's brief for appeal of the Beckwith decision needs to be filed by January 27th so they are still playing with paperwork.

The board reviewed and approved the invoices from Reimer and Karlson LLC totaling \$2,771.53 for services relating to the active disability issue.

The board approved the payment to be made to NIU for Mary to attend the May training conference to be held in Peoria this May. The amount was \$305,000.

Mary- Tom Boyle issued regarding his pension buy back is complete. The check for \$75,115.52 was sent to the Cicero Police Pension Fund which included the refunded contributions with interest from Mr. Boyle of \$32,754.79 with the balance the cost from the Hickory Hills Pension Fund.

Mary stated that Lieutenant Skoczylas is retiring, leaving the City at the end of February, but will on the City's books until April 15, 2014 due to benefit payouts. The board was given the calculation of his pension payout using the information available at the time of the board meeting. Lieutenant Skoczylas will hold the title of deferred pensioner until 2018 as he has about 24 years of service but not the age to collect the pension as he is going to be 46.

With the February payroll to the retirees Mary will be sending out a letter for nominations for the retiree position on the board as Mr. Troy's two year term will be up at the end of April 2014. The ballots will then be issued in March for the April election.

Meeting ended 6:45pm.

