

CITY OF HICKORY HILLS
POLICE PENSION BOARD MEETING MINUTES
APRIL 30, 2014 5:30PM POLICE DEPT CONFERENCE ROOM

Attendance: David Wetherald, President; Robert Troy, Vice-President; Mary McDonald, Secretary; Daniel McCauley, Trustee; Dan Schramm, City Treasurer; Daniel Davis, Morgan Stanley VP and Broker

Dan Davis presented the police pension fund portfolio report remarking that the equity market activity for the first quarter of 2014 was up 1-2% depending on the index you reviewed.

The beginning value of the portfolio was \$20,951,000 and with net contributions of approximately \$73,000 the ending value shows \$21,092,000 the net return was just over \$67,000. So we had a relatively nominal return of .3% less than 1% through the first 4 months of the calendar year. To break this down your cash equivalents the portfolio report shows a market value of \$651,000. Fixed income a little over \$6.4 million roughly 30.5% and equities which we try to keep at 65% it is just a little bit over with a little over \$14 million in equities.

Looking at the asset appraisal report showed a certificate of deposit maturing, May 19th with a value of \$245,000. The Morning Star reports review the Mutual Fund investments. With the exception of two funds the others have a 3 star (average) or higher rating as of January 8, 2014, ratings are done annually. The Lord Abbett Growth Leader this is the fund that was just added and they do not have a Morning Star report on this because the fund is not five years old. The Nuveen Santa Barbara Dividend Growth Fund and this is 2 stars and we have talked about this particular fund and interesting enough for 2014 it was up 2% so for the first quarter it showing that the fund manager is turning it around. The two star rating is worth mentioning because the fund is just below average, but I do not think it is worth taking any action at this time. If we saw a pattern of these two stars then we would want to take action on this. What is encouraging is what they have done in the first quarter of 2014.

Treasurer Dan Schramm asked if there are any other benchmarks besides the S&P500, NASDAQ or Treasury Bonds that would allow the board to better measure the performance of the portfolio. Dan Davis stated that the benchmarks really talk about performance in a broad sense and the pension fund has a customized portfolio, but he will look at other possible options.

Dan Davis recommended that the board invest \$500,000 of the \$600,000 in the money market and invest the CD at \$245,000 when it comes due in May in GNMA mortgages with an average life just around 4 years and your yield to return is just around 2% and I would do that for a bucket of \$500,000 out of the money market and then I could send you another purchase authorization come May 19th and I would expect it to be about the same and reinvest the \$245,000 in the same bucket of mortgages with a 4 year average life. The board can only invest in fixed income investments at this time due to the statutory investment cap of 65% in equities. Robert Troy made a motion to approve the recommendation. David Wetherald seconded the motion. The board members approved the investment recommendation

After checking schedules the next meeting of the pension board will be Wednesday July 9, 2014 at 5:30pm

Mary asked for approval of the January 22, 2014 pension board minutes. Robert Troy made a motion to approve the minutes. Dan McCauley seconded the motion. The board approved the minutes and for them to be posted to the police web page.

Mary stated that eighteen election ballots were mailed for the election for the retiree position on the board and sixteen were returned. There were two candidates on the ballot. The vote was 15 for Mr. Robert Troy and 1 vote for Henry Boedecker. After a brief discussion the pension positions will remain the same with David Wetherald holding the office of President and Bob Troy that of Vice-President.

Jim Kardelis was re-appointed by Mayor Howley for another 2 year term as Trustee on the Pension Board.

Mary asked for the approval to retain again Art Tepfner to do the actuary of the fund. This is done every two years and last time he charged \$2,000. The board agreed to reach out to Mr. Tepfner and retain his services if his fee is the same or the change is reasonable.

Mary requested the approval of a travel advance for \$123.00 which represents 3 overnights and one travel day as she will be attending the Annual Spring Illinois Public Pension Conference next week in Peoria. The board approved the advance.

Mary stated that the Pension Board's appeal in regards to the Beckwith disability decision is still in the attorney's paperwork filings process.

Mary asked for approval for payment to Mr. Reimer in the amount of \$4,584.32 for three billing dated Feb 10th in the amount of \$3,600.00, March 12th in the amount of \$909.32 and April 21, 2014 in the amount of \$75.00. These bills include a charge for Heidi Wagner. Mr. Reimer had reached out to Heidi Wagner in regards to filing for a non-duty disability pension due to her pregnancy. The board approved the payment to Mr. Reimer.

Mary stated that Heidi Wagner contacted her because as of May 5, 2014 she is going to be taking her Family Medical Leave and, she wanted the board to be aware that there will be some unpaid time. Heidi wants to make sure she made herself whole when it came to her pension. Mary told her that she would have to reach out to the Department of Insurance in regards to Family Medical Leave and creditable service.

Meeting adjourned at 6:30pm.