

## City of Hickory Hills Police Pension Board Meeting Minutes

Meeting Date: July 25, 2012 5:30pm Meeting Location: Police Department

Attendance: Dan Davis of Smith Barney Morgan Stanley, Financial Advisor; Dan Schramm, City Treasurer; David Wetherald, President; Robert Troy, Vice-President; Mary McDonald, Secretary; Daniel McCauley, Trustee; James Kardelis, Trustee

Dan Davis did a review of the June 30, 2012 Morgan Stanley statement, during the review he highlighted a Treasury Strip we purchased for \$169,000 back in 1998 has an accreted value of \$352,000 if we sold this bond today we would get \$396,000 so it is about a \$44,000 gain over the accreted value, if we did nothing that bond that bond matures at \$400,000 in basically two years this bond matures Nov 15, 2014. A second Treasury Strip that we invested \$150,000 in matures in 2015 the accreted value is \$321,000 because rates have come down it is worth \$384,000 it is a \$63,000 profit.

As of July 1<sup>st</sup>, we went from the ability to have 50% invested in equities to 55%.

At the bottom of the investment maturity schedule our investments totaling of \$17.3 million show a total average yield of 3.39%.

After a review of the equity portfolio Dan Davis suggested that we sell the two Treasury Strips add \$250,000 to each of the Intl that gets you to \$500,000 and then you would add \$350,000 to the Small Cap. I think that you should go from 10% to 12% investment in International Funds; I believe that is where the most growth is going to be, maybe not over the next 6 months or year, but over the next 5 to 10 years. Also invest \$100,000 in a two year CD with an expected rate to be .7 or .75%.

The Board agreed to move forward with selling the two Treasury Strips and the recommended investments.

Dan Schramm stated that the city's 50% contribution may be early this year as the property taxes were due August 1<sup>st</sup>.

Mary stated that at the last meeting it was discussed as to cut back on the details reported by Dan Davis in the written minutes and just include an investment attachment. The board agreed to minimize the narrative and insert the investment maturity schedule.

The next meeting in keeping with the same time frame would be Wednesday Oct 24<sup>th</sup> at 5:30pm

The board approved the April 25, 2012 pension board minutes.

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Mary presented the bills for payment:

Attorney Richard Riemer for disability hearing services March through the end of May	\$1184.69
Insp (bill one of three doctors for disability hearing –bill reviewed by Mr. Reimer)	\$2700.00
Concentra 50% pension exp for physical for the new Officer Brian Nelligan	\$ 434.35

Board approved payment of above expenditures.

Mary reported that she asked Mr. Reimer the status of the disability hearing and he said that we are still in the IME (Independent Medical Examinations) phase of the process. Mary asked if the disability hearing needs to be scheduled is there a bad time for any member to attend. Bob Troy said he would not be available Sept 16<sup>th</sup> through Sept 21<sup>st</sup>.

Mary asked who is going to the Oct 2, 2012 Annual Conference in Lake Geneva. I need to register by the end of July to pay the registration fee of \$285 per person versus \$360.00 after August 1<sup>st</sup>. James Kardelis, Bob Troy, and David Wetherald said they would be attending. Mary will register them for the conference and they will be responsible for their own transportation and hotel accommodations.

Bob Troy asked if we received Richard Gibbs new address as he has moved to Kentucky. Other board members were not aware of the move. He did not notify the Pension Board. The Pension Board agreed to let Mr. Gibbs notify the Board and not to reach out to him

Jim Kardelis made a motion to close the meeting. Bob Troy seconded the motion. All board members approved.

Meeting adjourned 6:35pm.

**HICKORY HILLS POLICE PENSION FUND**  
Update for 7.24.12

Description	Purchase Date	Purchase Amount	Adjusted Total Cost	Accreted Value	Market Value	Yield	Maturity Date
MS AA Money Trust	Daily	\$313,020	\$313,020	N/A	\$313,020	0.01%	Open
Euro Pacific Fund	various	\$549,944	\$549,944	N/A	\$668,098	N/A	Open
Fundamental Investors Fund	various	\$377,029	\$377,029	N/A	\$447,912	N/A	Open
Nuveen Dividend Growth Fund	various	\$1,075,000	\$1,075,000	N/A	\$1,152,971	N/A	Open
New Perspective Fund	various	\$575,000	\$575,000	N/A	\$654,048	N/A	Open
Lord Abbett Equity Fund	various	\$1,575,000	\$1,575,000	N/A	\$2,040,163	N/A	Open
IVY International Core Equity Fund	various	\$725,000	\$725,000	N/A	\$731,453	N/A	Open
IVY Mid Cap Growth Fund	various	\$625,000	\$625,000	N/A	\$657,734	N/A	Open
IVY Small Cap Growth Fund	various	\$625,000	\$625,000	N/A	\$673,383	N/A	Open
Nationwide Annuity	01/29/02	\$804,699	\$804,699	N/A	\$1,046,840	N/A	Open
Metlife Annuity	09/07/00	\$150,000	\$150,000	N/A	\$132,371	N/A	Open
Metlife Annuity	11/16/00	\$400,000	\$400,000	N/A	\$398,911	N/A	Open
Treasury STRIPS	03/12/97	\$207,042	\$587,478	\$587,478	\$599,892	6.910%	11/15/12
Treasury STRIPS	11/13/98	\$168,745	\$349,763	\$349,763	\$373,954	5.396%	11/15/13
BMW Bank CD	02/06/12	\$245,000	\$245,000	N/A	\$245,630	0.700%	02/10/14
Bank of China NY CD	01/30/12	\$245,000	\$245,000	N/A	\$245,669	0.650%	02/10/14
Goldman Sachs Bank CD	01/30/12	\$245,000	\$245,000	N/A	\$245,669	0.750%	02/10/14
Ally Bank CD	01/30/12	\$245,000	\$245,000	N/A	\$245,630	0.650%	02/10/14
Discover Bank CD	01/30/12	\$245,000	\$245,000	N/A	\$245,858	0.700%	02/10/14
Banco Bilbao Vizcaya ARG CD	01/30/12	\$245,000	\$245,000	N/A	\$245,642	0.800%	02/14/14
GE Cap Ret BK Draper UT CD	05/18/12	\$245,000	\$245,000	N/A	\$243,765	0.750%	05/19/14
Federal Farm Credit Bank CD	01/30/12	\$1,000,000	\$1,000,000	N/A	\$1,000,010	0.400%	08/07/14
Treasury STRIPS	11/13/98	\$169,585	\$353,412	\$353,412	\$397,568	5.437%	11/15/14
Treasury STRIPS	04/19/99	\$150,251	\$322,370	\$322,370	\$386,338	5.840%	11/15/15
GNMA #163246	11/03/86	\$130,000	-	N/A	\$276	9.500%	07/15/16
GNMA #161449	08/01/86	\$100,000	-	N/A	\$433	9.000%	08/15/16
GNMA #160478	11/24/86	\$100,000	-	N/A	\$353	9.000%	09/15/16
GNMA #184538	-	-	-	N/A	\$296	9.500%	10/15/16
GNMA #399882	03/22/96	\$115,000	\$5,863	N/A	\$6,807	7.000%	03/15/26
FNMA #256802	05/31/12	\$800,000	\$195,985	N/A	\$193,643	5.500%	07/01/27
GNMA #563338	12/26/01	\$250,251	\$1,222	N/A	\$1,393	6.500%	09/15/31
GNMA #003785	11/29/05	\$450,000	\$153,680	N/A	\$166,669	5.000%	11/20/35
GNMA #003795	02/11/09	\$664,927	\$244,886	N/A	\$257,331	5.000%	12/20/35
FNMA #922260	05/31/12	\$500,000	\$113,678	N/A	\$114,647	5.500%	12/01/36
GNMA #638592	10/28/10	\$150,000	\$119,489	N/A	\$122,385	4.500%	03/15/39
GNMA #646745	08/18/10	\$554,444	\$259,924	N/A	\$253,545	4.500%	03/15/39
GNMA #701419	04/28/09	\$600,000	\$269,954	N/A	\$281,417	5.000%	04/15/39
GNMA #713876	09/08/10	\$1,000,000	\$816,369	N/A	\$836,844	4.000%	08/15/39
GNMA #004511	05/20/10	\$200,000	\$165,573	N/A	\$165,430	4.000%	08/20/39
GNMA #711483	08/18/10	\$508,812	\$479,646	N/A	\$501,893	4.000%	01/15/40
GNMA #711171	02/19/10	\$500,000	\$437,789	N/A	\$479,011	4.000%	02/15/40
GNMA #740046	09/01/10	\$516,097	\$505,045	N/A	\$516,852	4.500%	07/15/40

Totals

**\$17,291,753 3.390%**