

CITY OF HICKORY HILLS POLICE PENSION FUND
BOARD MEETING MINUTES
OCTOBER 8, 2014 5:30pm

Attendance: Officer David Wetherald, President; Robert Troy, Vice-President-Retiree; Officer Daniel McCauley, Trustee; Dan Schramm, Treasurer; Mary McDonald- Secretary-City Appointee; James Kardelis, Trustee-City Appointee; Dan Davis, Senior Vice President and Financial Advisor for Morgan Stanley

Dan Davis stated that his agenda included giving the board a recap of what has been going on in the market and give some ideas on possibly rebalancing the existing funds held in the portfolio as well as investing the money market funds of \$1.3 million.

Looking at what has happened in the last three months. Morgan Stanley observed a big shift in asset classes for the first time in about the last three years. Basically in the last three years the equity markets have been going pretty much straight up and it really did not matter if you owned International stocks or Large Cap or Small Cap or Mid Cap. What has been kind of interesting in the last three years is that all indices were going up at the same time so you really did not have to be that strategic on which asset class you were exposed to. What we found is that last quarter for the first time in three years or all twelve quarters was a relatively a flat quarter. We saw a big shift from Value investing to Growth investing particularly on the Large Cap companies, so basically I think that the last three years we have been saying buy companies, buy funds that pay a nice dividend. That has kind of gone away. The dividend fund held in the portfolio is the Nuveen Fund that we have owned for three years and has been doing extremely well. You will see in the Morning Star reports the three year rating is down to one star.

Dan Davis presented the commodity fund named PIMCO as a hedge fund in relation to interest rates. After some discussion the board requested more information and other commodity fund options.

Jim Kardelis introduced the idea of the portfolio including ETF's (Exchange Traded Funds), after some discussion the board decided this would not be a good fit at this time.

Dan Davis recommended selling \$1.2 million of the \$2.7 million held in the Nuveen Santa Barbara Dividend Fund and along with the funds in the money market invest in two GNMAS at approximately \$750,000 each with a life of 4 to 4 ½ years; in the Emerging Markets Fund the amount of \$400,000; and the Lord Abbett Leaders Growth Fund \$500,000. Dave Wetherald made a motion to approve the investment changes. Jim Kardelis seconded the motion. The board was approved the recommended investment changes.

After a check of schedules the board agreed to Wednesday January 21st and 5:30pm for the next board meeting.

Mary asked for the approval of the July 9, 2014 meeting minutes. David Wetherald made a motion to approve the minutes. Dan McCauley seconded the motion. The board approved the minutes of the last meeting to be posted on the police department's website.

Mary presented and asked for the approval by the board of the annual pension benefit payout for the calendar year 2015. David Wetherald made a motion to approve the 2015 annual pension benefit payout. Jim Kardelis seconded the motion. The board approved the 2015 annual pension benefit payouts presented.

Mary stated that a new patrol officer has been hired, Mr. David Eenigeburg. He was sworn in on September 25th and he started the academy on October 6th. Mr. Eenigeburg has submitted his application to the pension board. President Wetherald stated he will meet with David in regards to his membership.

Mary presented the bills for approval for payment. Mr. Reimer is requesting \$453.40 for his legal services in regards to a disability case; Tepfer Consulting Group Ltd is requesting \$2,400.00 for actuarial services; IPPFA is requesting \$775.00 for the annual membership dues; Mr. Troy is requesting \$555.46 and Mr. Wetherald is requesting \$591.19 as reimbursements for their October conference expenditures. Mr. Kardelis conference expenditures request is forthcoming. David Wetherald made a motion to approve all the bills to be paid. Jim Kardelis seconded the motion. The board approved the payment of the reported bills.

Mary asked if there was anything new mentioned at the past conference that the board should be discussing. David Wetherald stated that it is anticipated that the Illinois Supreme Court should be making a decision in the near future regarding the Pension Benefit COLAs and that any pension reforms may come in the form of additional pension tiers.

Mary mentioned that the pensioners' annual beneficiary forms will be sent out a little bit earlier this year to receive them back before the first payroll of 2015.

Dan Schramm stated that the actuarial report provided by Mr. Art Tepfer shows the pension fund to be as April 30, 2014 to be 77% funded. He will present to the City Council the two page "Required Reporting to Municipality by Pension Board" when he presents the City of Hickory Hills Annual Audit for fiscal year ending April 30, 2014.

Mary asked Jim if the board be meeting with any other investment firms in the near future and he stated he is putting this on hold for the time.

The board went into a brief Executive Session at 6:45pm

The board re-entered the regular meeting and adjourned at 7:00pm.