

City of Hickory Hills Police Pension Board Meeting Minutes

Meeting Date: October 24, 2012 5:30pm

Meeting Location: Police Department

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

Dan Davis reviewed the September 30, 2102 Morgan Stanley statement for the Pension fund showing that equities are at a full 55% so we really do not have an option of pushing any more money into equities. A portfolio review showed that the Lord Abbett investment under the Large Cap Core group increased 9% this year and has a current value of a little over two million. We invested \$1,575,000 so it is up \$500,000 from an investment, but on a relative basis it is underperforming in its peer group so that is why we will take a closer look at it. The maturity schedule shows the investment value of the pension fund to be \$18,080,036 with a yield of 2.992%.

On November 15th we have a Treasury Strip maturing for \$600,000 so we should reinvest that \$600,000 when it comes due. With our equities now at 55%, the cap, we can only reinvest the Treasury proceeds in a fixed income investment. Dan Davis will email the pension board some current rates relating to Cd's and GNMA's as well as some ideas for the Lord Abbett Fund investment reallocation.

The board agreed to move forward pending the approval of the recommendations.

The next scheduled meeting for the Police Pension Board is Wednesday January 23rd at 5:30pm.

Mary asked for approval of the July 25, 2012 pension board minutes. The board agreed that the minutes are too detailed and only the highlights are needed. Mary said she will revise the minutes and resubmit for approval.

Bob Troy stated that at the October conference much conversation was about the HR49 referendum coming up in the November ballot and potentially they could use that referendum if it passes to alter active and retirees pensions. Bob will put out just an informational email to all the retirees just letting them know what we learned at the conference. Dan and David will be communicating with the active members in regards to the referendum.

Dave said that the pension board was supplied by the state with a media took kit.

Also discussed at the conference was topic of the actuarial formula changing for the pension funds. The new investment earnings rate will be reduced from 7% to 6.75%.

Mary will talk to Mr. Kardelis about completing his open meetings act training and Dan McCauley needs to have 8 hours of training attained by April 30th and the balance of the 8 hours needed by August 13th.

Mary asked for the approval to pay our actuarial Art Tepfer the \$2,000 for his services regarding the pension funds annual April 30, 2012 report. His actuarial report showed that the fund is 75-76% funded. There is a two page report titled "Required Reporting to Municipality by Pension Board as of April 30, 2012" that needs to be signed by David Wetherald and submitted to Treasurer Schramm. Mary will review the report prepared by Art Tepfer and before David signs it. The board approved the invoice from Mr. Tepfer for payment.

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Mary stated that at the April conference she attended it was discussed that payments to pensioners should be made on the last day of the month for that month. Before making this change Mary will call the Dept. of Insurance for documentation support for this change and will give the pensioners adequate notification of the transition to the new date.

Mary submitted a list of bills that we have been that have been paid that have been approved via emails to make sure they are paid on a timely basis. Bob inquired as to why does the pension fund pays for 50% of the medical exams for the new employees. Years ago we did because the pension board would have a say in whether we would accept an employee as a member of the pension fund. Now if they get hired they are automatically in the pension fund so why are we paying half. After discussion that the city shares in other expenses this may be fair.

Dave mentioned that there was a discussion at the conference regarding fiduciary liability insurance and I believe the city was half and half with us when paying for this insurance and that actually covers us right. That covers everybody not just the city. That was the question. The point that they made was that a lot of city's when they pay for that they are paying for the mayoral appointees they are not paying for the elected people. So I just want to make sure that the five of us, because I do not think Dan needs to be covered because he is a fiduciary but he is not a voting member. I just want to make sure that the five of us are covered.

Bob stated as long as we are covered. I know that you (Mary) and Jim are covered, but are you sure that we are because we are not appointed by the municipality we are actually elected by our membership. You are appointed. They made that distinction at the conference. Mary will get a copy of the policy.

Mary passed out the new rates for the 2013 police pension payroll and the 3% increases. Mr. Tardi does not get an increase until June 1st; Mr. Wagner will get his increase April 1st. Mr. Altman gets his increase since he is over 60 years of age, he gets a flat amount he does not get a 3% compound, he gets a flat amount and it stays that way for the rest of his natural life.

Mary stated that the only last thing to discuss is Mr. Jeffrey Jamraz. He was inquiring about buying back his time with the City of Hickory Hills Police Pension Fund. Bob Troy said that is no longer an issue as he has changed his mind about retiring from Evanston.

Bob Troy – Made a motion to adjourn. David Wetherald seconded the motion. And the meeting was closed at 7:02pm.

HICKORY HILLS POLICE PENSION FUND
Update for 10.17.12

Description	Purchase Date	Purchase Amount	Adjusted Total Cost	Market Value	Yield	Maturity Date
MS AA Money Trust	Daily	\$166,654	\$166,654	\$166,654	0.01%	Open
Euro Pacific Fund	various	\$799,994	\$799,994	\$1,002,236	N/A	Open
Fundamental Investors Fund	various	\$377,029	\$377,029	\$482,802	N/A	Open
Nuveen Dividend Growth Fund	various	\$1,075,000	\$1,075,000	\$1,226,552	N/A	Open
New Perspective Fund	various	\$575,000	\$575,000	\$712,898	N/A	Open
Lord Abbett Equity Fund	various	\$1,575,000	\$1,575,000	\$2,175,198	N/A	Open
IVY International Core Equity Fund	various	\$975,000	\$975,000	\$1,055,514	N/A	Open
IVY Mid Cap Growth Fund	various	\$625,000	\$625,000	\$712,350	N/A	Open
IVY Small Cap Growth Fund	various	\$975,000	\$975,000	\$1,077,608	N/A	Open
Nationwide Annuity	01/29/02	\$804,699	\$804,699	\$1,097,372	N/A	Open
Metlife Annuity	09/07/00	\$150,000	\$150,000	\$138,539	N/A	Open
Metlife Annuity	11/16/00	\$400,000	\$400,000	\$417,389	N/A	Open
Treasury STRIPS	03/12/97	\$207,042	\$595,100	\$599,970	6.910%	11/15/12
Treasury STRIPS	11/13/98	\$168,745	\$353,271	\$374,044	5.396%	11/15/13
BMW Bank CD	02/06/12	\$245,000	\$245,000	\$245,904	0.700%	02/10/14
Bank of China NY CD	01/30/12	\$245,000	\$245,000	\$245,936	0.650%	02/10/14
Goldman Sachs Bank CD	01/30/12	\$245,000	\$245,000	\$245,936	0.750%	02/10/14
Ally Bank CD	01/30/12	\$245,000	\$245,000	\$245,905	0.650%	02/10/14
Discover Bank CD	01/30/12	\$245,000	\$245,000	\$246,095	0.700%	02/10/14
Banco Bilbao Vizcaya ARG CD	01/30/12	\$245,000	\$245,000	\$245,929	0.800%	02/14/14
GE Cap Ret BK Draper UT CD	05/18/12	\$245,000	\$245,000	\$244,571	0.750%	05/19/14
FirstBank CD	07/26/12	\$100,000	\$100,000	\$99,923	0.900%	08/01/14
Federal Farm Credit Bank CD	01/30/12	\$1,000,000	\$1,000,000	\$1,000,030	0.400%	08/07/14
GE Cap BK Salt Lake City UT CD	08/29/12	\$245,000	\$245,000	\$244,525	0.900%	09/02/14
Sovereign Bank Wilmington DE CD	08/29/12	\$245,000	\$245,000	\$244,498	0.800%	09/05/14
GNMA #163246	11/03/86	\$130,000	-	\$260	9.500%	07/15/16
GNMA #161449	08/01/86	\$100,000	-	\$410	9.000%	08/15/16
GNMA #160478	11/24/86	\$100,000	-	\$335	9.000%	09/15/16
GNMA #184538	-	-	-	\$282	9.500%	10/15/16
GNMA #399882	03/22/96	\$115,000	\$5,778	\$6,678	7.000%	03/15/26
FNMA #256802	05/24/12	\$800,000	\$172,504	\$170,685	5.500%	07/01/27
GNMA #563338	12/18/01	\$250,251	\$1,212	\$1,408	6.500%	09/15/31
GNMA #003785	11/29/05	\$450,000	\$139,452	\$155,083	5.000%	11/20/35
GNMA #003795	02/11/09	\$664,927	\$223,564	\$239,337	5.000%	12/20/35
FNMA #922260	05/31/12	\$500,000	\$104,975	\$105,959	5.500%	12/01/36
GNMA #638592	10/28/10	\$150,000	\$109,952	\$104,584	4.500%	03/15/39
GNMA #646745	08/18/10	\$554,444	\$216,105	\$211,312	4.500%	03/15/39
GNMA #701419	04/28/09	\$600,000	\$230,076	\$241,077	5.000%	04/15/39
GNMA #713876	09/08/10	\$1,000,000	\$742,947	\$745,479	4.000%	08/15/39
GNMA #004511	05/20/10	\$200,000	\$154,605	\$160,402	4.000%	08/20/39
GNMA #711483	08/18/10	\$508,812	\$474,787	\$492,682	4.000%	01/15/40
GNMA #711171	02/19/10	\$500,000	\$429,328	\$464,602	4.000%	02/15/40
GNMA #740046	09/01/10	\$516,097	\$422,552	\$431,084	4.500%	07/15/40

Totals

\$18,080,036 2.992%