

City of Hickory Hills  
Hickory Hills Police Pension Board Meeting Minutes  
Wednesday July 22, 2015 at 5:30pm

Attendance- David Wetherald, President; Robert Troy, Vice-President; Mary McDonald, Secretary; Dan Davis, Morgan Stanley; Scott Sodaro, Trustee Absent: James Kardelis, Trustee and City Treasurer Dan Schramm

Dan Davis presented the June 30, 2015 portfolio statement showing a portfolio value of \$22,039,422.62. Since that date additional return of principal on government investments, interest received on investments, and payroll contributions by the active members have allowed the funds now held in the money market to grown to \$617,000. The portfolio of investments contains 68% in equities and the balance in fixed income investments.

Upon review of the investments the Emerging Markets investment is the underperforming assets. Investments were made in the Delaware Emerging Markets Fund of \$600,000 in October 2013 and an additional \$400,000 in October 2014. Dan Davis recommended that the board stay with this investment as when you buy emerging markets investments you have to stay with it for five years because if this thing turns around it is going to turn around in a hurry. As far as the total exposure, you will see under portfolio percent that the total exposure to this fund is 6.5% of the investments in mutual funds.

Dan Davis recommended that the board invest \$500,000 in a GNMA with a 2% to 2.5% rate of return and an average life around 4.6 to 4.7 years.

Bob Troy made a motion to invest \$500,000 in a GNMA. David Wetherald seconded the motion. The board unanimously approved the purchase of a \$500,000 GNMA with the money market funds.

The board decided that the next meeting of the pension board will be Wednesday October 21<sup>st</sup> at 5:30pm.

Mary is going to register the board members tomorrow to take advantage of the reduced registration rate in effect till August 1<sup>st</sup>. James Kardelis though not at the meeting emailed that he plans on attending the conference and to register him. Robert Troy, David Wetherald and Scott Sodaro confirmed they will be attending the October conference in Lake Geneva. The conference satisfies the annual 16 hour training requirement for pension board members.

Bob Troy made a motion to approve the minutes of the April 22, 2015 meeting. David seconds the motion. The board unanimously approved the minutes.

Officer Mark Benaitis resigned his position immediately after the April 2015 election triggering the need for a second election between the other candidates on the original ballot, Scott Sodaro and Adam Gulczynski. Adam Gulczynski, through an e-mail on May 5<sup>th</sup> to Secretary McDonald, asked to be removed from consideration for the position on the board. Scott Sodaro is the new member of the board.

Mary contacted Scott Brandt of the Illinois Dept. of Insurance who consulted with Mr. Travis of the Illinois Dept. of Insurance to verify if Scott Sodaro needs to attend the 32 hours trustee training for new trustees as he has attended it in the past when he was previously on board and there is a cost to the pension fund for his attendance. He doesn't need to participate in the 32 hour trustee training because he was on the board when this statute was enacted in September 2009. If he was not on the board at that time the training would have to be retaken. Scott had taken his trustee training in 2008 and he was on the board in the calendar year 2009, the statute was in place in September 2009. Scott is grandfathered in regarding the 32 hours Trustee training, but he does have to attend the annual 16 hour training.

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Mary reminded the pension board that Art Tepfner will be working on the actuarial report for the fiscal year ending April 30, 2015 for the pension fund next month and would like to confirm with the board the investments rate of return and the active member's salary increase assumptions that an actuary needs from the board to calculate the funding needed for the pension fund. Currently the assumptions are 7% rate of return on investments and 5% salary increases for active pension members. After a discussion of each assumption the board has unanimously agreed that the moving forward 6.75% should be the anticipated rate of return on investments and that 4% is the rate of salary increases for active pension members.

David made the motion to adjourn the meeting and Bob second the motion. With nothing further to discuss at this time the board agreed to adjourn the meeting.

The meeting adjourned as 6:05pm.