

City of Hickory Hills Police Pension Board Meeting
Hickory Hills Police Station
Monday, November 9, 2015; 5:30pm

Attendance: David Wetherald, President; Robert Troy, Vice-President; Mary McDonald, Secretary; Scott Sodaro, Trustee; Dan Schramm, City Treasurer; Dan Davis, Senior VP Morgan Stanely

Dan Davis provided a November 9th Mutual Fund Portfolio Summary, Time Weight Performance Summary, and Dollar Weighted Performance Summary. The October 31st Client Statement shows the market value of the portfolio to be \$21,556,702.

The review of the mutual funds shows that most of them have been profitable with the exception of the Delaware Emerging Markets. We started this investment with \$600,000 on October 31, 2013. We added another \$400,000 one year later. We also reinvested some dividends that were paid and some capital gains that were paid earlier. The market value as of October 31st is \$809,000. A

recommendation by Dan Davis is to give any mutual fund investment manager a minimum of 3 years because of volatility. We have owned this investment for 2 years. Right now what we are going to find out is that the emerging markets is the worst performing sector in the equity markets, next year it can be the best performing sector in the whole equity markets.

The Ivy Mid Cap Growth Fund also needs our attention. The overall Morning Star overall rating is 2 stars and year- to- date it is down 4.5% and that is even after a recovery for the month. So the 3 year performance number is a 1 star, the 5 year a 2 star, the 10 year is at a 3 star rating. If you look at how it ranks along their peers it is just pretty average at best.

The Nuveen Santa Barbara has an overall rating of 2 stars and here is another 1 star rating for a 3 year number. We look at this and it is flat year to date plus.32%. It came off a good 2014 up almost 13% and 2013 up almost 25%. But just like the mid cap we really want to take a real close look at this and see what happens by January and we may want to reallocate. We can stay in the same area or we can move it to another asset class.

Also the mutual fund review showed that the fund is approximately 30% invested in International stocks which may be too large for the amount of risk taken with these investments.

Two certificates of deposits are maturing; one for \$245,000 coming due November 23rd and a \$100,000 CD coming due December 14th. The board members unanimously agreed that Dan Davis should forward a GNMA buy recommendation upon the maturity of the November 23 Certificate of Deposit for \$245,000. The amount of the investment is pending available money market funds unknown at this time due to the addition of mortgage principal returns and interest received. The recommendation will then be forwarded to the board members via email for approval.

The next meeting of the pension board is scheduled for Wednesday, January 20th 2016 at 5:30pm

Dan Schramm is reviewing the current City of Hickory Hills Pension Investment policy as it is very old, dated 1997 and is looking at the boiler plates of what some other municipalities that would comply with the Dept. of Insurance statutes. The managing partners of Sawyer Falduto Asset Management LLC will provide an investment policy for the boards review.

Bob Troy made motion to approve the October 21, 2015 minutes. David Wetherald second the motion. The board unanimously approved the minutes.

Mary asked approval to reimburse the City for their payment of Scott Sodaro's for his travel expenditures to attend the October IPPFA conference in Lake Geneva in the amount of \$370.90. The expenditure details were emailed to the board members earlier for review. Bob Troy made a motion to approve the reimbursement. David Wetherald second the motion. The board unanimously approved the reimbursement.

David Wetherald stated that Cole City and Tinley Park uses the investment services of Sawyer Falduto Asset Management LLC and are pleased with the way things are going.

Dan Schramm stated that working with a money manager would give the pension fund an opportunity to invest in other instruments that we cannot through Dan Davis with Morgan Stanley.

Mary stated that with a money manager the pension portfolio investments would be more actively managed versus once a quarter.

John Falduto and Tow Sawyer of Sawyer Falduto Asset Management LLC made a presentation of their investment services.

After the presentation, a general discussion by the board lead to the agreement to not rush the decisions regarding the new investment policy and relationship with an investment manager with the discussion to continue in January.

Meeting Adjourned 7:47pm