

MINUTES OF THE SPECIAL MEETING BOARD OF
TRUSTEES VILLAGE OF HAWTHORN WOODS POLICE
PENSION FUND HELD ON
NOVEMBER 21, 2017 AT 6:00 PM
AT THE HAWTHORN WOODS VILLAGE HALL
2 LAGOON DRIVE, HAWTHORN WOODS, IL. 60047

The meeting was called to order at 6:00 PM. The following trustees were present:

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|------------------------|--|
| ROLL CALL | Douglas Samz Timothy McCue Michael Viramontes John Tennant |
| ALSO PRESENT | Brian LaBardi, Reimer & Karlson LLC Kristin Kazenas, Village of Hawthorn Woods Tom Sawyer, Sawyer & Falduto Asset Management LLC Trinette Gardner, Lauterbach & Amen, LLP Colleen Trela, Lauaterbach & Amen, LLP |
| MINUTES | Minutes for the September 7, 2017, Meeting were reviewed. On a motion made, seconded and unanimously carried, the minutes from the meeting were approved. |
| CONCERNS OF THE PUBLIC | None |
| INVESTMENTS | Sawyer & Falduto Asset Management LLC submitted their Investment Performance Report as of September 30, 2017. Total Investments were \$3,574,455. The Market Value change year to date was a gain of \$254,830. The rate of return for the Equity Portfolio year to date was 15.61%, compared to the benchmark rate of 14.25%. Fixed Income Portfolio rate of return year to date was 2.62%, compared to the benchmark rate of return of 2.25%. Equity Investments amounted to \$1,650,606 as of September 30, 2017. Market Value change from |

inception was a gain of \$396,399 and \$88,369 for the third quarter 2017.

Fixed Income Portfolio has a duration of 5.19 years and a yield to maturity of 2.25%, compared to the benchmark duration of 6.08 years and a yield to maturity of 1.94%.

A discussion was given about the Economic environment (Tab 3). On a forward-looking basis, earnings estimates (12 months) for companies in the S & P 500 are currently priced closer to 18x operating earnings. By way of comparison, “fairly valued” are often considered to be price-to-earnings multiples in the range of 14x to 15x, consistent with long-term averages. The yield on the 10-year US Treasury Note closed September 30, 2017 with a yield of 2.33%, lower by 12 basis points for the year. The yield spread between the 3-month T-Bill and 10-year Treasury is 127 basis points as compared to 244 basis points to start the year. The flattening of the yield curve is indicative of investor assuming a cautious posture towards economic growth, inflation and very likely, the pace with which the Fed will implement future policy actions.

Equity Investment was slightly less than 45% of Total Assets.

Investment Performance Report under Tab 7 listed the purchases and sales of investments for the third quarter 2017.

On a motion made and seconded and on a roll call vote, the Investment Performance Report was approved.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

A discussion was held concerning the Inland Bank Money Market Account.

On a motion made and seconded and on a roll call vote, the Inland Bank Money Market Account should be

closed. The Village and Employee Contributions should be made directly to the Inland Bank Checking Account. Transfers from the Checking Account to the Schwab Account should be made for the excess cash above the upcoming quarter expenses and a minimum balance in the Checking Account of \$25,000.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

TREASURER REPORT Monthly Financial Reports from Lauterbach & Amen LLP for the Periods of August thru October 2017 were presented.

As of October 30, and the year ending October 31, 2017

| | |
|-----------------------|----------------|
| Total Assets | \$3,735,215.26 |
| Money Market Account: | \$ 141,531.27 |
| Ten Month Surplus: | \$ 533,222.63 |
| Ten Month Revenue: | \$ 348,228.62 |
| Ten Month Expenses: | \$ 293,301.26 |

On a motion made and seconded and on a roll call vote, Financial Reports August thru October, 2017 were approved.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

CONTRIBUTIONS Village contributions for the ten months ending October 31, 2017 amounted to \$256,670. The participant contribution for the same period was \$86,532.

On a motion made and seconded and on a roll call vote, contributions to the Fund were approved.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

TREASURER REPORT Following item:

2018 BUDGET The Hawthorn Woods Police Pension Budget for the Year 2018 was presented. Projected Revenue was

\$480,282 including the Village Contribution of \$339,582; Expenses of \$177,480 and Surplus \$302,802.

On a motion made, seconded and unanimously carried, the Budget for 2018 was approved.

MEETING DATES

The Meetings to be held at 6:00 pm on the following dates for 2018 were presented:

February 20

May 22

August 21

November 20

On a motion made, seconded and unanimously carried, the Meeting Dates for 2018 were approved.

LEGAL COUNSEL

The Reimer Update was presented. There was discussion concerning articles in the newsletter.

CONTINUING EDUCATION

Police Pension Trustees need to attained 16 hours of accredited education each fiscal year.

ADMINISTRATIVE POLICY

No action needed.

EXPENDITURES

The following expenses were presented for approval:

Reimer & Karlson \$ 750.00

Lauterbach & Amen, LLP \$1,200.00

IPPPFA \$ 795.00

These expenses were for legal fees & retainer, Accounting Services and membership dues.

On a motion made and seconded and on a roll call vote, Expenditures were approved.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

BENEFIT PAYMENTS

Monthly Benefit payment for 2018 will be:

Gross Non-Duty Disability Benefit - Gordon \$3,552.50

Net Non-Duty Disability Benefit-Gordon \$3,267.50

Gross Service Pension Benefit – Fenger \$3,289.46
Net Service Pension Benefit – Fenger \$2,783.46

On a motion made and seconded and on a roll call vote, the Pension Benefits for Gordon and Fenger were approved.

Roll Call Vote – Yes: Samz, McCue, Tennant and Viramontes

OLD BUSINESS

Lauterbach & Amen, LLP presented the Actuarial Assumptions, as requested, for the up coming Actuary Report.

ADJOURMENT

There being no further or other business to come before the Board, a motion was made and seconded to adjourn the meeting. The motion was unanimously carried. The meeting was adjourned at 7:06 pm.



Secretary