

MINUTES OF THE MEETING BOARD OF TRUSTEES
VILLAGE OF HAWTHORN WOODS POLICE PENSION FUND
HELD ON
MAY 22, 2018 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:

| | |
|------------------------|--|
| ROLL CALL | Timothy McCue Michael Viramontes John Tennant |
| ABSENT | Douglas Samz |
| 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 Jessica Fain, Lauterbach & Amen, LLP Allison Barrett, Lauterbach & Amen, LLP |
| MINUTES | Minutes for the February 20, 2018 Meeting were reviewed. As amended: “The pre-approval of all reasonable expenses of Trustees Viramontes and Tennant attending the IPPFA Conference in Peoria, IL in May 2018. Roll Call Vote – Yes: Samz, McCue, Viramontes and Tennant Trustees Viramontes and Tennant each abstained from the vote of their respective expenses.” On a motion made as amended, seconded and unanimously carried, the minutes from the meeting were approved as amended. |
| CONCERNS OF THE PUBLIC | None |

INVESTMENTS

Sawyer & Falduto Asset Management LLC submitted their Investment Performance Report as of March 31, 2018.

Total Investments were \$3,639,575. The Market Value change year to date was a loss of \$23,557. The rate of return for the Equity Portfolio year to date was -0.12%, compared to the benchmark rate of -0.67%. Fixed Income Portfolio rate of return year to date was -1.09%, compared to the benchmark rate of return of -1.15%. Equity Investments amounted to \$1,625,586 as of March 31, 2018. Market Value change from inception was a gain of \$461,519.

Fixed Income Portfolio has duration of 4.97 years and a yield to maturity of 2.82%, compared to the benchmark duration of 6.03 years and a yield to maturity of 2.55%.

A discussion was given about the Economic environment (Tab 3). After 2017 produced advances in equity prices characterized record low volatility, markets exhibited more speculative tone during the early months of 2018, Market volatility returned to markets in February as concern over potential increases in interest rates gained momentum.

Looking beyond the volatile daily swings experienced during the first quarter, fundamentals and the general environment for stocks remain positive. Economic growth in the U. S. continues to be solid. For the fourth quarter of 2017, GDP increased at an annual rate of 2.9%. Although interest rates moved higher during the quarter, the overall structure remains low by historical measures. So long as interest compressed, expected returns continue to favor equities.

Tab 7 lists all purchases and sales during the Quarter.

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

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

ACTUARY REPORT The Actuary Report Draft was presented.
Actuarial Recommended Employer Contribution was \$335,081. The Actuarial Value of Assets is projected to be 58.67%.

ACCOUNTANTS REPORT Monthly Financial Reports from Lauterbach & Amen LLP for the Periods ending or as of December 31, 2017 and April 30, 2018 were presented.

| As of or the year ending | Dec 31, 2017 | Apr 30, 2018 |
|---------------------------|-----------------|----------------|
| Total Assets | \$ 3,835,102.36 | \$3,891,796.51 |
| Money Market Account: | \$ 287,722.78 | \$ 215,376.31 |
| Year or 4 Month Surplus: | \$ 633,109.73 | \$ 60,828.15 |
| Year or 4 Month Revenue: | \$ 761,190.32 | \$ 111,986.63 |
| Year or 4 Month Expenses: | \$ 128,080.59 | \$ 51,158.48 |

On a motion made and seconded and on a roll call vote, Financial Reports December 2017 and April, 2018 were approved.

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

CONTRIBUTIONS Village contributions for the twelve months ending December 31, 2017 amounted to \$308,036.04. The participant contribution for the same period was \$112,505.66.

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

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

TREASURER REPORT Lauterbach & Amen, LLP presented a proposal to establish benefits administration and IRS reporting for the Police Pension Fund. Total annual cost for both items was \$1,175.

On a motion made and seconded and on a roll call vote, Lauterbach & Amen, LLP a proposal to establish benefits administration and IRS reporting was approved.

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

The Municipal Compliance Report was presented.

On a motion made and seconded, and unanimously carried, The Municipal Compliance Report was approved.

The Annual Department of Insurance Report will be prepared.

LEGAL COUNSEL

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

TRUSTEE ELECTION
APPOINTMENT

Notices for the election of the Police Trustee and Retiree Trusted was posted. Officer Viramontes was the only active duty nominee and there was no Retiree nominee.

It is noted that the Village Board has appointed Mr. Samz to a two-year term as a Citizen Trustee. His term will expire in May, 2020 or until someone is properly appointed by the Village Board to replace him.

On a motion made, seconded and unanimously carried, the Board Certify the elections of officer trustee and appointment of one citizen trustee, were approved

ELECTION OF BOARD
OFFICERS

An election of new Board Officers for the Police Pension Board was held.

Office of President Doug Samz
Office of Secretary Tim McCue
Office of Vice President Michael Viramontes
Office of Asst. Secretary John Tennant

On a motion made, seconded and unanimously carried, the Officers were elected.

Police Pension Trustees need to attained 16 hours of accredited education each fiscal year. Each Trustee must file an Economic Interest Statement with the County.

ADMINISTRATIVE
POLICY

No action needed.

EXPENDITURES

The following expenses were presented for approval:

| | |
|------------------------|------------|
| Reimer & Karlson | \$ 750.00 |
| Lauterbach & Amen, LLP | \$6,400.00 |
| State of Illinois | \$ 640.64 |
| Mesirow | \$2,255.00 |

These expenses were for legal fees & retainer, Accounting Services, Compliance fees and Insurance Premium.

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

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

The following expenses were presented

| | |
|------------|----------|
| Viramontes | \$722.97 |
| Tennant | \$667.96 |

At the February 20, 2018 meeting the reasonable expenses of Trustees Viramontes and Tennant attending the IPPFA Conference in Peoria, IL in May, 2018 were approved.

OLD BUSINESS

None

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 7:20 pm.

Timothy L. McEneaney

Secretary