



**MINUTES OF A REGULAR MEETING OF THE
HAWTHORN WOODS POLICE PENSION FUND
BOARD OF TRUSTEES
FEBRUARY 18, 2020**

A regular meeting of the Hawthorn Woods Police Pension Fund Board of Trustees was held on Tuesday, February 18, 2020 at 11:00 a.m. in the Village Hall located at 2 Lagoon Drive, Hawthorn Woods, Illinois 60047, pursuant to notice.

CALL TO ORDER: Trustee Samz called the meeting to order at 11:00 a.m.

ROLL CALL:

PRESENT: Trustees Douglas Samz, Timothy McCue, Michael Viramontes (*arrived at 11:03 a.m.*) and John Tennant

ABSENT: None

ALSO PRESENT: Attorney Brian LaBardi, Reimer & Dobrovolny PC; Keri O'Brien and James Ritchie, Lauterbach & Amen, LLP (L&A); Tom Sawyer, Sawyer Falduto Asset Management, LLC; Treasurer Kristin Kazenas, Village of Hawthorn Woods

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *December 5, 2019 Regular Meeting:* The Board reviewed the December 5, 2019 regular meeting minutes. A motion was made by Trustee Tennant and seconded by Trustee McCue to approve the December 5, 2019 regular meeting minutes as written. Motion carried unanimously by voice vote.

Semi-Annual Review of Closed Session Meeting Minutes: There were no closed session meeting minutes for review.

Trustee Viramontes arrived at 11:03 a.m.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report and Presentation and Approval of Bills:* The Board reviewed the Monthly Financial Report for the one-month period ending January 31, 2020 prepared by L&A. As of January 31, 2020, the net position held in trust for pension benefits is \$4,982,997.19 for a change in position of \$57,217.87. The Board also reviewed the Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report, Payroll Journal and the Vendor Check Report for the period November 1, 2019 through January 31, 2020 for total disbursements of \$13,796.88. A motion was made by Trustee Tennant and seconded by Trustee McCue to accept the Monthly Financial Report as presented and to approve the disbursements shown on the Vendor Check Report in the amount of \$13,796.88. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant

NAYS: None

ABSENT: None

The Board discussed revising the vendor payment process in order to make it more efficient. Further discussion will be held at the next regular meeting.

The Board reviewed the Monthly Financial Report for the twelve-month period ending December 31, 2019 prepared by L&A and directed L&A to present the fiscal year end Monthly Financial Report for Board approval at the first quarter regular meetings going forward. A motion was made by Trustee McCue and seconded by Trustee Tennant to accept the Monthly Financial Report as presented. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

Additional Bills, if any: The Board reviewed the following additional bills for approval:

- L&A invoice #41987 in the amount of \$855 for accounting, payroll and PSA services rendered for the month of November 2019.
- L&A invoice #42471 in the amount of \$855 for accounting, payroll and PSA services rendered for the month of December 2019.
- L&A invoice #42959 in the amount of \$870 for accounting, payroll and PSA services rendered for the month of January 2020.
- Reimer & Dobrovlny PC invoice #25611 in the amount of \$1,512.80 for legal services.

A motion was made by Trustee Samz and seconded by Trustee Tennant to approve the additional bills as presented. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

INVESTMENT REPORT – SAWYER FALDUTO ASSET MANAGEMENT, LLC: *Quarterly Investment Performance Report:* Mr. Sawyer presented the Quarterly Investment Performance Report for the period ending December 31, 2019. As of December 31, 2019, the fourth quarter net return is 3.53% versus the fourth quarter account benchmark of 3.64%. The investment return for the quarter is \$168,520 for an ending market value of \$4,905,700. The current asset allocation is as follows: fixed income at 51.1%, equities at 44.5% and cash equivalents at 4.5%. Mr. Sawyer reviewed the Market Commentary, Equity and Fixed Income Portfolios, Credit Rating Report and Transaction Ledger Report with the Board. A motion was made by Trustee Tennant and seconded by Trustee Viramontes to accept the Quarterly Investment Performance Report as presented. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

Review/Update Investment Policy: The Board discussed the amended Investment Policy draft prepared by Sawyer Falduto Asset Management, LLC. A motion was made by Trustee McCue and seconded by Trustee Samz to approve the amended Investment Policy Statement as prepared and to direct L&A to file the Investment Policy with the Illinois Department of Insurance within 30 days of execution. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

COMMUNICATIONS AND REPORTS: *Statements of Economic Interest:* The Board was reminded that the Statements of Economic Interest are due by May 1, 2020.

Affidavits of Continued Eligibility: L&A informed the Board that due to recently implemented requirements mandated by the IDOI, spousal data will be necessary in order to file the IDOI Annual Statement. L&A recommended issuing Affidavits of Continued Eligibility to all pensioners with the December payroll cycle, to coincide with the fiscal year-end and ensure adequate time to compile the necessary data.

2020 IRS Mileage: The Board noted that the IRS standard business mileage rate used for reimbursement decreased to \$0.575 per mile effective January 1, 2020.

The Board noted that Timothy McCue resigned his Trustee position with the Hawthorn Woods Police Pension Fund effective February 19, 2020. The Board will contact the Village of Hawthorn Woods and seek a Trustee appointment to the Board.

TRUSTEE TRAINING UPDATES: The Board reviewed the Trustee Training Summary and discussed upcoming training opportunities. Trustees were reminded to submit any certificates of completion to L&A for recordkeeping.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were no trustee training registrations or reimbursable expenses presented for approval.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM FUND: There were no applications for membership or withdrawals from the Fund.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: There were no applications for retirement or disability benefits.

OLD BUSINESS: *Discussion/Possible Action – Revised Lauterbach & Amen, LLP Engagement Letter:* The Board reviewed the L&A five-year engagement letter. A motion was made by Trustee Tennant and seconded by Trustee Viramontes to engage L&A in the annual amounts as follows: \$12,490 for the year ended 2019; \$13,435 for the year ended 2020; \$13,705 for the year ended 2021; \$13,975 for the year ended 2022 and \$14,305 for the year ended 2023. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

NEW BUSINESS: *Approve Annual Cost of Living Adjustments (COLAs) for Pensioners:* The Board reviewed the 2020 Cost of Living Adjustments (see attached) calculated by L&A. A motion was made by Trustee Samz and seconded by Trustee Tennant to approve the 2020 Cost of Living Adjustments as required by statute and calculated by L&A. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

Review Trustee Term Expirations and Election Procedures: The Board noted that the active member term currently held by Trustee Viramontes is expiring in May 2020. Trustee Viramontes wishes to remain on the Board if nominated. L&A will conduct an election on behalf of the Pension Fund for one of the two active member Trustee positions.

The Board noted that the appointed Trustee position held by Trustee Samz is expiring in May 2020 and he wishes to remain on the Board. The Board will contact the Village of Hawthorn Woods and seek reappointment of Trustee Samz to the Board.

IDOI Annual Statement: The Board noted that the IDOI Annual Statement is in process and the final report will be sent to the Board for review upon completion.

Discussion – Actuarial Assumptions: The Board discussed the current assumed rate of return for the Actuarial Valuation of 6.5% and possibly lowering the assumption to 6.25%. After extensive discussion, the Board determined that no changes are required at this time.

Review/Approve – Fiduciary Liability Insurance Renewal: The Board discussed the fiduciary liability insurance renewal to be provided by Mesirow Insurance Services, Inc. through Ullico Casualty Group, LLC. A motion was made by Trustee Samz and seconded by Trustee Viramontes to approve payment of the fiduciary liability insurance renewal in an amount not to exceed \$3,100. Motion carried by roll call vote.

AYES: Trustees Samz, McCue, Viramontes and Tennant
NAYS: None
ABSENT: None

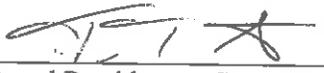
ATTORNEY’S REPORT – REIMER & DOBROVOLNY PC: *Legal Updates:* The Board reviewed the *Legal and Legislative Update* quarterly newsletter. Attorney LaBardi discussed recent court cases and decisions, as well as general pension matters with the Board.

CLOSED SESSION, IF NEEDED: There was no need for closed session.

The Board thanked Trustee McCue and acknowledged all of the time and hard work he put into the Hawthorn Woods Police Pension Fund.

ADJOURNMENT: A motion was made by Trustee Tennant and seconded by Trustee McCue to adjourn the meeting at 12:38 p.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for May 19, 2020 at 11:00 a.m.



Board President or Secretary

Minutes approved by the Board of Trustees on 2/18/20

Minutes prepared by Keri O'Brien, Pension Services Administrator, Lauterbach & Amen, LLP