

# Township Trustees of Schools

TOWNSHIP 38 NORTH, RANGE 12 EAST

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## BOARD OF SCHOOL TRUSTEES

Michael S. Thiessen, President

Theron G. Tobolski, Trustee

Michael Dickman, Trustee

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## *Minutes of the Special Meeting of the Lyons Township Trustees of Schools March 13, 2017*

### **Call to Order & Roll Call**

**President Thiessen** called the meeting to order at 5:33 P.M.

Roll call was taken and present were Trustee Tobolski. Also present were Township School Treasurer; Dr. Susan Birkenmaier, Office Manager; Lauralee Conway, Financial Analyst; Ken Getty, and Emily Witt, TTO Attorney.

### **Pledge of Allegiance**

### **Public Comments**

None

### **Approval of Minutes**

**Motion by Trustee Dickman** to approve the minutes of:

November 16, 2016 – 204 Open Session

**Seconded by Trustee Tobolski**

Roll Call: Ayes: Thiessen, Tobolski, Dickman

Nays: None

Abstain: None

*Motion carried.*

**Motion by Trustee Dickman** to approve the minutes of:

December 8, 2016 – 102 Open Session

**Seconded by Trustee Tobolski**

Roll Call: Ayes: Thiessen, Tobolski, Dickman

Nays: None

Abstain: None

*Motion carried.*

**Motion by Trustee Dickman** to approve the minutes of:

January 9, 2017 – Open Session

**Seconded by Trustee Tobolski**

Roll Call: Ayes: Thiessen, Tobolski, Dickman  
Nays: None  
Abstain: None

*Motion carried.*

**Motion by Trustee Dickman** to approve the minutes of:

January 9, 2017 – Closed Session

**Seconded by Trustee Tobolski**

Roll Call: Ayes: Thiessen, Tobolski, Dickman  
Nays: None  
Abstain: None

*Motion carried.*

### **December 31, 2016 Investment Report**

President Thiessen moved agenda item #8 to agenda item #5.

Brian Hextell the Institutional Portfolio Manager and Audra Braski of PMA presented the Lyons Township Portfolio Update for the 1<sup>st</sup> Quarter of 2017. Mr. Hextell reported a substantial increase in rates over the past year, FOMC increased Fed Funds target rate to .50 - .75% on December 14<sup>th</sup>. The markets expect higher inflation and stronger economic growth. From a long term perspective the market is still in a relatively low rate environment.

<b><u>Portfolio Characteristics</u></b>	<b><u>Portfolio</u></b>	<b><u>Benchmark</u></b>
Duration	3.23	3.76
Yield	2.13	1.64
Quality	AA+	AAA

Proposed Goals/Objectives:

- Reduce Allocation of Agency Residential MBS
- Strategically Diversify into High Quality Income Producing Sectors
- Reduce Prepayment Risk/Improve Cash Flow
- Enhance Returns by Introducing High Quality Spread Alternatives

The Trustees discussed the total return, gross of fees and the index return quarter to date, prior year, trailing year and since inception. Mr. Hextell reported the returns consistently exceed the benchmark.

Mr. Ken Getty updated the Trustees on the Investment Analysis for December 31, 2016. Mr. Getty reported the final quarter in 2016 proved challenging for the fixed income market. The Bank of America Merrill Lynch Treasury & Agency Index rate decreased (2.51 in September 2016 to 1.41 in December 2016, as did the LTTO portfolio annualized rate of return (3.05 in September 2016 to 2.17 in December 2016).

The short term investment portion of the TTO portfolio has decreased by \$58.5 million in the Money Market funds, mainly due to the end of the second tax collection cycle occurring in the previous quarter, fourth quarter debt service payments and increased capital improvement project drawdown.

**Review/Approval of the Lyons Township Treasurer's financial reports**

Treasurer Birkenmaier reviewed the Lyons Township School Treasurer's financial statements for the month of December 2016 and January 2017.

*No action needed.*

**Review School Districts Official Records**

Treasurer Birkenmaier reviewed the School Districts Official Records for the months of December 2016 and January 2017. President Thiessen questioned West 40's continuing deficit fund balance. Treasurer Birkenmaier reported the state is behind in releasing funds. President Thiessen expressed his concern and the possibility of West 40 not collecting revenue from the State of Illinois. Discussion followed.

*No action needed.*

**Motion by Trustee Dickman** to approve the payables list for:

January 25, 2017 - \$ 52,614.08

**Seconded by Trustee Tobolski.**

Roll Call:	Ayes:	Thiessen, Tobolski, Dickman
	Nays:	None
	Absent:	None

Motion carried.

**Motion by Trustee Dickman** to approve the payables list for:

February 17, 2017 - \$ 38,941.31

**Seconded by Trustee Tobolski.**

Roll Call:	Ayes:	Thiessen, Tobolski, Dickman
	Nays:	None
	Absent:	None

Motion carried.

**Motion by Trustee Dickman** to approve the payables list for:  
March 13, 2017 - \$ 73,792.48

**Seconded by Trustee Tobolski.**

Roll Call:     Ayes:            Thiessen, Tobolski, Dickman  
                  Nays:             None  
                  Absent:           None

Motion carried.

**FY16 Audit Management Letter**

Treasurer Birkenmaier reviewed the FY16 Audit Management letter with the Board of Trustees. During the FY16 annual audit it was discovered that there was an error in calculating the final pay for an employee who retired in September, 2015. The Trustees directed Treasurer Birkenmaier to send a letter to the retired employee requesting payback of the overpayment funds either through return receipt USPS or Federal Express. Treasurer Birkenmaier will update the Trustees at the next board meeting.

*No action needed.*

**District 217 Property Purchase**

Treasurer Birkenmaier reported Argo Community High School District #217 passed resolutions in January 2017 approving the real estate purchase of two properties, 7225 W. 63<sup>rd</sup> St., Summit IL in the amount of \$215,000 and 7400 W. 64<sup>th</sup> St., Summit IL, in the amount of \$ 335,000. The property purchase has been completed.

*No action needed.*

**Miller Cooper Accounting Services Agreement**

Treasurer Birkenmaier met with Betsy Allan from Miller Cooper to discuss additional support for bank account reconciliation with the TTO's general ledger transactions. There are several benefits to engaging Miller Cooper's accounting department to review the work on a quarterly basis and make notes on any transactions that need to be researched or corrected. Treasurer Birkenmaier reviewed the letter of engagement from Miller Cooper outlining the services and asked for the approval of the Trustees in order to move forward. The Trustees approved a cap of \$2,500 and if additional funds are needed, Mr. Thiessen asked the Trustees be notified for approval.

**Motion by Trustee Dickman** to approve the Miller Cooper Account Services Agreement with a set cap amount of \$ 2,500. Additional funds will need to be approved by the Trustees.

**Seconded by Trustee Tobolski.**

Roll Call:     Ayes:            Thiessen, Tobolski, Dickman  
                  Nays:             None  
                  Absent:           None

Motion carried.

**Pro-rata Discussion**

Treasurer Birkenmaier presented an updated FY16 pro-rata bill calculation with all of the school district’s final FY16 AFR information. Revenues are used for the pro-rata share calculation against which the costs of services are distributed. Two billing options were presented to the Trustees. Option 1 – All LTHS 204 litigation costs included in the FY16 pro rata costs. Option 2 – No LTHS 204 litigation costs included in the FY16 pro rata costs. The Board of Trustees discussed the differences in Option 1 & 2. The pro rata billing was tabled until the next Trustee meeting on April 24, 2017.

**District Updates**

Attorney Witt reported the TTO could not escrow School Districts interest distributions.

**Personnel**

Treasurer Birkenmaier announced Maurice Brown, Staff Accountant has announced his resignation effective June 30, 2017. The TTO will post the Staff Accountant position on the TTO website and on indeed.com. Treasurer Birkenmaier will update the Trustees on the application and interview status at the next meeting.

**Motion to suspend the Special Meeting for the purpose of entering closed session.**

**Motion by President Thiessen** to suspend the Special Meeting for the purpose of entering closed session at **7:25 P.M.**, for the purpose of:

- *Illinois Open Meetings Act, (5 ILCS 120/2 (c)(11)*, “Litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the minutes of the closed meeting.”
- *Illinois Open Meetings Act, (5 ILCS 120/2 (c)(1)*, “Discussion on the appointment, employment, compensation, discipline, performance or dismissal of specific employees of the public body.”

**All in favor, motion carried.**

**10. Reconvene the Special Meeting of the Board of Trustees**

**Motion by President Thiessen** to reconvene the Special Meeting of the Board of Trustees at **8:48 P.M.** **Seconded by Trustee Dickman.**

Roll Call:	Ayes:	Thiessen, Tobolski, Dickman
	Nays:	None
	Absent:	None

***Motion Carried.***

**11. Action as a result of Closed Session**




None

**12. Adjournment**

**President Thiessen** moved to adjourn the Special Meeting of the Board of Trustees at 8:49 P.M. **Seconded by Trustee Tobolski.**

**All in favor, motion carried.**

**Minutes approved by:**

 _____	 _____	 _____
<b>President, Michael Thiessen</b>	<b>Trustee, Theron Tobolski</b>	<b>Trustee, Michael Dickman</b>

**Approved on: April 24, 2017**