

**MINUTES OF THE BOARD OF TRUSTEES MEETING
OF THE WAUCONDA FIREFIGHTERS' PENSION FUND
Friday, February 11, 2011**

The meeting of the Board of Trustees of the Wauconda Firefighters' Pension Fund was called to order Friday, February 11, 2011 at 10:05 a.m. at Wauconda Fire District, Station 1, 109 W. Liberty Street, Wauconda, Illinois.

ATTENDANCE: Trustees present were President Scott Gaschler, Vince Clemens, Bill Glade, Crystal McClure, and Jon Fessler. Also present were Attorney Carolyn Welch Clifford; Kelly Krueger from Lauterbach and Amen; and Robert Thompson and Michael Musselman from MB Financial Bank.

APPROVAL OF MINUTES: Motion by Bill Glade seconded by Crystal McClure to approve the minutes of the Regular Pension Board Meeting dated November 12, 2010 as presented. On call of voice vote all present voted aye. Motion carried.

CORRESPONDENCE: Included in the Board packet the Illinois Predatory Lending Certification letter from Harris Bank, a letter from Ottosen Britz regarding changes to our fee structure, and an email from Illinois Public Employee Retirement Systems regarding an upcoming seminar. Also included is a copy of *Legal Insights* and *Client Alert*, publications from Ottosen Britz.

OLD BUSINESS: None

NEW BUSINESS: MB Financial presentation: Robert Thompson discussed the quarterly report. The fourth quarter investment results are up 3.94%. The total market value at the end of the year was \$9,459,976. Bob and Mike Musselman discussed the portfolio in depth, noting it was a good year for stocks. Trustee McClure asked about the variations in the requested fee rates and discounts. We have had several different proposals since the RFP was distributed. Bob Thompson attempted to explain there may have been some miscommunication between Terese Krafcheck and himself. Several other Board Members expressed concern over these changes in figures as well as the circumstances where the figures changed every meeting. Crystal McClure also asked when the portfolio was rebalanced. Mike Musselman answered that usually it was done twice a year but also on an as needed basis.

Motion by Vince Clemens seconded by Crystal McClure to accept the report from MB Financial as presented. On call of roll:

AYES: Gaschler, Clemens, Glade, McClure, and Fessler
NAYS: None
ABSTAIN: None

ABSENT: None

Motion carried.

Lauterbach and Amen report: Kelly Krueger presented the December 2010 report and went through the packet. The Board previously received copies of the October and November reports.

Motion by Crystal McClure seconded by Jon Fessler to accept the report from Lauterbach and Amen as presented. On call of roll:

AYES: Gaschler, Clemens, Glade, McClure, and Fessler
NAYS: None
ABSTAIN: None
ABSENT: None

Motion carried.

Motion by Crystal McClure seconded by Jon Fessler to accept the Disbursement Warrant dated November 18, 2010; December 14, 2010; and January, 2011 as presented and authorize the President and Secretary to execute the Warrant. On call of roll:

AYES: Gaschler, Clemens, Glade, McClure, and Fessler
NAYS: None
ABSTAIN: None
ABSENT: None

Motion carried.

New Pension Reform Law: Attorney Clifford distributed a document she authored and presented to the Illinois Association of Fire Protection Districts regarding the recent changes in laws relating to the Article 3 and 4 Funds. Attorney Clifford discussed in detail the expanded investment authority into corporate bonds and how it covers all funds regardless of size. Also, she explained that funds of more than \$10 million may expand their exposure to equities to 50% beginning in July 2011, and 55% in July 2012.

Attorney Clifford also discussed the funding studies that are to be conducted by the Commission on Government Forecasting and Accounting, as well as the changes that are the essence of the second "tier."

Finally, the financing of the funds was discussed. Robert Thompson of MB Financial assisted with a document his firm produced that addresses incorporating Corporate Bonds into the pension fund portfolio.

Annual Servicer Certifications: We received letters from both Harris Bank and MB Financial regarding their status as federally chartered institutions and thus not subject to the annual servicer certification requirement. As such, we have placed their letters on file and do not need to take any further action.

Six-Month review of Closed Session Minutes: We currently have no closed session minutes to review.

Board Member Discussion: None

TRAINING: Jon Fessler reminded the trustees to provide copies of any training to him for their individual files.

President Gaschler reported that attended the NIAFPD Conference last week and it was a good conference that was well attended.

CLOSED SESSION: None

ADJOURNMENT: Motion by Bill Glade, seconded by Vince Clemens, to adjourn at 11:33 a.m. Upon a voice vote, all present voted aye. Meeting adjourned.

Respectfully submitted,

Secretary, Board of Trustees
Wauconda Firefighters' Pension Fund

Approved by the Board of Trustees at its _____, meeting.