

CITY OF LADUE
MINUTES OF THE COMBINED MEETING
OF THE FIREMEN'S AND POLICEMEN'S
PENSION PLAN AND RETIREMENT
PLAN COMMITTEES
July 31, 2013 at 8:30 A.M.

A combined meeting of the Ladue Uniformed Pension and the Non-Uniform Pension Plan committees of the City of Ladue was convened at the Ladue Police Department's second floor conference room at 8:30 a.m. on July 31, 2013. The following members were present:

Firemen's and Policemen's Pension
Fund Board of Trustees

Mayor Nancy Spewak
Mr. Joseph Rechter, Chairman
Mr. Bill Francis
Fire Chief John Bailot (8:45)
Fire Capt. Keith Terry
Sgt. Gregory Stork

Retirement Committee Non-Uniformed
Employees Retirement Fund

Mayor Nancy Spewak
Mr. Wesley Jones, Chairman
Mr. Joseph Rechter
Ms. Shelly Benson, Secretary
Mr. Ivan White, Vice-Chairman

Absent: Chief Rich Wooten

Also present: Michael Wooldridge, Assistant to the Mayor / City Clerk; Rick Jett, Finance Director; Commerce Trust representatives: David Hagee and John Bascio; and Milliman, Inc. representative Bill Winningham.

Mr. White moved to approve and adopt the agenda as amended. The motion was seconded by Mr. Jones, and the motion was unanimously approved.

Mr. White moved to approve and adopt the minutes as amended. The motion was seconded by Mr. Jones, and the motion was unanimously approved.

There were no members of the public present.

Mr. Hagee presented the Portfolios' status and investment results for the second quarter 2013. He discussed the asset allocations and portfolio vs. benchmark returns for both the Uniform and Non-Uniform plans. He reminded the committee that beginning 3rd quarter 2013, Commerce will be using a new benchmark. He stated the GDP, payroll dollars, housing, and jobs are all on the

rise and also, within the Equities market, International Developed and Emerging Markets are good investments for the long-term.

Uniform Plan

Asset Allocation: 1.03% Cash Equivalents, 57.13% Equity Investments, 33.6% Fixed Income Investments, and 8.24% Alternative Investments.

Portfolio vs. Benchmark – Last 3 Months – Ladue -0.85% vs. Benchmark 0.32%; Last 12 Months – Ladue 10.29% vs. Benchmark 11.94%; Report Period (6/1/00 – 6/30/13) Ladue 3.40% vs. Benchmark 4.76%.

Non-Uniform Plan

Asset Allocation: 0.91% Cash Equivalents, 56.38% Equity Investments, 34.33% Fixed Income Investments, and 8.37% Alternative Investments.

Portfolio vs. Benchmark – Last 3 Months – Ladue -0.85% vs. Benchmark 0.32%; Last 12 Months – Ladue 10.26% vs. Benchmark 11.94%; Report Period (6/1/00 – 6/30/13) Ladue 3.50% vs. Benchmark 4.76%.

Mr. Winningham presented contribution and funded percentage projections for both Uniform and Non-Uniform Pension Plans.

Uniform Plan

The projections reflect the following assumptions, methods, and plan provisions: 1) Investment return assumption was changed from 7.5% to 7.0%. 2) Salary increase assumption was changed from 4.75% to 4.5%. 3) Amortization of Unfunded Accrued Liability was changed from a level percent of payroll to a level dollar amortization. 4) Effective 1/1/13, the Plan was amended to exclude the payout of unused sick and vacation hours from the pension benefit calculation. 5) Effective 1/1/13, the Plan was amended to increase the employee contribution to 4.5% of gross salary in 2013 and 6% of gross salary in 2014. Mr. Winningham stated that the pension scenarios modeled include the additional \$1 million contribution in calendar years 2013 and 2014. The projection shows the plan to be 64.2% funded with a City contribution of \$2,617,000 in 2013; 69.8% funded in 2014 with a City contribution of \$2,533,000; 79.2% in 2018 with a City contribution of \$1,490,000; and 87.6% by 2023 with a City contribution of \$1,551,000.

Non-Uniform Plan

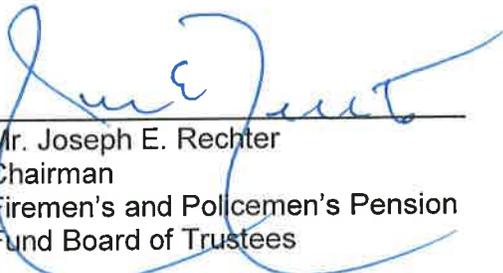
The projection reflects the following assumption, method, and plan provisions: 1) Investment return assumption was changed from 7.5% to 7.0%. 2) Salary increase assumption was changed from 5.0% to 4.5%. 3) Cost method was changed from the Aggregate Cost Method to the Entry Age Normal Cost Method with a 20-year level dollar amortization of Unfunded Accrued Liability. 4) Effective 1/1/2013, the Plan was amended to exclude the payout of unused sick and vacation hours from the pension benefit calculation. The projection shows the plan to be 81.6% funded with a City contribution of \$189,000 in 2013; 83.7% funded in 2014 with a City contribution of \$195,000; 87.5% in 2018 with a City contribution of \$216,000; and 92% by 2023 with a City contribution of \$246,000.

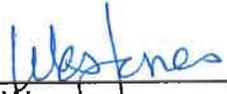
Non-Uniform Plan

The trustees reviewed the benefit calculation for Mr. Greg McKenzie (former Public Works employee). Mr. Jones moved to approve the calculation. The motion was seconded by Mr. White, and the motion was unanimously approved.

The trustees nominated Ms. Shelly Benson to be Secretary and Mr. Ivan White to be Vice-Chair. Mr. Rechter moved to approve the nomination. The motion was seconded by Mayor Spewak, and the motion was unanimously approved.

Mr. Jones moved to adjourn the meeting. Mr. Rechter seconded the motion, and the motion was unanimously approved. The meeting adjourned at 9:55 AM.


Mr. Joseph E. Rechter
Chairman
Firemen's and Policemen's Pension
Fund Board of Trustees


Mr. Wes Jones
Chairman
Retirement Committee Non-Uniformed
Employees Retirement Fund