

CITY OF LADUE  
MINUTES OF THE COMBINED MEETING  
OF THE FIREMEN'S AND POLICEMEN'S  
PENSION PLAN AND RETIREMENT  
PLAN COMMITTEES  
APRIL 28<sup>TH</sup>, 2014 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 April 28<sup>th</sup>, 2014. The following members were present:

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

Mayor Nancy Spewak  
Mr. Joseph Rechter, Chairman  
Sgt. Greg Stork  
Fire Chief John Bailot  
Police Chief Rich Wooten

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: Mr. Bill Francis and Capt. Keith Terry

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

Chief Bailot moved to approve and adopt the agenda. The motion was seconded by Mr. Jones, and the motion was unanimously approved.

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

No members of the public were present.

Mr. Colbert began Commerce Bank's presentation by discussing the overall market. He stated that the US bond market is improving as a result of 1.8% US growth between 2013 and 2014. He also stated that U.S. debt is declining, household debt is at nearly record lows, auto sales and new housing starts are improving, and employment is seeing a steady but slow recovery.

Mr. Colbert highlighted some key positive economic forces: increasing jobs, ultra low interest rates, improved credit conditions, and rising consumer and business confidence. He stated some opposing forces that could slow the economy are: Fed's exit strategy, slowdown of emerging markets, geopolitical tension, European sluggishness, potential long-term inflation, and eventual interest rate hikes.

Mr. Hagee presented the Portfolios' status and investment results for the fourth quarter 2013. He discussed the asset allocations and portfolio vs. benchmark returns for both the Uniform and Non-Uniform plans.

#### Uniform Plan

Asset Allocation: .78% Cash Equivalents, 72.05% Equity Investments, 20.93% Fixed Income Investments, and 6.25% Alternative Investments.

Portfolio vs. Benchmark – Last 3 Months – Ladue -1.55% vs. Benchmark 1.84%; Last 12 Months – Ladue 11.96% vs. Benchmark 13.03%; Report Period (1/1/98-3/31/14) Ladue 4.82% vs. Benchmark 6.37%.

#### Non-Uniform Plan

Asset Allocation: .53% Cash Equivalents, 71.38% Equity Investments, 20.91% Fixed Income Investments, and 7.18% Alternative Investments. Portfolio vs. Benchmark – Last 3 Months – Ladue 1.74% vs. Benchmark 1.84%; Last 12 Months – Ladue 11.94% vs. Benchmark 13.03%; Report Period (1/1/98-3/31/14) Ladue 4.96% vs. Benchmark 6.37%.

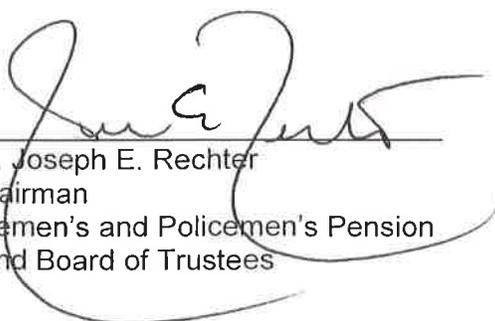
#### Uniform and Non-Uniform Plan

Mr. Hagee reviewed the City of Ladue's Consolidated Portfolio Attribution. He stated the total relative performance versus the benchmark resulted in a .48% under-performance, which was due to several items: Large-cap stocks underperformed, mainly due to a volatile March; Mid-cap stocks added value to total equity performance, but also stumbled in March; Small-Cap detracted from overall portfolio performance, trailing in both Russell 3000 index as well as the S&P 500; Alternatives were positive with a 3.16% return for the quarter; and Fixed income allocation and manager selection outperformed with the Commerce Bond Fund returning 2.3%, above the .46% index.

Mr. Winningham then presented the January 1, 2014 Actuarial Valuation of the Non-Uniform Pension Fund. He explained the results of this valuation are used to determine recommended contribution rates to the Plan for the 2014 calendar year. He stated the recommended contribution decreased from \$189,461 in 2013 to \$176,589 for 2014; the primary reason for this decrease was a gain on the actuarial value of assets with a return of 10.0% vs. the assumed rate of 7%. He stated the plan assets increased from \$3,704,153 on 1/1/2013 to \$4,207,065 on 1/1/2014. He stated the number of active members is now 26, up one from last year. He explained the amortization of unfunded actuarial accrued liability is at \$58,058, down from \$73,795 in 2013; and stated our funded ratio is now at 86.2% based on our Actuarial Asset Value.

Mr. Winningham then presented the January 1, 2014 Actuarial Valuation of the Uniform Pension Fund. He explained the results of this valuation are used to determine recommended contribution rates to the Plan for the 2014 calendar year. He stated the recommended contribution decreased from \$1,616,761 in 2013 to \$1,599,667 for 2014; the primary reason for this decrease was a gain on the actuarial value of assets with a return of 10.4% vs. the assumed rate of 7%, offset by the net addition of 7 new employees. He stated the plan assets increased from \$23,012,239 on 1/1/2013 to \$26,010,558 on 1/1/2014. He stated the number of active members is now 59, up seven from last year. He explained the amortization of unfunded actuarial accrued liability is at \$10,407,348, down from \$12,814,062 in 2013; and stated our funded ratio is now at 71.4% based on our Actuarial Asset Value.

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



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



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