

CITY OF LADUE
MINUTES OF THE COMBINED MEETING
OF THE FIREMEN'S AND POLICEMEN'S
PENSION PLAN AND RETIREMENT
PLAN COMMITTEES
July 31, 2018 at 8:00 A.M.

A combined meeting of the Ladue Uniform 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 8:00 a.m. on July 31, 2018. The following members were present:

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

Mayor Nancy Spewak, Ex-Officio
Sgt. Greg Stork
MEMT/FF David Kaiser
Police Chief Ken Andreski

Retirement Committee Non-Uniformed
Employees Retirement Fund

Mayor Nancy Spewak
Ms. Shelly Benson, Secretary
Mr. Ivan White, Vice-Chairman
Mr. Scot Bollinger

Also present: Sam Zes, Finance Director; Laura Rider, Asst. to the Mayor/City Clerk; Tom Latzke and Brian Goding from Marquette; Landers Cornell and Scott Colbert from Commerce Bank; and Bill Winningham from Milliman, Inc. Wes Jones, Joseph Rechter, William Francis, and Steve Lynn were absent.

Mr. Stork moved to approve and adopt the agenda. The motion was seconded by Ms. Benson, and the motion was unanimously approved.

Public Forum: None

Mr. Colbert presented Commerce Bank's Economic and Core Bond Strategy Outlook. He stated banks are in great shape, however the U.S. recovery since 2008 is the weakest in history. The reasons are demographics, the deficit, and debt. Employment has been steady and since 2010 the U.S. is experiencing the largest job growth in history. Real GDP growth is in the second longest, but weakest growth period in history. Leading economic indicators predict another 3-4 years in this recovery period. The average length of recovery is 71 months and the U.S. has been in this current period for about 14 months. Mr. Colbert reported the Commerce Bond Fund has outperformed both Lipper and BBG Barclays in the 1, 3, 5, and 10-year periods.

Mr. Winningham presented the Valuation Projections for both the Uniform and Non-Uniform Pension plans as of January 1, 2018. He stated it was his actuarial recommendation that the plans

lower the expected assumption rate from the current 7% to 6.5% over a 2-3 year period. He pointed out the City has contributed in excess of the ARC over the past few years and the positive funded status of the plans reflect the City's efforts, which make this a good time to address the rate. He stated lowering the rate will lower the funded status, but put the City more in line with actual expected returns and on par with comparable plans. Mayor Spewak reminded the committee this year's ARC was below the 2018 Budgeted amounts and she is suggesting the Council approve a supplemental payment into the funds to equal the budgeted amount. Members agreed to continue this discussion with the full committee and City staff.

Mr. Latzke presented the Portfolios' status and investment results for the first quarter 2018. He discussed the asset allocations and portfolio vs. benchmark returns for both the Uniform and Non-Uniform plans.

Uniform Plan

Asset Allocation: 1.1% Cash Equivalents, 59.1% Equity Investments, 7.7% Defensive Equity, 19.1% Fixed Income Investments, and 13% Real Estate Investments. Portfolio vs. Benchmark – Last 3 Months – Ladue -.5% vs. Benchmark -1.7%; YTD – Ladue .1% vs. Benchmark .7%; Last 10 Years - Ladue 6.3% vs. Benchmark 7.4%.

Non-Uniform Plan

Asset Allocation: 1.1% Cash Equivalents, 59% Equity Investments, 7.9% Defensive Equity, 19.1% Fixed Income Investments, and 12.8% Real Estate Investments. Portfolio vs. Benchmark - Last 3 Months – Ladue -.5% vs. Benchmark -1.7%; YTD - Ladue .1% vs. Benchmark .7%; Last 10 Years - Ladue 6.2% vs. Benchmark 7.4%.

Mr. Latzke reviewed the Total Fund Composite Fee Schedule which reflected estimated annual fees for both plans at .48% versus an industry average of .79%. He also advised the committee that Brandes Investment Partners is under review due to poor performance.

Ms. Benson moved to adjourn the meeting. The motion was seconded by Mr. Kaiser, and the motion was unanimously approved. The meeting adjourned at 9:20 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