

CITY OF LADUE
MINUTES OF THE COMBINED MEETING
OF THE FIREMEN'S AND POLICEMEN'S
PENSION PLAN AND RETIREMENT
PLAN COMMITTEES
Wednesday January 30th, 2019 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 January 30th, 2019. The following members were present:

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

Chairman Joe Rechter – by phone
Mayor Nancy Spewak, Ex-Officio
Mr. William Francis
Police Chief Ken Andreski
Sgt. Greg Stork
Fire Chief Steve Lynn
Lt. Dave Kaiser

Retirement Committee Non-Uniformed
Employees Retirement Fund

Chairman Wesley Jones
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; Anne Lamitola, Director of Public Works; City Council Member Stacey Kamps; Tom Latzke and Brian Goding from Marquette; Greg Leonberger, Director of Research at Marquette by phone; and Bill Winningham from Milliman.

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

Mr. Bollinger moved to approve the minutes of the meeting for October 31, 2018. The motion was seconded by Chief Lynn, and the motion was unanimously approved.

Public Forum: None

Mr. Latzke presented the Portfolios' status and investment results for the fourth quarter 2018 beginning with an economic overview. He stated the third quarter GDP grew 3.4%, the unemployment rate rose to 3.9% in December, CPI increased 2.2% over the last year with energy rising 3.1% and food prices growing 1.4%. He also stated the market expects zero Fed rate hikes in 2019 due to 2018 ending on a downward trend.

Uniform Plan

Asset Allocation: 1% Cash Equivalents, 57.9% Equity Investments, 8% Defensive Equity, 20.1% Fixed Income Investments, and 13% Real Estate Investments. Portfolio vs. Benchmark – Last 3 Months – Ladue -9.4% vs. Benchmark -8.5%; YTD – Ladue -6.7 vs. Benchmark -4.4%; Last 10 Years - Ladue 8.1% vs. Benchmark 9.2%.

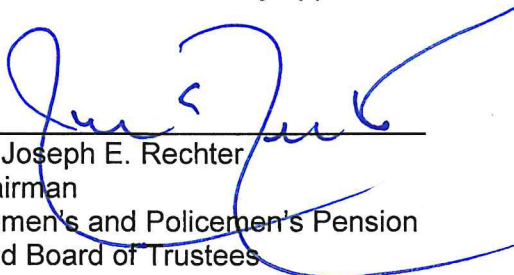
Non-Uniform Plan

Asset Allocation: 1% Cash Equivalents, 58% Equity Investments, 8.3% Defensive Equity, 20.1% Fixed Income Investments, and 12.6% Real Estate Investments. Portfolio vs. Benchmark - Last 3 Months – Ladue -9.4% vs. Benchmark -8.5%; YTD - Ladue -6.7% vs. Benchmark -4.4%; Last 10 Years - Ladue 8% vs. Benchmark 9.2%.

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 6.75% 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. The committee reviewed material prepared by Mr. Winningham reflecting an average assumption rate in 2017 across similar plans at 6.935%. He also prepared a Long-Term Expected Rate of Return estimate as of Dec. 31, 2018 which reflects the city can currently expect a rate of return over a 30 year period of 6.96%.

Sgt. Stork made a motion to recommend to the City Council to approve lowering both plans assumption rate to 6.9%, the motion was seconded by Mr. White, and the motion was unanimously approved.

Chief Lynn moved to adjourn the meeting. The motion was seconded by Mr. White, and the motion was unanimously approved. The meeting adjourned at 9:00 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