



MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM
OF THE POLICE DEPARTMENT OF KANSAS CITY
BOARD MEETING
Thursday, September 10, 2026

Scott Hummel called the meeting to order.

PRESENT:

Scott Hummel (Chair)	Lisa Colclasure, Staff
Nate Simecek, Member (Vice Chair)	Jason Hoy, Staff
James Manley, Member (Treasurer)	Kasey Hiltgen, Staff
Web Bixby, Member	Jonathan Dilly, General Counsel
Leslie Lewis, Member	Pat Beckham, CavMac
Steven Miller, Member	Aaron Chochon, CavMac
Sidney Smith, Member	Jon Nibarger, AGH
Wayne Stewart, Member	Nathan Mull, AGH
Patrick Trysla, Member	

INVESTMENT COMMITTEE REPORT

Mr. Hoy presented the Investment Committee report and reviewed investment performance through July 31, 2026. The Police System ended the month with approximately \$1.174 billion in investment assets and returned -0.81% for July, compared with -0.31% for the Target Allocation Index. Fiscal year-to-date, the Police System returned 2.20%, exceeding the policy benchmark of 1.74%. The Civilian Employees' System ended July with approximately \$213.8 million in investment assets and also returned -0.81% for the month, with a fiscal year-to-date return of 2.18%, compared with 1.74% for the policy benchmark.

Mr. Hoy discussed portfolio performance and current asset allocation positioning. Global Equity produced positive results during July, while Fixed Income and Absolute Return detracted from monthly performance. He also reviewed implementation of the Systems' revised strategic asset allocation, noting that all major asset classes remained within established policy ranges as the Systems continued to build toward the 10% Private Core Infrastructure target.

APRIL 30, 2026 AUDITED FINANCIAL STATEMENTS

Jonathan Nibarger and Nathan Mull from AGH presented the audited financial statements for the Police Retirement System and Civilian Employees' Retirement System for the fiscal year ended April 30, 2026. The audits included the financial statements of both Systems and information required under applicable Governmental Accounting Standards Board reporting standards.

AGH reviewed the Systems' financial position and operating results, including contributions, investment income, benefit payments, administrative expenses, and changes in fiduciary net position during the fiscal year.

AGH reported that the Systems received an unmodified audit opinion, the highest level of assurance an independent auditor can provide, indicating that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

AGH also discussed the Systems' internal and operational controls, including the control environment associated with a small staff structure and the segregation of financial responsibilities. The auditors noted that the Systems have appropriate mitigating controls in place to address these operational considerations.

Mr. Simecek moved to accept the April 30, 2026 audited financial statements as presented. Mr. Stewart seconded the motion. The motion passed.

APRIL 30, 2026 ACTUARIAL VALUATIONS

Patrice Beckham and Aaron Chochon of Cavanaugh Macdonald Consulting presented the April 30, 2026 actuarial valuations for the Police and Civilian Employees' Retirement Systems. The presentation reviewed the Systems' funded status, unfunded actuarial accrued liabilities, actuarially determined contribution requirements, investment and demographic experience, and long-term funding projections.

For the Police System, the unfunded actuarial accrued liability increased by approximately \$32.1 million, from \$548.0 million to \$580.1 million, while the actuarial funded ratio decreased from 66% to approximately 65%. The Employer contribution rate increased from 51.15% to 53.12%, resulting in a projected City contribution of approximately \$65.1 million for FY2028, compared with \$60.1 million for FY2027.

For the Civilian Employees' System, the unfunded actuarial accrued liability increased by approximately \$11.6 million, from \$82.9 million to \$94.5 million, and the funded ratio declined from 70% to approximately 68%. The Employer contribution rate increased from 26.66% to 27.07%, resulting in a projected City contribution of approximately \$11.7 million for FY2028, compared with \$9.9 million for FY2027.

Ms. Beckham and Mr. Chochon discussed several factors affecting the valuation results. The investment return assumption was reduced as scheduled from 6.75% to 6.65%, increasing the UAAL by approximately \$20.7 million for the Police System and \$3.8 million for the Civilian System. Although the Systems earned approximately 14.6% on the market value of assets during the fiscal year, the five-year asset-smoothing methodology produced an actuarial return of approximately 5.1%, resulting in actuarial asset losses of approximately \$17.9 million for Police and \$2.9 million for Civilians.

Demographic experience differed between the two Systems. The Police System experienced an actuarial liability gain of approximately \$13.2 million, primarily attributable to the prior year's COLA

experience. In comparison, the Civilian System experienced an actuarial liability loss of approximately \$4.9 million, driven largely by higher-than-expected salary increases.

The actuaries also reviewed the Systems' long-term funding projections. Assuming actuarial assumptions are met, required contributions are made in accordance with the Board's Funding Policy, and annual COLAs of 2.5% are granted, the Police System is projected to reach approximately 80% funded in nine years, while the Civilian System is projected to reach approximately 80% funded in seven years.

The Board also discussed the Legacy UAAL and the potential impact of additional employer contributions on accelerating its amortization and improving the Systems' long-term funded position.

Mr. Stewart moved to accept the April 30, 2026 audited financial statements and actuarial valuations as presented. Mr. Bixby seconded the motion. The motion passed.

COST OF LIVING ADJUSTMENTS

The Board discussed granting an ad hoc Cost-of-Living Adjustment for eligible retirees and beneficiaries of the Police Retirement System and Civilian Employees' Retirement System.

Ms. Beckham and Mr. Chochon reviewed the requirements of the Board's COLA Policy. They reported that, based upon the April 30, 2026 actuarial valuation results, the Systems meet the Policy's definition of "actuarially sound." The actuaries also reviewed the potential effect of various COLA levels on the Systems' liabilities, funded ratios, and employer contribution requirements.

The Board discussed the Systems' improved investment experience, current funded status, long-term funding projections, employer contribution requirements, inflation, and retirees' purchasing power. The Board also considered its fiduciary responsibility to balance the financial needs of retirees and beneficiaries with the long-term sustainability of both Retirement Systems.

Following discussion, Mr. Simecek moved to approve a 2.5% ad hoc Cost-of-Living Adjustment for eligible retirees and beneficiaries of both the Police Retirement System and Civilian Employees' Retirement System in accordance with Sections 86.1220 and 86.1590 of the Revised Statutes of Missouri and the Board's COLA Policy. Mr. Stewart seconded the motion. The motion passed unanimously.

The approved 2.5% COLA will be reflected in the October 30, 2026 benefit payment for Police System retirees and beneficiaries and the November 2, 2026 benefit payment for Civilian Employees' System retirees and beneficiaries.

SECRETARY'S REPORT:

NCPERS Public Pension Forum Recap

Mr. Hoy provided the Board with a recap of the recent NCPERS Public Pension Forum. He discussed educational sessions addressing issues affecting public retirement systems, including investment strategy, governance, funding, and emerging challenges facing public pension trustees and administrators.

Mr. Hoy noted that participation in NCPERS programs provides an opportunity to engage with public pension professionals from across the country, evaluate emerging practices, and identify strategies relevant to the Retirement Systems' governance and long-term administration.

On-Site Investment Manager Meetings

Mr. Hoy provided an update regarding recent on-site meetings with several of the Retirement Systems' investment managers. He discussed the value of conducting periodic due diligence directly with investment firms and meeting with investment professionals who manage System assets.

The meetings provided an opportunity to discuss organizational developments, investment strategy, portfolio positioning, performance, risk management, and the managers' outlook for their respective markets. Mr. Hoy noted that these meetings complement the Board and Investment Committee's ongoing manager oversight process and provide additional perspective beyond

OMNIBUS MOTION

Mr. Simecek made the following motion, seconded by Mr. Bixby. The motion passed unanimously.

RESOLVED, that the Retirement Board hereby unanimously approves:

The minutes of the previous meetings of August 2026

The monthly financial statements for July 2026;

The payment of bills as listed in the Secretary's Reports for this meeting;

The return of contributions to those persons, who have resigned or terminated service, as listed in the Secretary's Reports for this meeting;

The purchases and sales of assets as listed in the Secretary's Reports for this meeting;

The payment or commencement of pensions or other benefits as listed in the Secretary's Reports for this meeting; and

Any purchases of creditable service as listed in the Secretary's Reports for this meeting.

BOARD MEMBER COMMENTS

There were no additional comments from the board members.

PUBLIC COMMENTS

No public comments were presented.

ADJOURNMENT

The next regularly scheduled board meeting is on October 8, 2026, at the Public Safety Credit Union, 2800 E. 14th Street.

BOARD SECRETARY

CHAIRMAN