

MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES'
RETIREMENT SYSTEM OF THE POLICE DEPARTMENT OF KANAS CITY
BOARD MEETING
Thursday, June 8, 2023

Chad Pickens called the meeting to order.

PRESENT:

Chad Pickens, Member
Scott Hummel, Member
Walter Bixby, Member
Robert Jones, Member
Rick Smith, Member
Wayne Stewart, Member
Patrick Trysla, Member

Jennifer Best, Staff
Lisa Colclasure, Staff
Kasey Hiltgen, Staff
Jason Hoy, Staff

SECRETARY REPORT:

RECOGNITION OF 30/30 MEMBERS

Mr. Hoy said the Retirement Board recognized three members of the Retirement Systems who retired from the KCPD in 1993 with 30 years of service and had been retired for 30 years. Mr. Hoy introduced (Ret.) Sgt. Phillip Graham, who attended the Retirement Board meeting. To recognize his service to the KCPD and membership in the Retirement System, the following members will be presented with a 30/30 Challenge Coin.

Member	Rank at Retirement	Year of Retirement
Phillip Graham*	Sergeant	1993
Charles Wagner	Detective	1993
Willie Culclager	Sergeant	1993

*Attending

INVESTMENT COMMITTEE UPDATE

Mr. Stewart and Mr. Hoy provided an update from the June 6 Investment Committee (IC) meeting.

April 2023 Investment Performance Analysis

The April capital markets flash report showed that all asset classes, except for Private Equity, had positive returns. The Police plan achieved a net gain of .39% after fees, with an ending market value of \$945 million, while the Civilian Employees' plan achieved a net gain of .41% after fees, with an ending market value of \$164 million. Although the target benchmark for both plans saw a gain of .75%, the Police plan only gained .03%, and the Civilian Employees' plan gained .11% net of fees for the one-year and fiscal year periods ending in April. In comparison, the target benchmark for the same time period gained 1.57%. The Police plan fell short by 7.22% of the 7.25% fiscal year-to-date target, while the Civilian Employees' plan fell short by 6.99% of the 7.10% fiscal year target.

Private Credit Education

After a thorough analysis, RVK has suggested that the Retirement Systems consider investing in private credit, in addition to their current direct lending investment, to diversify their portfolio. They recommend gradually increasing the Private Credit/Direct Lending allocation from 7% to 10%. They suggest adding the Ares Pathfinder Core Fund to our asset allocation. They also advise meeting with the Ares Pathfinder Core Fund team to gain insight into their loan-issuing process. The IC plans to schedule a meeting with Ares in late July to ask questions and discuss further.

ACTUARIAL EXPERIENCE STUDY

During the meeting, Pat Beckham and Aaron Chochon from Cavanaugh Macdonald discussed the demographic assumptions and actuarial methods with the Board. Ms. Beckham explained that the demographic assumptions assess the credibility of what actually happened compared to what was expected based on current actuarial assumptions. They also assign weight to recent experience. These assumptions heavily rely on actual membership changes over the study period. Mr. Chochon and Ms. Beckham presented the current demographic assumptions to the board along with projections incorporating proposed changes.

Ms. Beckham recommended the following changes to the current demographic assumptions:

Retiree Mortality	Police: Pub-2010 Public Safety Below Median Mortality Table for Males and Females Civilians: Pub-2010 Below Median Employee Mortality Table for males and females Future improvements for both using Scale MP-2021
Other Mortality	Both: Same family of tables (Pub-2010) for active members, disabled retirees, and beneficiaries/joint annuitants. Future improvements using Scale MP-2021
Retirement	Police: Small adjustments to retirement rates and 100% retirement rate at 32 YOS. Civilians: Generally lower rates at all ages.
Termination	Police: Slight adjustments, reflecting higher termination rates at several durations. Civilians: Higher rates at most durations.
Disability	Police: Maintain the current disability assumption. Civilians: Eliminate the disability assumption.
Duty-related Disability	Police: Keep 75% assumption. N/A for Civilians.
Salary increase	Police: Slight adjustments at YOS 5 to 12. Civilians: Decreases at shorter durations and increases at higher durations.
Miscellaneous	No changes for either System.

Mr. Pickens motioned to adopt the recommended changes to the demographic assumptions presented by Cavanaugh Macdonald. Mr. Trysla seconded the motion, which passed unanimously.

Ms. Beckham thoroughly reviewed the Actuarial Method used in the valuation with the Board and found no need for modifications.

SECRETARY UPDATE

Retiree Association Picnic

Mr. Hoy said the KCPD Retired Police Employees Association will hold its annual summer picnic on June 25. Retirement Board members have been invited to attend.

Audit and Actuarial Valuation Update

Mr. Hoy said staff from AGH were on site the previous week at the Retirement Systems office. The data for the actuarial valuation has been sent to Cavanaugh Macdonald. The final audited financial statements and actuarial valuation will be presented at the September 14 Retirement Board meeting.

NCPERS CEO Conference Update

Mr. Hoy reviewed the June 19th – 21st conference dates and agenda for the CEO Summit. The conference will provide an opportunity to meet and network with peers at other public pension funds.

Retirement Presentation Updates

Ms. Colclasure said that staff have slowly expanded our education sessions with our active members and have been receiving positive feedback. Ms. Colclasure also stated that several more sessions are scheduled in the coming months.

BOARD MEMBER COMMENTS

There were no additional board member comments.

PUBLIC COMMENTS

Time was made for public comments.

OMNIBUS MOTION

Mr. Stewart made the following motion, seconded by Mr. Jones. The motion passed unanimously.

RESOLVED, that the Retirement Board hereby unanimously approves:

The minutes of the previous meeting of April 13, 2023;

The monthly financial statements for March 2023;

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.

ADJOURNMENT

The next regularly scheduled board meeting will be August 10 at 9:00 am at the Public Safety Credit Union, 2800 E. 14th Street.

BOARD SECRETARY

CHAIRMAN