

## MINUTES

### POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF THE POLICE DEPARTMENT OF KANAS CITY BOARD MEETING

Thursday, June 11, 2020

Scott Hummel called the meeting to order via conference call.

#### PRESENT:

Scott Hummel, Member  
Bailus Tate, Member  
Walter Bixby, Member  
Robert Jones, Member  
Leslie Lewis, Member  
Thomas Mills, Member

Chad Pickens, Member  
Patrick Trysla, Member  
Jonathan Dilly, Attorney  
Sharon Blancett, Staff  
Lisa Colclasure, Staff  
Jason Hoy, Staff  
James Pyle, Staff

#### SECRETARY REPORT:

##### OMNIBUS MOTION

Mr. Trysla made the following motion, seconded by Mr. Bixby. Motion passed unanimously.

RESOLVED, that the Retirement Board hereby unanimously approves:  
The minutes of the previous meeting of May 14, 2020;  
The monthly financial statements for April 2020 subject to staff updates;  
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.

##### INVESTMENT COMMITTEE REPORT

Mr. Hummel said the Investment Committee (IC) met on June 2 with staff from RVK and Mariner to review the following:

##### **Asset Allocation Review**

Ryan Sullivan and Marcia Beard, from RVK, presented the asset allocation review to the Investment Committee with the following: Recommendations - 1) Reflect the long term goal of moving the Private Equity proceeds to Direct Lending. Private Equity is now less than 1% of the portfolio and should be removed from the asset allocation; 2) Reduce the Absolute Return allocation by 4%, from 15% to 11%; Increase the Real Estate Allocation by 2% to reflect the current actual allocation within the portfolio; Options – 1) Split the

remaining 2% equally between Global Equity and Fixed Income; 2) Increase Direct Lending allocation by 2%, from 7% to 9% (RVK only supports this option with a second direct lending manager.) Mr. Sullivan said neither option materially shifts the expected return or risk of the portfolio.

Mr. Hummel said the IC recommends the following asset allocation to the Retirement Board:

<b>Asset Class</b>	<b>Current Target Allocation</b>	<b>Proposed Target Allocation</b>
Global Equity	37	38
Fixed Income	30	31
Direct Lending	5	7
Real Estate	11	13
Absolute Return	15	11
Private Equity	2	0
Total	100	100
Expected Return	5.8	5.8
Expected Risk	8.5	8.2

Ms. Lewis made the motion to adopt the target asset allocation as recommended by the IC. Mr. Trysla seconded the motion which passed unanimously.

#### **Absolute Return Allocation**

Ms. Beard said RVK's recommendation to reduce the allocation to Absolute Return by 4% was made in conjunction with their recommendation to terminate GMO as a global tactical asset allocation manager. The risk mitigation included in GMO's Benchmark Free Allocation fund is already imbedded in the proposed asset allocation and asset class structure. RVK believes that the Absolute Return portfolio is best managed solely by Grosvenor.

Mr. Hummel said the IC recommends terminating GMO and allocating those funds to current managers within the proposed target asset allocation. Mr. Pickens made the motion to terminate GMO. Mr. Tate seconded the motion which passed unanimously.

#### MEDICAL BOARD APPOINTMENT

Mr. Mills reported on the process of finding an additional psychiatrist to serve on the Medical Board of the Retirement Board. Messrs. Mills, Hummel, Pickens and staff interviewed Dr. William Enochs to serve on the Medical Board. Mr. Mills said they all concurred that Dr. Enochs' forensic psychiatric experience and background in public safety make him an excellent choice to serve on the Medical Board. Dr. Enochs is an attending psychiatrist and forensic examiner at Northwest Missouri Psychiatric Rehabilitation Center.

Mr. Pickens made the motion to appoint Dr. Enochs to the Medical Board of the Retirement System. Mr. Bixby seconded the motion which passed unanimously.

SECRETARYS UPDATE

**Audit Update** – Mr. Hoy said the auditors from AGH had completed their field work at the Retirement Systems office and were progressing with the annual audit.

BOARD MEMBER COMMENTS

There were no additional Board member comments.

PUBLIC COMMENTS

A time was set aside for public comments.

ADJOURNMENT

The next regularly scheduled board meeting will be July 9 at 9:00am via conference call.

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BOARD SECRETARY

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CHAIRMAN