



## MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY  
BOARD MEETING  
Thursday, September 11, 2025

Nate Simecek called the meeting to order.

PRESENT:

Scott Hummel, Member (Chair)	Lisa Colclasure, Staff
Nate Simecek, Member (Vice Chair)	Jason Hoy, Staff
Leslie Lewis, Member	Kasey Hiltgen, Staff
James Manley, Member	Jonathan Dilly, Attorney
Steven Miller, Member	Pat Beckham, CavMac
Wayne Stewart, Member	Aaron Chochon, CavMac
Pat Trysla, Member	Jon Nibarger, AGH
	Jason Moses, AGH
	Ryan Sullivan, RVK
	Jake Derrah, RVK
	Rob Woodard, Mariner

### INVESTMENT COMMITTEE REPORT

Mr. Stewart, with support from RVK, presented the Investment Committee's report and provided context from the July 2025 performance review. The Total Fund returned 0.33% for the month, trailing the target allocation index return of 0.56%. Global equity gained 0.47% but lagged behind benchmarks, reflecting mixed results across active managers. Meanwhile, fixed income was essentially flat at -0.01%, continuing to outperform the Bloomberg Aggregate Bond Index. Absolute return strategies contributed positively, at 1.64%, while real estate and private credit remained flat for the quarter. Despite the modest July results, longer-term returns for both the Police and Civilian Systems remained above actuarial assumptions.

Mr. Sullivan continued the discussion on potential replacements for a manager being phased out, as well as considering liquidity planning for benefit payments and capital calls. No immediate changes were recommended; however, the Committee agreed to revisit both the equity structure and private credit recommendations later in the fall.

## **SECRETARY'S REPORT:**

### **NCPERS Public Pension Forum**

Mr. Hoy stated that he attended the NCPERS Public Pension Forum in Chicago, which brought together industry leaders, actuaries, trustees, and public fund executives for an in-depth discussion on the evolving challenges facing public retirement systems. The sessions focused heavily on the long-term impact of inflation on liabilities, evolving best practices in governance, and the increasing complexity of managing investment portfolios amid geopolitical risks and regulatory shifts. Notably, there was robust dialogue around integrating practical stress-testing tools into board-level decision-making, as well as the role of private market investments in meeting return targets. The forum also provided valuable benchmarking data and policy case studies from peer systems, which we will use to evaluate and strengthen our own practices.

The forum reaffirmed the importance of maintaining flexible, data-driven policies and continuing trustee education in light of market and legislative changes. I look forward to sharing relevant takeaways during upcoming committee discussions and incorporating selected ideas into KCPERS' long-term strategic planning.

### **RFP for Pension Administration Software**

Mr. Hoy reported that the RFP for a new Pension Administration Software system was formally released on September 2, 2025. Staff developed the specifications in coordination with legal counsel, internal stakeholders, and peer system research. The deadline for proposals is set for November 3rd. Once submissions are received, staff will begin the evaluation and scoring process, followed by finalist interviews and system demonstrations in December. A recommendation for vendor selection is targeted for early 2026, with implementation planning to follow. This initiative remains a top operational priority, designed to modernize member services, improve data reliability, and enhance internal workflows across all benefit tiers.

## **OMNIBUS MOTION**

Mr. Manley made the following motion, seconded by Mr. Miller. The motion passed unanimously.

RESOLVED, that the Retirement Board hereby unanimously approves:

The minutes of the previous meetings of August 2025

The monthly financial statements for July 2025;

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.

## **APPOINTMENT TO THE MEDICAL BOARD**

Mr. Hoy noted that Staff and General Counsel recommend the appointment of Dr. James Young to the Retirement System's Medical Board. Dr. Young is a board-certified psychiatrist with significant experience in disability evaluation, independent medical reviews, and public sector benefit systems. He would assume the responsibilities previously held by Dr. Enochs, supporting the Board in evaluating disability retirement applications and ongoing eligibility reviews in accordance with Policy #026. Staff and legal counsel have met with Dr. Young and were impressed with both his

professional qualifications and his thoughtful approach to the role. Mr. Miller made a motion to appoint Dr. Young to the Medical Board, seconded by Mr. Stewart. The motion passed unanimously.

#### **APRIL 30, 2025 AUDITED FINANCIAL STATEMENTS**

Jonathan Nibarger and Jason Moses from AGH presented the audited financial statements for the Police and Civilian Employees' plans as of April 30, 2025. The audits include information to comply with the provisions of the Government Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans.

As of April 30, 2025, the net position restricted for pensions in the Police plan increased by \$41.0 million to \$1.03 billion. This is a 4.1% increase from April 30, 2024. The increase was due to a \$39.0 million increase in assets produced by positive Stock and Alternative market performance. Additionally, there was a \$24.2 million increase in liabilities related to securities lending collateral. In the fiscal year, there were \$127.5 million in additions, including member contributions of \$12.6 million, employer contributions of \$48.1 million, and net investment gains of \$66.8 million. Deductions totaled \$86.7 million, which included benefit payments of \$85.2 million, refunds of contributions of \$.4 million, and administrative expenses of \$1.1 million.

As of April 30, 2025, the net position restricted for pensions in the Civilian Employees' plan increased by \$9.4 million to \$183.9 million. This is a 5.4% increase from April 30, 2024. The increase was due to a \$9.2 million increase in assets produced by positive Stock and Alternative market performance. Additionally, there was a \$2.0 million increase in liabilities related to securities lending collateral. In the fiscal year, there were \$21.2 million in additions, including member contributions of \$1.7 million, employer contributions of \$7.6 million, and net investment gains of \$11.8 million. Deductions totaled \$11.8 million, which included benefit payments of \$11.5 million, refunds of contributions of \$.2 million, and administrative expenses of \$.2 million.

Mr. Nibarger reported that AGH's letter to the Board of Trustees will include the required communications, internal control deficiencies, and other comments. He stated that the adoption of GASB Statement No. 101, Compensated Absences, provides updated guidance on the recognition and measurement of paid leave benefits such as vacation, sick leave, and other time-off accruals. GASB 101 clarifies when governments should record these obligations as liabilities, ensuring more consistent reporting across public entities. Mr. Nibarger noted that this standard did not have a material impact on the System's financial statements.

He further reported that there were no audit adjustments to the April 30, 2025, financial statements prepared by staff, and there were no uncorrected misstatements. The small staff size continues to result in a significant internal control deficiency related to segregation of duties; however, compensating controls have been in place for several years to mitigate these risks. In AGH's opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Plans as of April 30, 2025, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States.

#### **APRIL 30, 2025 ACTUARIAL VALUATIONS**

Pat Beckham and Aaron Chochon from Cavanaugh Macdonald presented the April 30, 2025, actuarial valuations for the Police and Civilian Employees plans. Mr. Chochon stated that an annual actuarial valuation aims to measure assets and liabilities, determine actuarial contribution rates,

analyze experience (actual versus expected) over the last year, provide disclosure information for financial reports, and report on trends. The valuations were prepared in accordance with the Board's direction to continue lowering the investment return assumption annually until we reach 6.50%.

The April 30, 2025, actuarial valuation reflects the updated financial position of both the Police and Civilian Employees' Retirement Systems. For the Police System, the unfunded actuarial accrued liability (UAAL) increased by \$87.7 million to \$548.0 million, resulting in a decline in the funded ratio from 69% to 66%. The City contribution rate rose modestly from 51.05% to 51.15%, though payroll growth drove the FY2027 contribution amount up to \$60.1 million, compared to \$49.2 million for FY2026. For the Civilian System, the UAAL increased by \$8.1 million to \$82.9 million, with the funded ratio declining from 71% to 70%. The City's contribution rate increased from 25.21% to 26.66%, resulting in a FY2027 contribution of \$9.9 million, up from \$8.9 million in FY2026.

Key drivers of the valuation included the scheduled reduction of the investment return assumption from 6.85% to 6.75%, resulting in increases of \$19.9 million to Police liabilities and \$3.6 million to Civilian liabilities. Investment experience was mixed: while market returns were 6.9% (above the assumed rate), actuarial smoothed returns were 5.9%, resulting in losses of \$9.8 million (Police) and \$1.7 million (Civilians). Significant liability losses also emerged from higher-than-expected salary increases, particularly a 21% increase for continuing Police actives and 6% for Civilian actives. Projections indicate that, even if all assumptions are met, funded ratios will remain below 80% for over a decade. The valuation also reconfirmed that the statutory definition of "actuarially sound" under the Board's COLA policy was not met.

Membership levels showed modest increases across both Systems. Police active membership grew to 1,104 (up 2.8% from 2024), with total payroll rising sharply to \$114.1 million, primarily due to salary growth. Retirees and beneficiaries totaled 1,548, a slight decline from the prior year, with the average annual benefit rising to \$49,767. Civilian active membership grew to 515 (up 3.4%), with payroll reaching \$36.0 million. Retirees and beneficiaries totaled 335, an increase from 328 in 2024, and the average annual benefit increased to \$31,909.

Mr. Hoy said staff had completed their review of the draft audits and the valuations and had no changes. Mr. Manley motioned to adopt the audited financial statements and actuarial valuations as of April 30, 2025. Mr. Miller seconded the motion, which passed unanimously.

### **COST OF LIVING ADJUSTMENTS**

The Retirement Board engaged in a discussion on adopting a Cost-of-Living Adjustment (COLA) for the upcoming year based on the April 30, 2025, actuarial valuation. The actuary reported that, based on current results, the Retirement Systems do not meet the statutory and policy definition of being "actuarially sound," a key requirement for granting a COLA. The valuation highlighted increases in the unfunded actuarial accrued liability for both the Police and Civilian Systems, declines in funded ratios, and rising employer contribution requirements. A significant factor in this year's results was higher-than-expected salary increases for active members, which were 21% for Police and 6% for Civilians. These increases, while important for recruiting and retaining a strong workforce, created substantial liability losses that contributed to the deterioration in funded status.

After extensive discussion, the Board decided to follow the actuary's recommendation and not elect a COLA. This decision was not made lightly, as trustees weighed current economic conditions, the

financial well-being of retirees, and the long-term outlook of the plans. The Board reaffirmed its fiduciary responsibility to maintain the sustainability of the Systems and protect benefits for both current and future members. While acknowledging the disappointment this decision may cause, the Board emphasized its commitment to balancing the needs of retirees with the critical priority of maintaining the Retirement System's strength and actuarial soundness. Mr. Manley motioned not to grant a Cost-of-Living Adjustment in accordance with sections 86.1220 and 86.1590 of the RSMo. Seconded by Mr. Hummel. The motion passed unanimously.

**BOARD MEMBER COMMENTS**

There were no additional comments from the board members.

**PUBLIC COMMENTS**

A time was set aside for public comments.

**CLOSED SESSION**

Mr. Simecek motioned to close this part of the meeting to discuss employment matters pursuant to Sections 610.021(5) RSMo. Mr. Hummel seconded the motion.

The following board members were present and voted to go into closed session as follows:

Mr. Hummel	Mr. Miller	Mr. Trysla
Ms. Lewis	Mr. Simecek	
Mr. Manley	Mr. Stewart	

Following the closed session, the Board reconvened in an open session. Mr. Hummel reported that the Board reviewed nonjudicial medical records.

**ADJOURNMENT**

The next regularly scheduled board meeting is scheduled for October 9, 2025, at the Public Safety Credit Union, located at 2800 E. 14<sup>th</sup> Street.

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BOARD SECRETARY

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CHAIRMAN