



MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF
THE POLICE DEPARTMENT OF KANSAS CITY
BOARD MEETING
Thursday, August 8, 2024

Nate Simecek called the meeting to order.

PRESENT:

Scott Hummel, Member
Nathan Simecek, Member
Robert Jones, Member
Pat Trysla, Member
James Manley, Member
Web Bixby, Member

Lisa Colclasure, Staff
Jason Hoy, Staff
Jonathan Dilly, Attorney
Ryan Sullivan, RVK
Marcia Beard, RVK
Rob Woodard, Mariner

INTRODUCTION OF JAMES MANLEY

Mr. Hoy introduced James Manley as the newest addition to the Retirement Board. Mr. Hoy provided a brief overview of Mr. Manley's background and experience, emphasizing his qualifications and the value he will bring to KCPERS. Mr. Manley was elected to a three-year term on the Retirement Board ending in June 2027. He holds the seat designated for an active member of the Police Plan who has yet to attain the rank of Sergeant or above.

CERTIFICATION OF RETIREMENT BOARD ELECTION

Mr. Hoy stated Mr. Hummel was the only member to file for the seat designated for a member of the Civilian Employees' plan. According to the Retirement Board Election Policy, when only one qualified candidate files for a position to be filled, no balloting shall take place, and the filed candidate shall be declared elected by the Retirement Board. Mr. Jones made a motion to certify the election results. Mr. Bixby seconded the motion, which passed unanimously. Mr. Hummel was re-elected to a three-year term ending in June 2027.

COLA STUDY RESULTS

Patrice Beckham from CavMac presented the results of the recent Cost-of-Living Adjustment (COLA) study. She detailed the study's methodology, assumptions, and findings, highlighting the impact of potential COLA changes on the fund's financial health and contributions to the City of Kansas City. The board discussed the potential next steps based on the study's conclusions and will continue the discussion at the September Board Meeting.

2nd QUARTER 2024 INVESTMENT PERFORMANCE ANALYSIS

Mr. Sullivan and Ms. Beard presented the June 30, 2024, Investment Performance Analysis for the Police Retirement System and Civilian Employees' Retirement System.

Asset Class Performance (net)	2nd 2024	Market Value
Police Global Equity	0.72%	\$ 415.96
Civilian Global Equity	0.63%	\$ 71.21
MSCI ACW IM Index	2.38%	
Police Fixed Income	0.29%	\$ 282.61
Civilian Fixed Income	0.29%	\$ 52.79
Bloomberg US Aggregate Bond Index	0.07%	
Police Direct Lending*	-0.90%	\$ 78.39
Civilian Direct Lending*	-0.90%	\$ 13.27
Direct Lending Custom Index*	3.03%	
Police Real Estate	-1.49%	\$ 116.92
Civilian Real Estate	-1.48%	\$ 19.82
NCREIF ODCE Index	-0.67%	
Police Absolute Return	2.08%	\$ 88.05
Civilian Absolute Return	2.08%	\$ 15.00
Absolute Return Custom Index	2.57%	
Police Total Fund		\$ 1,008.33
Civilian Total Fund		\$ 178.61

*Performance as of 03/31/24

The Relative Objective consists of 38% of the MSCI All Country World IM Index, 31% of the Bloomberg US Aggregate Bond Index, 10% of the CS Leveraged Loan Index +2%, 13% of the NCREIF ODCE Index, and 8% of the Absolute Return Custom Benchmark.

	2nd 2024	1 Year Ending 6/30/2024	3 Years Ending 6/30/2024	5 Years Ending 6/30/2024
Police Total Fund (net)	0.43%	8.16%	1.91%	5.62%
Relative Objective	1.06%	7.99%	2.59%	5.67%
Over/(Under) Relative Objective	-0.63%	0.17%	-0.68%	-0.05%
Civilian Employees' Total Fund (net)	0.39%	8.04%	1.85%	5.62%
Relative Objective	1.06%	7.99%	2.59%	5.67%
Over/(Under) Relative Objective	-0.67%	0.05%	-0.74%	-0.05%

Police Fund Manager Performance (net)	2nd 2024	Benchmark QTD	YTD 6/30/2024	Benchmark YTD
LSV (global large cap value)	-2.13%	-1.20%	2.41%	2.27%
Artisan (global large cap growth)	1.47%	2.63%	4.72%	6.59%
Northern Trust ACWI (global)	2.52%	2.38%	5.97%	5.98%
Wellington (global small cap)	-1.70%	-1.56%	2.45%	2.72%
GQG (emerging markets)	4.26%	5.00%	4.55%	4.53%
FCI Advisors (fixed income)	0.21%	0.05%	2.61%	2.48%
PIMCO (fixed income)	0.44%	0.07%	2.22%	2.66%
White Oak (direct lending)*	-0.90%	3.03%	4.79%	13.39%
Morgan Stanley (real estate)	-0.18%	-0.67%	-0.18%	-0.67%
Prudential (real estate)	-3.00%	-0.67%	-3.00%	-0.67%
Grosvenor (hedge fund)	2.08%	0.52%	2.04%	0.71%
*Performance as of 03/31/24				

Civilian Employees' Fund Manager Performance (net)	2nd 2024	Benchmark QTD	YTD 6/30/2024	Benchmark YTD
LSV (global large cap value)	-2.12%	-1.20%	2.39%	2.27%
Artisan (global large cap growth)	1.40%	2.63%	4.61%	6.59%
Northern Trust ACWI (global)	2.53%	2.38%	6.03%	5.98%
Wellington (global small cap)	5.91%	-1.56%	9.52%	2.72%
GQG (emerging markets)	4.26%	5.00%	4.55%	4.53%
FCI Advisors (fixed income)	0.21%	0.05%	2.61%	2.48%
PIMCO (fixed income)	0.44%	0.07%	2.22%	2.66%
White Oak (direct lending)*	-0.90%	3.03%	4.79%	13.39%
Morgan Stanley (real estate)	-0.18%	-0.67%	-0.18%	-0.67%
Prudential (real estate)	-3.00%	-0.67%	-3.00%	-0.67%
Grosvenor (hedge fund)	2.08%	0.52%	2.04%	0.71%
*Performance as of 03/31/24				

Difference in manager performance vs. benchmark	Police 2nd 2024	Benchmark QTD	Civilian 2nd 2024	Benchmark YTD
LSV (global large cap value)	-0.93%	0.14%	-0.92%	0.12%
Artisan (global large cap growth)	-1.16%	-1.87%	-1.23%	-1.98%
Northern Trust ACWI (global)	0.14%	-0.01%	0.15%	0.05%
Wellington (global small cap)	-0.14%	-0.27%	7.47%	6.80%
GQG (emerging markets)	-0.74%	0.02%	-0.74%	0.02%
FCI Advisors (fixed income)	0.16%	0.13%	0.16%	0.13%
PIMCO (fixed income)	0.37%	-0.44%	0.37%	-0.44%
White Oak (direct lending)*	-3.93%	-8.60%	-3.93%	-8.60%
Morgan Stanley (real estate)	0.49%	0.49%	0.49%	0.49%
Prudential (real estate)	-2.33%	-2.33%	-2.33%	-2.33%
Grosvenor (hedge fund)	1.56%	1.33%	1.56%	1.33%
*Performance as of 03/31/24				

Mr. Sullivan reviewed capital markets performance and trends from Q2 2024. During the quarter, global equity markets experienced moderate volatility and continued to rise, driven primarily by mega-cap growth stocks like NVIDIA, which are expected to benefit from AI adoption. Fixed-income markets saw marginal gains due to stable monetary policy and tight corporate debt spreads, though long-duration assets faced slight declines as long-term Treasury yields increased. Inflationary pressures eased, with key indicators like the PCE deflator and CPI coming in lower than expected. The Federal Reserve expressed caution about inflation's trajectory, with forecasts suggesting a slight rate cut by the end of 2024. The World Bank projected modest global GDP growth and gradual declines in global inflation over the next few years.

The Police Plan posted a gain of .43% net of fees for the quarter, while the target benchmark gained 1.06%. Similarly, the Civilian Employees' plan posted a gain of .39% net of fees for the quarter, while the target benchmark gained 1.06%. The Police plan began the quarter with a market value of \$1.012 billion and saw a gain of \$4.3 million in investment assets but had cash flows of -\$7.7 million, resulting in an ending market value of \$1.008 billion. Similarly, the Civilian Employees' plan started with a market value of \$178.5 million and had an investment gain of \$0.7 million, ending with a market value of \$178.6 million.

The quarter's gains and losses were attributed as follows: Asset allocation added 1.06% to both plans compared to the benchmark. The Police plan added -0.64%, and the Civilian Employees' plan lost -0.66% due to the combination of tactical asset allocation, style selection, and manager skill. For the one year, asset allocation added 7.99% to both plans. The combination of tactical asset allocation, style selection, and manager skill added 0.17% from the Police plan and .05% from the Civilian Employees' plan over the same year.

SECRETARY REPORT:

Audit and Actuarial Valuation Update

Mr. Hoy stated that the reports are progressing as scheduled. Mr. Hoy also stated drafts of the Valuations had been received and are being reviewed. The results of the reports will be presented to the Board at the September Board Meeting.

Pre-Retirement Seminars

Ms. Colclasure organized four comprehensive pre-retirement seminars in collaboration with the Retirement Systems, Benefits Section, and Nationwide staff to better prepare active law enforcement and civilian employees for retirement. We expect average attendance, where attendees gain valuable insights into the retirement and sign-out processes and critical information on taxes, health insurance, and PEHP. In addition, employees receive guidance on accessing and maintaining their deferred comp accounts.

Legislative Updates

Mr. Hoy said we are working closely with the Board of Police Commissioners and Fraternal Order of Police to draft legislation for our disability statute. A framework has been agreed upon in principle, and we are working on the details of the legislation.

OMNIBUS MOTION

Mr. Simecek 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 meetings of June 2024;

The monthly financial statements for May and June 2024;

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 board member comments.

PUBLIC COMMENTS

Time was made for public comments.

ADJOURNMENT

The next regularly scheduled board meeting is September 12 at the Public Safety Credit Union, 2800 E. 14th Street.

BOARD SECRETARY

CHAIRMAN