

Police Retirement System of Kansas City, Missouri and Civilian Employees' Retirement System of the  
Police Department of Kansas City, Missouri

Investment Committee Meeting

August 11, 2022

Mr. Pickens called the meeting to order.

Present:

Scott Hummel, Member	Robert Woodard, Mariner
Robert Jones, Member	Jenn Best, Staff
Chad Pickens, Member	Jason Hoy, Staff
Wayne Stewart, Member	Jim Pyle, Staff
Marcia Beard, RVK	
Ryan Sullivan, RVK	

**Rebalance Study Education**

Mr. Sullivan and Ms. Beard, from RVK, reviewed the firm's study to illustrate the impact rebalancing can have on a portfolio. Mr. Pyle said the topic had come up for a couple of reasons: 1) While the portfolio is rebalanced monthly for cash flow purposes there are times when a more specific rebalance needs to take place because of the decline or growth in one or more asset classes; and 2) The current allocation to Real Estate, in both plan, exceeds the target allocation of 13% of the total portfolio and exceeds the maximum asset class limit of 17% of the total portfolio. This overweight has come about because of strong long term performance from PGIM and Morgan Stanley and recent declines in both the equity and bond markets.

Mr. Sullivan said RVK's recommendation is to rebalance Real Estate back to a 15% allocation, which is still an overweight to the target allocation of 13%. RVK's recommendation is to move \$13m from Morgan Stanley and \$15m from PGIM in the Police plan and \$2.1m from Morgan Stanley and \$2.4m from PGIM in the Civilian Employees' plan.

The IC will make that recommendation at the September 8 Retirement Board meeting. Mr. Pyle said both PGIM and Morgan Stanley require one quarter advanced notice of fund withdrawals or additions. Notices could be provided to both managers by September 30 with the rebalancing taking place on December 31.

**Custodial Banking and Securities Lending Review**

Lindsey Longwell, from RVK, reviewed firm's operational summary of our custodial banking relationship and securities lending program with Northern Trust. Ms. Longwell said the custodial banking relationship is a critical operational partnership and appears to be operating effectively. She said Northern Trust is a qualified and capable custodial banking provider. Northern Trust's fee schedule contains a typical mix of asset, account and transactional fees, which RVK would deem competitive.

Ms. Longwell said Northern Trust is a qualified provider of securities lending service and the overall configuration and operating model appears to be structured in a sound and prudent manner. The securities lending proceeds split of 70% KCPERS and 30% Northern Trust is in line with general program size and complexity.

RVK recommends no changes, beyond continued review and discussion, to either the custodial banking relationship or the securities lending program.

The IC will not meet on September 6 as scheduled. The next IC meeting will be October 4 at the Retirement Systems office.