

## MINUTES

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

Thursday, March 14, 2024

Nate Simecek called the meeting to order. However, it was noted that a quorum was not present at the beginning of the meeting. As a result, no specific actions or decisions were taken.

#### PRESENT:

Robert Jones, Member  
Nathan Simecek, Member  
Wayne Stewart, Member  
Pat Trysla, Member

Lisa Colclasure, Staff  
Kasey Hiltgen, Staff  
Jason Hoy, Staff  
Jonathan Dilly, Attorney

#### **INVESTMENT COMMITTEE UPDATE**

Mr. Stewart said the Investment Committee (IC) met on March 5 with Ryan Sullivan from RVK and Rob Woodard from Mariner to review the following items:

#### **January 2024 Investment Portfolio Analysis**

The January capital markets flash report showed mixed performance with modest gains in global equity and bond markets. The Police plan reported a net gain of .38% after fees, achieving an ending market value of \$986.8 million. At the same time, the Civilian Employees' plan also saw a net gain of .35% after fees, reaching an ending market value of \$173.8 million. Both plans surpassed expectations, with the target benchmark gaining .07%. For the one-year period ending in January, the Police plan boasted a 5.66% gain, and the Civilian Employees' plan achieved a 5.46% net of fees.

#### **2024 Capital Markets Assumptions**

Mr. Sullivan reviewed RVK's methodology for producing their annual Capital Markets Assumptions and the long-term outlook for multiple asset classes. He emphasized the critical importance of asset allocation in investment decisions driven by these capital market assumptions. These assumptions, formed through a meticulous multi-step process, encompass return, risk, and correlation estimates, projecting forward over a 20-year investment horizon. They are long-term and strategic, based on index returns net of fees, with annual updates incorporating current fundamentals, valuations, and economic conditions.

US and developed international equity return forecasts decreased in public equities due to elevated valuations and lower growth expectations, while emerging markets remained unchanged. Fixed income assumptions remained stable, with domestic bonds reflecting higher starting yields and an expectation of yield curve correction over time. Real estate assumptions saw minor changes in cap rates and relative attractiveness compared to Treasury rates. In contrast, hedge fund assumptions remained steady, balancing decreased beta returns with higher expected cash returns. Inflation assumptions remained constant, balancing near-term pressures with long-term deflationary factors, while cash assumptions were adjusted to reflect increased yields.

## **DRAFT BOARD POLICY #029**

Mr. Hoy led a discussion on the potential adoption of a new policy regarding creditable service, highlighting its significance in ensuring fair treatment for all KCPERS members. The board acknowledged the necessity of establishing transparent guidelines and criteria to define creditable service within the Retirement System. Recognizing the complexity of this matter, the board agreed that further deliberation and review are imperative to ensure the policy's effectiveness.

## **SECRETARY REPORT:**

### **MAPERS Conference**

Mr. Hoy reviewed the agenda for the 2024 MAPERS conference, which will be held in person from July 10 to 12.

### **Legislative Update**

Mr. Hoy has updated Mr. Carroll on the results of the Freestone case. Mr. Carroll provided a timeline for when proposed legislation for next year should be introduced in the General Assembly.

### **Retiree Townhall**

Mr. Hoy reviewed the agenda, date, and times for the Retiree Townhalls, which will be held on April 8<sup>th</sup> at 10 am and 2 pm. The morning session will be at South Patrol, and the afternoon session will be at the Academy. This event aims to provide valuable insights, introduce new staff and trustees, provide an overview of KCPERS, and provide updates on plan performance.

### **Technology Committee Update**

Mr. Hoy provided an update on the committee's current status and the progress made since the last board meeting. A formalized plan outlining timelines and preferred outcomes is still being reviewed.

## **OMNIBUS MOTION**

A quorum was absent at the meeting, and no specific actions or decisions were taken.

## **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 April 11, at 9 am, at the Public Safety Credit Union, 2800 E. 14<sup>th</sup> Street.