

MINUTES

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

Thursday, May 9, 2024

Scott Hummel called the meeting to order.

PRESENT:

Scott Hummel, Member	Lisa Colclasure, Staff
Leslie Lewis, Member	Kasey Hiltgen, Staff
Robert Jones, Member	Jason Hoy, Staff
Pat Trysla, Member	Jonathan Dilly, Attorney
Nathan Simecek, Member	Ryan Sullivan, RVK
Wayne Stewart, Member	Marcia Beard, RVK
Web Bixby, Member	

RETIREMENT BOARD ELECTION UPDATE AND BALLOT APPROVAL

Mr. Simecek said the nomination period for the 2024 Retirement Board election ended on May 1. The terms of the three designated board seats held by Civilian Scott Hummel, Sgt. Chad Pickens, and (Ret.) Major Wayne Stewart all expire in June. The candidates who filed for the three seats are (Ret.) Major Wayne Stewart and (Ret.) Officer Steven Miller for the seat designated for a retired member of the Police plan; Officer James Manley and Officer Luke Abouhalkah for the seat designated for an active member of the Police plan who has not attained the rank of Sergeant or above; and Civilian Scott Hummel for the seat designated for a member of the Civilian Employees' plan.

Mr. Simecek reviewed the draft ballot that Survey and Ballot Systems will mail to all members on June 5th. Members will be able to vote via mail, phone, and website. The candidates' profiles will be printed on the back of the mailed ballots and made available on the website ballots. Mr. Stewart made the motion to approve the 2024 Retirement Board Election Ballot. The motion was seconded by Mr. Jones and passed unanimously.

When only one candidate files for a board seat, there is no balloting, and the candidate shall be declared elected by the Retirement Board. The Retirement Board will certify the election results and swear in the new Board members at the August 8 Retirement Board meeting.

APPOINTMENT OF INVESTMENT COMMITTEE MEMBER

Mr. Stewart said that due to the retirement of (Ret.) Captain Jennifer Weimhold, the Investment Committee requires a new active member to fill her seat. Mr. Stewart proposed Major Leslie Foreman as a replacement, highlighting her current position as a Discipline and Accountability Division commander and the variety of roles she has served in the department. Mr. Stewart motioned to appoint Major Foreman to the Investment Committee, seconded by Mr. Simecek, and the motion was unanimously passed.

1st QUARTER 2024 INVESTMENT PERFORMANCE ANALYSIS

Mr. Sullivan and Ms. Beard presented the March 31, 2024, Investment Performance Analysis for the Police Retirement System and Civilian Employees' Retirement System.

Asset Class Performance (net)	1st 2024	Market Value
Police Global Equity	8.58%	\$ 412.67
Civilian Global Equity	8.49%	\$ 70.74
MSCI ACW IM Index	7.72%	
Police Fixed Income	0.00%	\$ 281.74
Civilian Fixed Income	0.11%	\$ 52.62
Bloomberg US Aggregate Bond Index	-0.78%	
Police Direct Lending*	1.94%	\$ 69.09
Civilian Direct Lending*	1.94%	\$ 11.64
Direct Lending Custom Index*	3.36%	
Police Real Estate	-1.84%	\$ 121.52
Civilian Real Estate	-1.84%	\$ 20.47
NCREIF ODCE Index	-2.58%	
Police Absolute Return	4.90%	\$ 92.20
Civilian Absolute Return	4.91%	\$ 15.37
Absolute Return Custom Index	2.78%	
Police Private Equity*	-0.49%	\$ 4.31
Civilian Private Equity*	-0.50%	\$ 0.54
Private Equity Custom Index*	0.00%	
Police Total Fund		\$ 1,012.30
Civilian Total Fund		\$ 179.00
*Performance as of 12/31/23		

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.

	1st 2024	1 Year Ending 3/31/2024	3 Years Ending 3/31/2024	5 Years Ending 3/31/2024
Police Total Fund (net)	3.55%	9.65%	3.19%	6.12%
Relative Objective	2.52%	8.52%	3.46%	5.98%
Over/(Under) Relative Objective	1.03%	1.13%	-0.27%	0.14%
Civilian Employees' Total Fund (net)	3.47%	9.44%	3.14%	6.14%
Relative Objective	2.52%	8.52%	3.46%	5.98%
Over/(Under) Relative Objective	0.95%	0.92%	-0.32%	0.16%

Police Fund Manager Performance (net)	1st 2024	Benchmark QTD
LSV (global large cap value)	8.54%	7.49%
Artisan (global large cap growth)	11.05%	10.24%
Northern Trust ACWI (global)	7.61%	7.72%
Wellington (global small cap)	6.12%	3.91%
GQG (emerging markets)	11.18%	2.37%
FCI Advisors (fixed income)	-0.64%	-0.72%
PIMCO (fixed income)	1.50%	-0.78%
White Oak (direct lending)*	1.94%	3.36%
Morgan Stanley (real estate)	-1.34%	-2.58%
Prudential (real estate)	-2.40%	-2.58%
Grosvenor (hedge fund)	4.90%	2.78%
Abbott Capital (private equity)*	0.00%	0.00%
JP Morgan (private equity)*	-1.80%	0.00%
*Performance as of 12/31/23		

Civilian Employees' Fund Manager Performance (net)	1st 2024	Benchmark QTD
LSV (global large cap value)	8.20%	7.49%
Artisan (global large cap growth)	10.87%	10.24%
Northern Trust ACWI (global)	7.66%	7.72%
Wellington (global small cap)	5.91%	3.91%
GQG (emerging markets)	10.97%	2.37%
FCI Advisors (fixed income)	-0.64%	-0.72%
PIMCO (fixed income)	1.38%	-0.78%
White Oak (direct lending)*	1.94%	3.36%
Morgan Stanley (real estate)	-1.34%	-2.58%
Prudential (real estate)	-2.40%	-2.58%
Grosvenor (hedge fund)	4.91%	2.78%
Abbott Capital (private equity)*	0.00%	0.00%
JP Morgan (private equity)*	-1.81%	0.00%
*Performance as of 12/31/23		

Difference in manager performance vs. benchmark	Police 1st 2024
LSV (global large cap value)	1.05%
Artisan (global large cap growth)	0.81%
Northern Trust ACWI (global)	-0.11%
Wellington (global small cap)	2.21%
GQG (emerging markets)	8.81%
FCI Advisors (fixed income)	0.08%
PIMCO (fixed income)	2.28%
White Oak (direct lending)*	-1.42%
Morgan Stanley (real estate)	1.24%
Prudential (real estate)	0.18%
Grosvenor (hedge fund)	2.12%
Abbott Capital (private equity)*	0.00%
JP Morgan (private equity)*	-1.80%
*Performance as of 12/31/23	

Mr. Sullivan reviewed capital markets performance and trends from Q1 2024. He said that risk assets continued their strong performance from 2023, sustained by a strong US economy and robust labor market despite uncertainties about future monetary policy and geopolitical tensions. US and developed international equities saw gains across all sectors. The fixed-income market had mixed results, with shorter-duration bonds outperforming longer maturities due to strong economic data and reduced rate-cut expectations.

The Police Plan posted a gain of 3.55% net of fees for the quarter, while the target benchmark gained 2.52%. Similarly, the Civilian Employees' plan posted a gain of 3.47% net of fees for the quarter, while the target benchmark gained 2.52%. The Police plan began the quarter with a market value of \$985.2 million and saw a gain of \$34.9 million in investment assets, resulting in an ending market value of \$1.012 billion. Similarly, the Civilian Employees' plan started with a market value of \$173.3 million and had an investment gain of \$6.0 million, ending with a market value of \$178.6 million.

The quarter's gains and losses were attributed as follows: Asset allocation added 2.52% to both plans compared to the benchmark. The Police plan added 1.04%, and the Civilian Employees' plan added 0.96% due to the combination of tactical asset allocation, style selection, and manager skill. For the one-year period, asset allocation added 8.52% to both plans. The combination of tactical asset allocation, style selection, and manager skill added 1.12% from the Police plan and .92% from the Civilian Employees' plan over the same one-year period.

March 2024 Investment Portfolio Analysis

The Police plan reported a net gain of 1.83% after fees, achieving an ending market value of \$1.012 billion. At the same time, the Civilian Employees' plan also saw a net gain of 1.84% after fees, reaching an ending market value of \$178.6 million. Both plans surpassed expectations, outperforming the target benchmark by .61% and .62%. For the one-year period ending in March, the Police plan boasted a 9.65% gain, and the Civilian Employees' plan achieved a 9.44% net of fees against the target benchmark's one-year gain of 8.52%. Both plans demonstrated strong performance, notably outperforming their fiscal year-to-date targets.

SECRETARY REPORT:

MAPERS Conference Update

Mr. Hoy reviewed the July 10th – 12th conference dates and agenda for the Lake of the Ozarks conference.

Jefferson City Visit

Mr. Simeck, Mr. Stewart, and Mr. Hoy went to Jefferson City in May to meet with members of the Missouri General Assembly. Mr. Hoy said the meetings with Senators and Representatives were focused on 1) reminding them of who we are, 2) that our pension plans are recruitment and retention tools for the KCPD, and 3) that the two plans were well-managed and well-funded. Steve Carroll set up several meetings with members of the Joint Committee on Public Employee Retirement, House and Senate Pension Committee Chairs, and members of the Kansas City delegation, as well as the Majority Floor Leader of the House of Representatives. Mr. Simecek said our message was well received by members of the General Assembly.

KCPERS Follow-ups

Mr. Hoy said that the new computers have been ordered and shipped, and KCPD IT will install them once they have been formatted. Progress has been made on a shared calendar for the Board. Mr. Hoy then updated the status of the Website redesign and informed that they were moving into the second stage with a Beta version of the site launch to be ready in the coming weeks.

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 April 2024;

The monthly financial statements for March 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 June 13 at the Public Safety Credit Union, 2800 E. 14th Street.

BOARD SECRETARY

CHAIRMAN