

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

Investment Committee Meeting

November 9, 2023

Mr. Stewart called the meeting to order.

Present:

Wayne Stewart, Member	Jenn Best, Staff
Bob Jones, Member	Jason Hoy, Staff
Nathan Simecek, Member	Kasey Hiltgen, Staff
Scott Hummel, Member	Jonathan Kowolik, RVK
Marcia Beard, RVK	
Ryan Sullivan, RVK	

**September Investment Performance Analysis**

Ms. Beard and Mr. Sullivan of RVK reported that global equity markets pulled back in September, experiencing low to mid-single-digit declines. The Bond markets and the S&P 500 also declined, with the 10-year Treasury yield reaching a 16-year high and equity markets posting negative returns. The Police plan returned a net loss of -2.21% after fees, with an ending market value of \$926 million, while the Civilian Employees' plan returned a net loss of -2.24% after fees, with an ending market value of \$161 million. The target benchmark for both plans saw a loss of -2.60%. The Police plan has gained 5.73%, and the Civilian Employees' plan 5.70% net of fees for the one year ending in September. In comparison, the target benchmark for the same time period gained 7.20%. The Police plan fell short of the 6.95% fiscal year-to-date target by 1.22%, while the Civilian Employees' plan fell short by 1.25%.

**Custodial Banking and Securities Lending Review**

Jonathan Kowolik, from RVK, reviewed the plan's operational summary of our custodial banking relationship and securities lending program with Northern Trust. Mr. Kowolik said the custodial banking relationship is a critical operational partnership and appears to be operating effectively. He 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 considers competitive.

Mr. Kowolik 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 aligns with the general program size and complexity.

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

The following IC meeting will be on December 5, 2023, at 9:00 a.m. at the Retirement System's Office.