



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, February 16, 2023
1:00 P.M. via WebEx**

***These draft minutes must be approved by the Board at its next Open Board meeting.
Full meeting minutes will be posted after the next Open Board meeting.**

MEMBERS PRESENT

Joseph M. Bress, Chair
Lyle M. Blanchard@1:08 p.m.
Joseph W. Clark
Mary A. Collins@1:16 due to tech. issues
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Tracy R. Harris
Nathan A. Saunders
Greggory Pemberton
Adam Weers

MEMBERS NOT PRESENT

Carmen Pigler, ex officio

DCRB STAFF PRESENT

Gianpiero “JP” Balestrieri, Executive Director
Stephen Serraino
Leslie King
Emily Bowie
Paul Gormley
Ram Murthy
Munetsi Musara
Patrick Sahn
Daniel Hernandez
Lori Morgan
Vernon Valentine
Lauren Smith
Betty Ann Kane
Jaininne Edwards
Johniece Harris, Board Liaison

OTHERS PRESENT

Joe Ebisa- WithIntelligence
Bela Kirpalani-Mandate Wire
Brian McCleave- Empower
Lauren Aleani-Financial Investment

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:05 p.m. and Ms. Johniece Harris called the roll.

APPROVAL OF MINUTES

Chair Joseph Bress introduced a motion to approve the open session Board meeting minutes.

Motion #1: To approve the January 19, 2023 open session Board meeting minutes.

The motion was moved by Trustee Gregg and properly seconded by Trustee Clark.
 The motion was approved (11-0). (See Tally #1)

| Tally #1 | | Date: February 16, 2023 | | | |
|---|-----|-------------------------|------------------------|-----------------------|--------|
| Motion #1: To approve the January 19, 2023 open session Board meeting minutes. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

Trustee Saunders asked that the January 19, 2023 Board meeting minutes be amended to reflect that his late arrival was due to technical issues.

CHAIR REPORT

Chair Bress referred trustees to his written report and commented on the following topics:

- **In-Person Board Attendance:** Chair Bress stated that the trustees should revisit in-person or continue to meet virtually for upcoming Board meetings. Please contact staff if you plan to attend in person so appropriate accommodations can be made.
- **Board and Committee Meeting:**
 - As the assets of the Plan have grown, the services DCRB provides have increased as the retired population grows, the issues Board committees have to consider for the plan and the availability of the busy Trustees to meet all the dates scheduled throughout the year have also grown. As a result, the new schedule that we will address in the motion today is six (6) Board meetings a year, starting in March, on the third Thursday each month. On the same day as the Board meeting, Trustees will meet as a Committee of the Whole as the Investment Committee on the morning of the Board Meetings. To provide a consistent schedule for Board Committees, those meetings will occur on the third Thursday for the other five months, starting this April. The month of August will continue as a month off unless there is a special reason for either a Board or Committee meeting; of

course, any special Board meetings will be scheduled as required.

- **Annual Board Officers Elections:**
 - Board officer elections, the positions are Chair of the Board, Vice Chair/Secretary of the Board, and Treasurer/Audit Committee Chair.
- **Next Board Meeting:** The next meeting will be held on March 16, 2023.
- **Board Motions:** As a reminder, when voting on Board motions and resolutions, individual voice votes are required.
- **Member Complaints:** Trustees who receive any complaints or concerns from Retirement Plan members should forward those complaints to the Executive Director and the appropriate DCRB department head.

The Board engaged in a robust discussion on the changes in the Board and Committee meeting dates.

Note was made that the Board meeting start time is currently 1:00 p.m. but moving forward may be subject to adjustment. Also, to meet Board governance requirements to adjust the Board and Committee meetings schedule, the Board will vote to ratify the motion today and then ratify again upon approval of the Board meeting minutes during the next meeting.

Chair Bress made the following motion to approve a new Board and Committee meetings schedule:

Motion #2: To approve a proposal for Board and Committee meetings schedule as follows:

1. All committee and board meetings will be held on the third Thursday of each month.
2. Commencing in April 2023 and every other month thereafter (August 2023 Excluded):
 - a) All Committee meetings may be scheduled as follows:
Operations and Legislative meetings on Wednesdays and Benefits and Audit meetings on Thursdays.
 - b) This excludes the Investment Committee of the whole Meetings.
 - c) Each committee meeting session will be allocated up to a maximum of two hours in duration.
3. Commencing in March 2023 and every other month:
 - a) The Investment Committee of the Whole will meet at 10am ET.
 - b) The Board meeting will commence at 1:00 pm ET.
 - c) If there is trustee training scheduled for an hour, such training session shall start at 9am ET, prior to the Investment committee meeting.
4. Prior month committee reports and recommendations for action(s) will be presented at Board meetings.
5. Special board meetings may be scheduled, only when necessary.
6. Special education sessions may be scheduled during committee

- meeting dates, except during any Investment Committee Meeting date.
7. Committee chairs may be appointed for no more than two (2) consecutive one-year terms. However, the investment and audit committee chairs are exempt from such limitation(s).

The motion was moved by Chair Bress and properly seconded by Trustee Weers.
The motion was approved (10-1). (See Tally #2)

| Tally #2 | | Date: February 16, 2023 | | | |
|---|-----|-------------------------|------------------------|-----------------------|--------|
| Motion #2: To approve a proposal for Board and Committee meetings schedule as follows: | | | | | |
| <ol style="list-style-type: none"> 1. All committee and board meetings will be held on the third Thursday of each month. 2. Commencing in April 2023 and every other month thereafter (August 2023 Excluded): <ol style="list-style-type: none"> a) All Committee meetings may be scheduled as follows: Operations and Legislative on Wednesdays and Benefits and Audit on Thursdays. b) This excludes the Investment committee of the whole Meetings. c) Each committee meeting session will be allocated up to a maximum of two hours in duration. 3. Commencing in March 2023 and every other month: <ol style="list-style-type: none"> a) The Investment Committee of the Whole will meet at 10am ET. b) The Board meeting will commence at 1:30 pm ET. c) If there is trustee training scheduled for an hour, such training session shall start at 9am ET, prior to the Investment committee meeting. 4. Prior month committee reports and recommendations for action(s) will be presented at Board meetings. 5. Special board meetings may be scheduled, only when necessary. 6. Special education sessions may be scheduled during committee meeting dates, except during any Investment Committee Meeting date. 7. Committee chairs may be appointed for no more than two (2) consecutive one-year terms. However, the investment and audit committee chairs are exempt from such limitation(s). | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | | √ | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | √ | | | | |

| | | | | | |
|-------------|---|--|--|--|--|
| Weers, Adam | √ | | | | |
|-------------|---|--|--|--|--|

Trustee Harris and Trustee Saunders requested a schedule of events for the year that is matched against dates to make sure the Board is able to review and approve official actions before being submitted to city council.

Trustees moved to next item on the agenda.

EXECUTIVE DIRECTOR REPORT

Executive Director, Gianpiero “JP” Balestrieri, gave an update on the following topics:

1. Staffing Update

- a. **New Hires**
- b. **Current Vacancies to Fill**

2. Fiscal Year 2023 Fund Performance and Investment Update (As of 2/14/2023)

- a. Total Market Value of the Fund (as of 2/14/23) is at \$10.6 billion
- b. The Fund has recovered about \$1.1billion since 9/30/2022.
- c. Actuarial Funded Status as of 10/1/22: 109.9%
- d. Firm Fund Liquidity: Currently, the Fund holds \$104 million in cash vs. monthly benefit payments of approximately \$25mn
- e. Net Returns of the Fund
 - i. Calendar YTD: 4.6%
 - ii. Fiscal YTD: 11.3%
 - iii. Last twenty (20) Years: Has averaged +6.7% per annum vs. Actuarial target rate of 6.25% per annum.
- f. The Board closed on a \$75mn commitment to JLC Infrastructure Fund II, a US based infrastructure fund, on February 13, 2023.

3. Finance and Operations

- a. **The District’s Office of Inspector General Confirms all Conditions Remediated by DCRB**

On December 19, 2022, BCA Watson Rice LLP (BCAWR), issued its opinion and identified no material weaknesses in internal controls over financial reporting for DCRB. On January 31, 2023, the District of Columbia’s Office of Inspector General (in its Compliance Report Under Government Auditing Standards for the Fiscal Year Ended September 30, 2022) confirmed that all BCAWR’s prior year management recommendations, have been duly addressed by DCRB management and that all outstanding conditions related to the Fiscal Year 2021 finding have been fully remediated.

b. Government Finance Officers Association's Recognition

For the fourteenth consecutive year, DCRB was awarded on February 11th, 2023, the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Fiscal Year ended 2021 Annual Comprehensive Financial Report (ACFR), the highest form of recognition in governmental accounting and financial reporting.

c. Public Pension Coordinating Council's

DCRB also was among a select number of public retirement systems that received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2022 Award in recognition of meeting professional standards for Plan design funding and administration.

4. Teachers Retirement Workshop

Trustee Saunders, in partnership with the Washington Teachers' Union, led a group, including the Benefits Administration team and members of the District of Columbia Public Schools (DCPS) human resources department to participate in their retirement workshop on Monday, January 30, 2023. The event was well attended and provided teachers who were approaching retirement age with vital information needed to successfully retire.

5. Benefits & Pension Administration Stakeholder Meeting

The Benefits Department, key DCRB staff members and I met with key District stakeholders on Wednesday, February 8th, to discuss District retirement issues pursuant to the issues raised in my letter to the Mayor in the fall of 2022. District agencies in attendance included the DC Human Resources (DCHR), the Office of Pay and Retirement Services (OPRS), Fire and Emergency Medical Services (FEMS), the Metropolitan Police Department (MPD), Office of Finance and Treasury (OFT), Office of Chief Technology Officer (OCTO), Executive Office of the Mayor (EOM), Office of DC Pensions (ODCP) and the District of Columbia Public Schools (DCPS). This initial meeting was held to bring key interagency issues to the fore including employer agency data cleansing requirements, offboarding, employee communications, and retirement administration process improvements.

Trustees moved to next item on the agenda.

LEGAL DEPARTMENT REPORT

Stephen Serraino, General Counsel, referred the Board to the written report, which highlighted the following:

PROCUREMENT

Per DCRB's 2021 procurement rules, the DC Contract Appeals Board (CAB) hears appeals of disputes involving DCRB solicitations and contracts valued over \$100,000 (7 DCMR § 1615.4).

To implement this rule, DCRB and the DC Contract Appeals Board (CAB) entered into a Memorandum of Agreement (MOA) in January 2023 which would allow CAB to hear such appeals. The cost for services is on a reimbursable basis for an amount of up to \$10,000 per fiscal year. This is essentially a renewal of these services.

BENEFITS LITIGATION UPDATE

Annetta H. Nicholas v. U.S. Department of Treasury et al. (No. 21-5187)

Ms. Nicholas, a retired teacher, sued ODCP and DCRB in the United States District Court for the District of Columbia, challenging DCRB's reversal of its prior decision affording her voluntary retirement benefits and reinstating her disability retirement benefits. After the district court affirmed DCRB's and ODCP's benefit determinations, Ms. Nicholas appealed to the United States Court of Appeals for the D.C. Circuit. On January 27, 2023, the D.C. Circuit affirmed the decision of the lower court, finding that DCRB's and ODCP's denials of voluntary retirement benefits were not "arbitrary, capricious, [or] an abuse of discretion." Confirmation that DCRB acted appropriately in the matter.

Trustees moved to next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee did not meet on Thursday, February 16, 2023, so there is no report. The next Investment Committee Meeting is scheduled for Thursday, March 16, 2023.

Trustees moved to next item on the agenda.

Operations Committee Report

Committee Chair Saunders reported that the Operations Committee did not meet this month. It is anticipated that the next Operations Committee meeting will take place next month (March), however the meeting date has not yet been set.

Trustees moved to next item on the agenda.

AUDIT COMMITTEE REPORT

Committee Chair Harris reported that the Audit Committee met February 14, 2023 and the following items were presented:

- Compliance Report Update:
 - o The Office of Inspector General (OIG) issued the final FY22 Compliance Report Under Government Audit Standards and they along with the district auditors, concurred with the Watson Rice conclusion that the 3 conditions related to the finding that carried over from the FY21 audit had been fully remediated.
- IT Consulting Services review:
 - o A detailed review of the IT vendor services was performed, and the Committee requested that as the IT related contracts expire, the team perform an analysis to see whether there are opportunities to consolidate similar services and attain cost

savings by obtaining a wider range of services from a smaller number of capable vendors.

- The budget vs actual report as of January 31, 2023:
 - o 82% of the original budget is available.

Committee Chair Harris commended Mr. Musara and team on a fantastic job in helping to clean up some of the outstanding issues.

The next Audit Committee meeting will be scheduled for March 14, 2023.

Trustees moved to next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Collins reported that the Benefits Committee did not meet this month, but the following updates and activities are listed below.

Teachers Retirement Workshop - Trustee Saunders, in partnership with the Washington Teachers' Union, invited the Benefits Administration team and members of the District of Columbia Public Schools (DCPS) human resources department to participate in their retirement workshop on Monday, January 30th from 5pm to 7pm. The event was well attended and provided teachers who were approaching retirement age with vital information needed in order to successfully retire. Based on the questions raised and the feedback from the event organizers, the Benefits team plans to conduct additional workshops during the course of the school year for teachers who are considering retirement and develop additional communication materials addressing current topical subjects that seem to solicit the most questions during these sessions.

Stakeholder Meeting - The Benefits Department met with District stakeholders on Wednesday, February 8th, to discuss District retirement issues. District agencies in attendance included the DC Human Resources (DCHR), the Office of Pay and Retirement Services (OPRS), Fire and Emergency Medical Services (FEMS), the Metropolitan Police Department (MPD), Office of Finance and Treasury (OFT), Office of Chief Technology Officer (OCTO), and the District of Columbia Public Schools (DCPS). Additional project and quarterly meetings will be held to discuss DCRB data needs, offboarding, employee communications as well as retirement administration process improvements.

U.S. Treasury Meeting – On February 14th, DCRB met with leadership from the Office of DC Pension (ODCP) to discuss 2023 projects, the future of STAR, and the interim Benefits Administrator relationship between the two groups as Federal liabilities continue to decrease.

Purchase of Service Online Calculator Testing - In collaboration with DCRB's actuary, Bolton, and our IT department, we are in the final stages of beta testing the online calculator for purchase of service for tier changes. MPD and FEMS active members were provided the tier change test link in mid-January, and user feedback is due February 17th. After the full launch of the online retirement calculator for tier changes, our next steps will include additional

testing for other types of purchase of service transactions such as educational service, military service, lateral service, and the redeposit of contributions.

DCRB Staff Training and Support – As part of our continued commitment to employee development this year we introduced employee training on a monthly basis.

In January, all DCRB Benefits staff received introductory STAR training facilitated by the Office of DC Pensions. In late February, Jackie Oliver, Member Services Manager, will conduct training on DCRB's FileNet system. Training will focus on member document research and digital file repository functions for all users of the system. In March, our Quality Control Manager, Jacqueline Thomas, will immerse the team in a comprehensive training series that delves into the intricacies of each plan.

In addition, the Benefits Administration team will be working with our new Communications Director to develop training modules for active and retired participants.

Returned Mail/Returned Earning Statement Project – To prevent fraud, on February 6, 2023, DCRB mailed out certified letters and a Change of Contact Information Form to members whose earning statements or returned mail was sent back to DCRB. DCRB researches the best address to send these notices through various research services, but members are ultimately responsible for keeping their address up to date. DCRB cannot change a members address until we receive the completed Change of Contact Information Form with the member's signature. Members may also change their address in the Self-Service Portal.

Unless DCRB has received a member's completed form, their annuity may be subject to suspension beginning 30 days from the date of the written notification. DCRB will be working with retirement associations to assist with locating members so that our contact information can be updated, and members can submit the necessary materials to DCRB.

Benefits Statements - DCRB is working with DCRB's actuary, Bolton, and OCTO, on the completion of member benefits statements utilizing the active member's Peoplesoft online self-service portal to retrieve their statement electronically this year. Further details on timing, scope, and cost will be available during the next Benefits Committee meeting.

1099-R Mailings - Mailings of the 1099-Rs to retirees and survivors were completed during the last week of January by U.S. Treasury. We asked that members allow at least two weeks for the mail to reach their destination. We will begin to issue requests for duplicate 1099-Rs beginning on Friday, February 17th.

2023 Annual COLA Processing - In close coordination with our partners at ODCP and DCHR, the COLAs were determined for eligible participants and survivors. Annuities will be adjusted in March, and members will see the COLA increase on their April 1, 2023 payment. DCRB will post the COLA notices and more information on our website soon.

Police and Fire Annuitants and Survivors

Hired before November 10, 1996: 6.5%

Hire on or after November 10, 1996: 3.0%

Teachers Annuitants and Survivors

Hired before November 1, 1996: 6.3%

Hire on or after November 1, 1996: 3.0%

Recalculation of Annuities Planning – The collective bargaining agreements for the Metropolitan Police Department (MPD), DC Fire and EMS (FEMS), the Council of School Officers (CSO) and the Washington Teachers Union (WTU) have all been renegotiated and are in various stages of approval and implementation. The new collective bargaining agreements will require DCRB to recalculate annuities for members who retired during the contract periods. DCRB is working with District agencies to determine the timing of when the retroactive payments will be implemented in Peoplesoft, and contributions payments are sent to DCRB. In addition, DCRB is working with the Office DC Pension to develop an implementation plan.

The next Benefit Committee meeting will be determined by the new Benefits Committee Chair.

Committee Chair Collins asked that since the meeting with Treasury, were there any actions items that resulted from the meeting? Also asked for clarity if the benefits statements have to be provided once a year or every two years and the process of providing the 1099-Rs to the members.

Mr. Hernandez, Pension Administrator, responded that as a result of the meeting with Treasury both agencies decided to discuss a roadmap going forward and schedule a follow-up meeting in a couple of months. The benefits statements have been provided every year for the last 3 years and Ms. Edwards is working with various departments and external agencies to provide the members with a self-service online tool in a PDF form and finally the 1099-Rs were mailed out late January and will be scheduled next year for members to acquire online.

Trustee Harris asked what is the status of the dashboard being provided to the trustees? Mr. Hernandez responded that the benefits departments is working with IT to program reports to provide statistics and with communications to initiate an outreach to address concerns that the members want to hear about. Trustee Gregg stated that he found the self-service tool very accessible.

Trustees moved to next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report reflected the following activities of interest since the January 19, 2023 Board meeting.

COUNCIL OF THE DISTRICT OF COLUMBIA

LEGISLATION

PR-25-0063, “Compensation and Working Conditions Agreement between the District of

Columbia Public Schools and the Washington Teachers’ Union, Local #6 of the American Federation of Teachers Approval Resolution of 2023”

Status: The proposed resolution was introduced on January 20, 2023 to approve the collective bargaining agreement between the District and public-school teachers from October 1, 2020 through September 30, 2023. The resolution will be deemed approved on February 20, 2023, unless an earlier approval or disapproval resolution is introduced.

The agreement provides for a retroactive wage increase of 2.0% for FY 2020, 2.5% for FY 2021, 3.5% for FY 2022, and 4% for FY 2023. Retroactive payments will be made to current bargaining unit members as well as those who died or retired during the 2019 through 2022 school years. Current members will receive a 4% retention bonus in fiscal year 2023 on top of the base salary increases. Annuities will increase due to the pay increases.

PUBLIC HEARINGS
DCRB Annual Hearings

The annual performance oversight hearing is tentatively scheduled for Wednesday, February 22, 2023, under the Committee of the Whole, Chairman Phil Mendelson.

The budget hearing is tentatively scheduled for Monday, April 6, 2023, under the Committee of the Whole, Chairman Phil Mendelson.

Trustees moved to next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 3:02 p.m.

Motion #3: To enter closed session to discuss personnel matters pursuant to D.C. Code §§ 1-909.05(e) and 2-575(b)(10).

The motion was moved by Chair Bress and properly seconded by Trustee Gregg the motion was approved (10-0). (See Tally #3)

| Tally #3 | | Date: February 16, 2023 | | | |
|--|-----|-------------------------|------------------------|-----------------------|--------|
| <u>Motion #3:</u> To enter closed session to discuss personnel matters pursuant to D.C. Code §§ 1-909.05(e) and 2-575(b)(10). | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |

| | | | | | |
|-----------------------|---|--|--|--|---|
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | | | | | √ |
| Weers, Adam | √ | | | | |

Closed Session: From 3:02p.m. to 4:18 p.m.

Results of Board Officers Elections

Chair Bress called for nominations to fill the Chair of the Board position.

Trustee Clark nominated Chair Bress to fill the Chair of the Board position.

Chair Bress introduced a motion to nominate Trustee Joseph Bress to fill the position as Chair of the Board.

Motion #4: To close the nominations and add Trustee Joseph Bress and to the ballot as nominee for the position of Chair of the Board.

The motion was moved by Chair Bress and properly seconded by Trustee Tracy Harris.
The motion was approved by unanimous vote (11-0). (*See Tally #4*)

| Tally #4: | | Date: February 16, 2023 | | | |
|---|-----|-------------------------|---------------------|--------------------|--------|
| Motion #4: To close the nominations and add Trustee Joseph Bress and to the ballot as nominees for the position of Chair of the Board. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

Chair Bress called for nominations to fill the Vice-Chair/Secretary of the Board position.

Trustee Tracy Harris nominated Trustee Joseph Clark to fill the Vice-Chair/Secretary position.

Trustee Joseph Clark nominated Trustee Danny Gregg to fill the Vice-Chair/Secretary position.

Trustee Joseph Clark respectfully declined the nomination for the Vice-Chair/Secretary position.

Chair Bress introduced a motion to nominate Trustee Danny Gregg to fill the position as Vice-Chair/Secretary of the Board.

Motion #6: To close the nominations and add Trustee Danny Gregg to the ballot as a nominee for the position of Vice-Chair/Secretary of the Board.

The motion was moved by Chair Bress and properly seconded by Trustee Adam Weers. The motion was approved by unanimous vote (11-0). *(See Tally #6)*

| Tally #6: | | Date: February 16, 2023 | | | |
|--|-----|-------------------------|---------------------|--------------------|--------|
| Motion #6: To close the nominations and add Trustee Danny Gregg to the ballot as a nominee for the position of Vice-Chair/Secretary of the Board. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

Chair Bress called for nominations to fill the Treasurer/Audit Committee Chair of the Board position.

Trustee Adam Weers nominated Trustee Tracy Harris to fill the Treasurer/Audit Committee Chair position.

Chair Bress introduced a motion to nominate Trustee Tracy Harris to fill the position as Treasurer/Audit Committee Chair of the Board.

Motion #7: To close the nominations and add Trustee Tracy Harris to the ballot as a nominee for the position of Treasurer/Audit Committee Chair of the Board.

The motion was moved by Chair Bress and properly seconded by Trustee Weers. The motion was approved by unanimous vote. (11-0). *(See Tally #7)*

| Tally #7: | | Date: February 16, 2023 | | | |
|--|-----|-------------------------|---------------------|--------------------|--------|
| Motion #7: To close the nominations and add Trustee Tracy Harris to the ballot as a nominee for the position of Treasurer/Audit Committee Chair of the Board. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | √ | | | | |
| Pemberton, Gregory J. | √ | | | | |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

Chair Bress stated that the position of Treasurer will be received by Trustee Tracy Harris with 11 votes. The position of Vice-Chair will be received by Trustee Danny Gregg with 11 votes and the position of Chair of the Board will be received by Trustee Joseph Bress with 11 votes.

Motion #8: To return to open session at 4:19 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Weers. The motion was approved (9-0). (See Tally #8)

| Tally #8 | | Date: February 16, 2023 | | | |
|--|-----|-------------------------|------------------------|-----------------------|--------|
| Motion #8: To return to open session at 4:19 p.m. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | | | | | √ |
| Pemberton, Gregory J. | | | | | √ |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

Motion #9: To adjourn the meeting at 4:20 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Grambo. The motion was approved (9-0). (See Tally #9)

| Tally #9 | | | Date: February 16, 2023 | | |
|---|-----|----------------|-------------------------|-----------------------|--------|
| Motion #9: To adjourn the meeting at 4:20 p.m. | | | | | |
| Members | Aye | Nay/ Oppose | No Vote/ Abstain | No Vote/ Recuse | Absent |
| Bress, Joseph M., Chair | √ | | | | |
| Blanchard, Lyle M. | √ | | | | |
| Clark, Joseph W. | √ | | | | |
| Collins, Mary A. | √ | | | | |
| Finelli, Christopher | √ | | | | |
| Grambo, Geoffrey P. | √ | | | | |
| Gregg, Danny C. | √ | | | | |
| Harris, Tracy S. | | | | | √ |
| Pemberton, Gregory J. | | | | | √ |
| Saunders, Nathan A. | √ | | | | |
| Weers, Adam | √ | | | | |

DRAFT

900 7th Street, NW, 2nd Floor
 Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
 Facsimile (202) 566-5000
 E-mail: dcrb@dc.gov

**Chair's Report
 March 16, 2023**

| TOPIC | UPDATE |
|--|---|
| In Person Board Attendance | We will continue to monitor the environment and revisit meetings virtually and determine whether we should return to in-person meetings. Those who want to meet in the Board room are welcome to do so, please let staff know. |
| Updates on Investments | <p>Each month the economy seems to create new issues for investors. After the Fed increased the interest rate by 0.25 basis points and inflation looked like it was calming, we were hit with the bank collapses of Silicon Valley and Signature Banks failures this past weekend. The market has spiraled down and back up now after President Biden assured that the depositors would see their deposits safeguarded even if beyond the FDIC guarantee.</p> <p>Now with new information that the inflation rate has raised slightly to 6%, the question of this month's Fed rate increase has caused new anxiety in the market in addition to the bank stability question. Many economists (according to a new poll) believe the Fed will increase the rate by a 1/4 point, while others believe it could be a 1/2-point increase. This reminds me of the Truman quote "Give me a one-handed economist; all my economists say, 'on the one hand...on the other.'"</p> <p>As we stay the course with our investment policy, we should be able to withstand some of the storms prevailing in the economy. The Board will be required to maintain stability the best we may in these turbulent waters.</p> |
| Board Meeting Schedule and Committee Appointments | This month we start our new Board schedule. Six Board meetings with the other months (except August) for committee meetings. Next month will be committee meetings on the third Thursday of April. I will submit a list of appointed committee Chairs and Vice Chairs by next Monday. If a Trustee has a particular committee interest, please let me know. |
| Financial Disclosures Statements | The Financial disclosure statements will be due April 30, 2023 (since April 30 falls on a Sunday this year, the filing deadline is pushed to May 1, 2023). The fillable pdf disclosure form will be emailed to trustees. The trustees will be asked to also sign an internal Fiduciary Acknowledgement Form. |

| | |
|---------------------|---|
| <p>Other</p> | <p>For your information</p> <ul style="list-style-type: none"> ➤ <u>Next Board Meeting:</u> The next meeting will be held on May 18, 2023. ➤ <u>Boardroom Telephone Numbers:</u> For virtual meetings: JP Balestrieri, Executive Director, DCRB at 202-343-3228 Johniece Harris, Board Liaison, DCRB at 202-343-3228 ➤ <u>Quorum:</u> To assure maximum participation at meetings, DCRB’s Office Management Staff will contact Trustees prior to each meeting. |
| | <p>As a reminder:</p> <ul style="list-style-type: none"> ➤ <u>Electronic Participation:</u> WebEx information is sent to all Trustees prior to all Board and Committee meetings. If you do not receive this information prior to the scheduled meeting, please contact Johniece Harris by email at Johniece.harris@dc.gov ➤ <u>Member Complaints:</u> Trustees who receive questions or complaints from members on issues administered by DCRB should contact the Executive Director and the Department Chief, who is responsible for issue resolution. ➤ <u>Remote Participation Voice Vote:</u> Since it is difficult to hear the votes of those participating remotely, I will specifically ask for a voice vote from Trustees attending a remote meeting. ➤ <u>Use of DCRB-Provided Laptops</u> DCRB issued laptops provide access to your official government email account and the Board portal, Diligent. The laptop must only be used for official government purposes. Please do not use it for personal reasons, such as pictures, media, and apps. |

Board Meeting-WEBEX ONLY - Chair's Comments

| DISTRICT OF COLUMBIA RETIREMENT BOARD | | | | | |
|--|---|-------------------|---|--|---|
| Trustee Conference Listing | | | | | |
| As of March 16, 2023 | | | | | |
| Sponsor | Name of Conference | Date | Location | Cost | Description |
| International Foundation of Employee Benefit Plans (IFEBP) | Investments Institute | April 24-25, 2022 | Loews New Orleans Hotel New Orleans, LA | Registration thru 03/13/2023 \$1,650.00 After \$1,980.00 | Concerned about reaching your investment's full return? The Investments Institute addresses opportunities in global market trends, identifies alternative investment options and uncovers key questions that will help enhance your fund's investments. Offering intermediate to advanced-level education, the Investments Institute will arm you with the knowledge needed to make important decisions regarding financial longevity. |
| | Portfolio Concepts and Management (Wharton) | May 1-4, 2023 | The Inn at Penn, A Hilton Hotel Philadelphia, PA | Registration thru 3/20/23 \$5995.00 After \$6,195.00 | Benefits of Attending: Learn the fundamental concepts needed for effective portfolio oversight. Obtain a solid grounding in the principles of modern portfolio theory. Gain practical experience needed to make sound investment management decisions. Apply what you have learned in an interactive case study. Learn from world-class faculty who are skilled educators and researchers, award-winning authors and leading authorities. Who Should Attend: Multiemployer and public plan trustees Administrators and fund staff Human Resources and benefit professionals, Finance personnel Corporate officers and executives, Investment professionals |
| | Washington Legislative Update | May 22-23, 2023 | The Capital Hilton Washington, DC | Registration thru 4/10/23 \$1,375.00 After \$1,675.00 | Benefits of Attending: Access a direct pipeline to what's happening on the Hill and in key agencies. Hear from expert speakers about the issues, trends and future direction of the industry. Prepare for the future and learn how your plans may be impacted by the Biden administration as well as recently enacted and proposed legislation and regulations. Who Should Attend: The content of this program is designed for trustees, administrators and plan professionals in the following areas: Those whose roles require a keen knowledge of legislative and governmental activity Employees/benefit representatives who are responsible for strategic change multimployee, single employer and public sector benefit plans. Others serving |
| | Alternative Investment Strategies (Wharton) | July 18-20, 2023 | Wharton West San Francisco, CA | Registration thru 06/01/2023 \$4,495.00 After \$4,795.00 | This program is for those who have a solid grasp of investment fundamentals and seek to learn more about how their fund could access the use of alternative investments. Alternative Investment Strategies is designed to build upon participants' existing knowledge base and experience. Who Should Attend: Fiduciaries from both defined benefit and defined contribution plans who represent various industries, sizes and geographic areas (United States and Canada) |
| National Conference on Public Employee Retirement Systems (NCPERS) | 2023 Annual Conference & Exhibition | May 21-24, 2023 | New Orleans Marriott New Orleans, LA | Registration thru 04/06/2023 \$900.00 After \$1,100 | While there are no formal prerequisites for this program, those without prior knowledge of fundamental investment theory will most likely find this program too advanced and are encouraged to register for the Portfolio Concepts and Management program. |
| | Trustee Educational Seminar | - | New Orleans Marriott New Orleans, LA | Registration thru 04/06/2023 \$485.00 After \$685.00 | The Trustee Educational Seminar (TEDS) is intended for new and novice trustees who are seeking a better understanding of their role and responsibilities as a trustee of their pension fund. It also serves as a refresher for experienced trustees interested in staying up-to-date. |
| | Accredited Fiduciary (NAF) Program Modules 1 & 2 | - | New Orleans Marriott New Orleans, LA | Registration thru 04/06/2023 \$855.00 After \$1,055.00 | NAF is offered two modules at a time (1&2 and 3&4), twice a year. Participants may take Modules 1&2 or 3&4 in any order. Once all modules have been successfully completed, participants will be required to take an online exam to demonstrate an understanding of the program materials. Upon receipt of a passing grade on the exam, participants will be awarded with the NCPERS Accredited Fiduciary (AF) designation. It is recommended that the NCPERS Trustee Educational Seminar is completed first. |
| | Accredited Fiduciary (NAF) Program Modules 3 & 4 | - | New Orleans Marriott New Orleans, LA | Registration thru 04/06/2023 \$855.00 After \$1,055.00 | NAF is offered two modules at a time (1&2 and 3&4), twice a year. Participants may take Modules 1&2 or 3&4 in any order. Once all modules have been successfully completed, participants will be required to take an online exam to demonstrate an understanding of the program materials. Upon receipt of a passing grade on the exam, participants will be awarded with the NCPERS Accredited Fiduciary (AF) designation. It is recommended that the NCPERS Trustee Educational Seminar is completed first. |
| National Association of Public Pension Attorneys (NAPPA) | Legal Education Conference New member Education Sessions on Tuesday, June 27, 2023 | June 27-30, 2023 | San Antonio Marriott Rivercenter San Antonio, TX | Registration begins in early April 2023 further information coming | NAPPA, a professional legal and educational organization. Its purpose is to provide educational opportunities and informational resources for its member attorneys. |
| National Council on Teacher Retirement (NCTE) | 2nd Annual Trustee Workshop | July 16-19 | Williamsburg, VA | Registration opens in April for all summer events More details coming soon? ? | The National Council on Teacher Retirement (NCTE) is constituted as an independent association dedicated to safeguarding the integrity of public retirement systems in the United States and its territories to which teachers belong and to promoting the rights and benefits of all present and future members of the systems. |

900 7th Street, NW, 2nd Floor
Washington, DC 20001



Telephone (202) 343-3200
Facsimile (202) 566-5000
E-mail: dcrb@dc.gov

EXECUTIVE DIRECTOR'S REPORT

March 16th, 2023

1. Staffing Update

- a. **New Hires: Team Additions and Pending Hires**
- b. **Current Vacancies to Fill**

2. Silicon Valley Exposure to DCRB (as of March 13th, 2023)

- a. **Direct Exposure to SVB (common stock and corporate bonds)**
- b. **Indirect Exposure via Private Market Funds**
 - i. **Cash Banking:** Twelve (12) funds (out of 103) used SVB as their primary bank
 - ii. **Subscription Lines/Lines of Credit:** Twelve (12) funds (out of 103) had subscription lines/lines of credit at SVB.
- c. **Pending Capital Calls**
- d. **FDIC Bridge Bank:** As of March 13, 2023, the Federal Deposit Insurance Corporation (FDIC) has stepped in to facilitate a controlled transfer of all SVB deposits – insured and uninsured - to an FDIC-operated “bridge bank,” Silicon Valley Bank, N.A. The FDIC said that all depositors will have full access to all their money and that they will automatically become customers of the bridge bank. The same applies to borrowers who were asked to continue to make loan payments as usual.
- e. **Asset Allocation & Rebalancing**

3. Transaction Cost Analysis/Transition Management Consulting (TCA/TMC) RFP Award

DCRB investments and procurement departments completed an RFP process for a consultant to help DCRB independently review and monitor the transaction and transition costs of public markets investment managers.

The consultant will provide three primary services to the Board:

- a. Benchmark the Board's public market investment managers' trading costs (equities, fixed income, Foreign exchange) to ensure they are in line with the market standards.
- b. Assist the investment team in the evaluation of prospective investment managers' trading costs to identify potential issues before hiring new investment managers.
- c. Assist the investment team in developing investment manager transition strategies as well as measuring and evaluating transition costs between investment managers.

4. Benefits & Pension Administration Stakeholder Next Steps

The first follow up Tiger Team meeting will be on March 29th, 2023 and involve stakeholders from all employer agencies as well as key HR, IT, internal audit personnel and managers involved in data review for cases.

Board Meeting-WEBEX ONLY - Executive Director's Report

| DISTRICT OF COLUMBIA RETIREMENT BOARD Training & Travel Report (For the Period of February 16, 2023 thru March 16, 2023) | | | | | |
|---|-------------|--|----------------|----------|----------|
| Name | Description | Sponsor/Vendor | Location | Dates | |
| | | | | From | To |
| Trustees | | | | | |
| Mary Collins | Conference | CII 2023 Spring Conference (Council of Institutional Investors) | Washington, DC | 03/06/23 | 03/08/23 |
| Tracy Harris | Conference | " | Washington, DC | 03/06/23 | 03/08/23 |
| Staff | | | | | |
| Emily Bowie | Seminar | NAPPA 2023 Winter Seminar | Tucson, AZ | 02/22/23 | 02/23/23 |
| Jamia Canlas | Conference | ILPA Institute | New York, NY | 02/10/23 | 02/10/23 |
| Patrick Sahn | Conference | " | New York, NY | 03/07/23 | 03/08/23 |

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Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5000
E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES

FROM: LEGAL DEPARTMENT

DATE: MARCH 16, 2023

SUBJECT: LEGAL DEPARTMENT REPORT

ANNUAL FINANCIAL DISCLOSURE

By statute, trustees are required to file annual financial disclosure statements with the Mayor and the Council of the District of Columbia by April 30, covering the prior calendar year (since April 30 falls on a Sunday this year, the filing deadline is pushed to May 1). The fillable pdf disclosure form will be emailed to trustees. Please return it via email to Stephen Serraino (stephen.serraino@dc.gov) by mid-April and he will arrange the requisite notarization and filing. Also, for Board governance purposes, Trustees will be asked to sign an internal *Fiduciary Acknowledgement Form* affirming their understanding of their fiduciary duties.

BENEFITS LITIGATION UPDATE

Gerry O. Scott (2021 CA 004206B)

The DCRB's Motion to Dismiss, and the Plaintiff's Motion for Judgment on the Pleadings were both denied by the Court without written opinion. The next status hearing is scheduled to take place on March 24, 2023.

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Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES

FROM: ADAM WEERS
INVESTMENT COMMITTEE CHAIR

DATE: MARCH 16, 2023

SUBJECT: INVESTMENT COMMITTEE REPORT

The Investment Committee met on Thursday, March 16, 2023. The official actions taken at this meeting are presented below for ratification by the full Board.

1. To authorize the Executive Director to enter a contract with Zeno AN Solutions to provide **Transaction Cost Analysis/Transition Management Consulting Services** at a cost not to exceed \$650,800 over the five-year contract period (three-year base period and two one-year option periods).
2. To approve a commitment of up to \$100 million to **Fund I**, pending legal review and final due diligence.
**The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.*
3. To approve a commitment of up to \$50 million to **Fund J**, pending legal review and final due diligence.
**The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.*

In addition, the Board closed on the following private market fund commitments since the last Investment Committee meeting:

1. \$75 million commitment to **JLC Infrastructure Fund II**, a U.S. infrastructure fund, closed on February 13, 2023.

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb.@dc.gov

TO: BOARD OF TRUSTEES
FROM: NATHAN A. SAUNDERS, CHAIR
DATE: March 16, 2023
SUBJECT: OPERATIONS COMMITTEE REPORT

Chair Comments

The Operations Committee did not meet this month.

Next Operations Committee Meeting

The next Operations Committee meeting is being planned, however the meeting date has not yet been scheduled.

This concludes my committee report.

900 7th Street, NW, 2nd Floor
 Washington, DC 20001
 www.dcrb.dc.gov



Telephone (202) 343-3200
 Facsimile (202) 566-5001
 E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES

FROM: DANIEL HERNANDEZ, PENSION ADMINISTRATOR

DATE: MARCH 16, 2023

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee did not meet this month. The following is a list of updates and activities completed by the department.

2023 Annual Cost of Living Adjustments (COLA) Processing - In close coordination with our partners at the Office of DC Pensions (ODCP), the COLAs were processed for eligible participants and survivors. Members will see the COLA increase on their April 1, 2023 payment. DCRB posted the COLA notices on the agency website. Members and survivors will receive their increased based on their date of hire and their retirement plan:

Police and Fire Annuitants and Survivors

| | |
|--------------------------------------|------|
| Hired before November 10, 1996: | 6.5% |
| Hired on or after November 10, 1996: | 3.0% |

Teachers Annuitants and Survivors

| | |
|-------------------------------------|------|
| Hired before November 1, 1996: | 6.3% |
| Hired on or after November 1, 1996: | 3.0% |

1099-R Mailings. - Mailings of the 1099-Rs to retirees and survivors were completed during the last week of January by U.S. Treasury. DCRB responded to over 250 requests for members to receive a duplicate copy of their statements. Beginning next year, retirees and survivors will be able to obtain their 1099R forms via the self-service application in STAR. We will continue to mail the forms to the members, however, placing the 1099Rs on the self-service portal will provide members with convenient way to obtain their information.

Purchase of Service Online - The beta testing for the online purchase of service calculator for tier changes was successful. The feedback received from MPD and FEMS enabled DCRB to enhance the member experience by adding more descriptive text, including email confirmations to both members and DCRB, and increasing the ability to run multiple scenarios without re-entering data. DCRB's IT department is finalizing the tool. Our goal is to launch the online calculator by mid-April.

DCRB's actuary, Bolton Inc., will now begin finalizing the other types of purchase of service transactions such as educational service, military service, lateral service, and the redeposit of contributions.

Benefits Statements – Our Deputy Chief Benefits Officer is working with our actuary, Bolton, and Office of the Chief Technology Officer (OCTO), to add the benefits statements to the active member’s Peoplesoft self-service portal. This will eliminate mailing the statements to members’ homes and provide participants with a convenient way to access their information.

In addition, our team is working with our partner agencies, namely MPD, FEMS, and DCPS. The overarching goal is for the HR departments to review and confirm the retirement plan entry date. Using this approach will reduce the number of statements with incorrect data.

Ideally, we would like to include the salary information from the recently implemented collective bargaining agreements. In order to accomplish this goal, we are proposing that the benefits statements be issued in August rather than July. Delaying the statements by one month will give the Office of Pay and Retirement Services (OPRS) enough time to implement the new salary schedules for all of our member groups.

Continued Returned Mail/Returned Earning Statement Project – DCRB is continuing its efforts to minimize the risk of fraud. We recently mailed out certified letters to members whose earning statements and/or general mail were returned to DCRB for 3 or more consecutive months. DCRB researches the best address to send these notices through various third party locate services, but members are ultimately responsible for keeping their address up to date. DCRB cannot change a members address until we receive the completed Change of Contact Information Form with the members’ signature. Members may also change their address in the self-service portal.

Analysis and follow-up is now being performed on the first batch of early February letters that were mailed out. Unless DCRB has received a member’s completed form, their annuity may be subject to suspension beginning 30 days from the date of the written notification. The first suspensions are scheduled to occur beginning with the May 1, 2023 annuity payment. If members contact the Board Trustees, we ask that you refer them to our Member Services at 202-343-3272.

Self Service Phase II – Phase II of the project has now gained approval from both DCRB and Office of DC Pensions. In the next six months, the project team will work to improve the STAR self-service portal which will include the ability to change health care elections during the annual open enrollment period as well as retrieve of the end of the year 1099-Rs electronically.

DC Communications – Deputy Chief Officer’s team is creating a pamphlet and text for our website that addresses how to apply for death benefits. Ms. Lauren Smith, DCRB’s Communication Director, is assisting in this effort and we hope to finalize a draft by the end of April for distribution to appropriate stakeholders.

DCRB Staff Training and Support – As part of our continued commitment to employee development this year, we introduced employee training which will occur monthly. The courses will be facilitated by our Benefits Department management team, our legal department and the Office of DC Pensions. In February, all DCRB staff and others received introductory FileNet training facilitated by Jackie Oliver, Member Services Manager. This month’s in-house training will focus on plan provisions and annuity calculations. This will be a multi-day course for all staff will be conducted by document our Quality Control Manager, Jacqueline Thomas.

The following is a partial list of training sessions this year:

- Navigating STAR
- Comprehensive Guide to Processing Retirement Cases
- Purchase of Service
- Understanding Pre-tax/Post Tax Contributions and the Split
- Processing Qualified Domestic Relating Orders

Our team is also working on building training modules for active members of the police, fire fighters and teachers plan. We hope to make the modules available to be view on demand late summer.

The next Benefit Committee meeting will be determined by the new Benefits Committee Chair.

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb.@dc.gov

TO: BOARD OF TRUSTEES

FROM: TRACY S. HARRIS, CHAIR

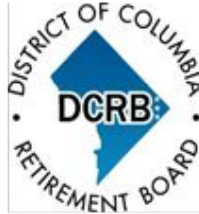
DATE: MARCH 16, 2023

SUBJECT: AUDIT COMMITTEE REPORT

The Audit Committee did not meet this month.

The next Audit Committee meeting will be held in April, however the meeting date has not yet been set.

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb@dc.gov

TO: BOARD OF TRUSTEES
FROM: LYLE BLANCHARD, CHAIR
DATE: MARCH 16, 2023
SUBJECT: LEGISLATIVE COMMITTEE REPORT

The following report reflects activities of interest since the February 16, 2023, Board Meeting:

U.S. CONGRESS

LEGISLATION

H.J. Res. 30 – Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Labor relating to “Prudence and Loyalty in Selecting Plan Investment and Exercising Shareholder Rights.”

The Department of Labor (“DOL”) announced a final rule on November 22, 2022 that allows plan fiduciaries to consider climate change and other environmental, social and governance (“ESG”) factors when they select retirement investments and exercise shareholder rights, such as proxy voting. The rule, which went into effect on January 30, 2023, was aimed to reverse rules issued by the DOL in 2020 during the prior administration that the DOL perceived as constraining fiduciaries’ abilities to weigh ESG factors in investment decisions.

A joint resolution was introduced in the House on February 7, 2021 to nullify the DOL’s final rule pursuant to the Congressional Review Act, which lets Congress disapprove, by a simple majority, a final rule issued by a federal agency. The resolution passed in the House (216-204) on February 28, and in the Senate (50-46) on March 1. President Biden is expected to veto the resolution, and it is unlikely that either body will have the votes to override the veto.

S. 523 & H.R. 119 – To amend the Employee Retirement Income Security Act of 1974 to permit retirement plans to consider certain factors in investment decisions.

Meanwhile, Reps. Suzan DelBene, D-Wash., Sean Casten, D-Ill., Rep. Juan Vargas, D-Calif., and Dean Phillips, D- Minn. Introduced the “Freedom to Invest in a Sustainable Future Act” on February 21, 2023 in an effort to amend ERISA to codify the DOL’s final rule. The bill (H.R. 119) would amend ERISA to permit—but not require—the consideration of ESG factors in retirement plan investing.

The same bill was introduced in the Senate on February 16, 2023 (S. 523) by Senator Tina Smith, D-Minn., with 8 co-sponsors.

The full text of the Bill is attached for reference.

COUNCIL OF THE DISTRICT OF COLUMBIA

PUBLIC HEARINGS

DCRB Annual Hearings

The annual performance oversight hearing was held on Wednesday, February 27, 2023, under the Committee of the Whole, Chairman Phil Mendelson. The recorded hearing is available at: <https://dccouncil.gov/council-videos/>.

The budget hearing is tentatively scheduled for Monday, April 6, 2023, under the Committee of the Whole, Chairman Phil Mendelson.

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.....
(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To amend the Employee Retirement Income Security Act of 1974 to permit retirement plans to consider certain factors in investment decisions.

IN THE HOUSE OF REPRESENTATIVES

Ms. DELBENE introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Employee Retirement Income Security Act of 1974 to permit retirement plans to consider certain factors in investment decisions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Freedom to Invest in
5 a Sustainable Future Act”.

6 **SEC. 2. ERISA AMENDMENTS.**

7 Subsection (a) of section 404 of the Employee Retire-
8 ment Income Security Act of 1974 (29 U.S.C. 1104) is

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1 amended by adding at the end the following new para-
2 graph:

3 “(3)(A) Provided that a fiduciary discharges the fidu-
4 ciary’s duties with respect to a plan in a manner otherwise
5 consistent with this subsection, a fiduciary may—

6 “(i) consider environmental, social, governance,
7 or similar factors, in connection with carrying out an
8 investment decision, strategy, or objective, or other
9 fiduciary act; and

10 “(ii) consider collateral environmental, social,
11 governance, or similar factors as tie-breakers when
12 competing investments can reasonably be expected to
13 serve the plan’s economic interests equally well with
14 respect to expected return and risk over the appro-
15 priate time horizon.

16 “(B) In a case described in clause (i) or (ii) of sub-
17 paragraph (A), a fiduciary shall not be required to main-
18 tain any greater documentation, substantiation, or other
19 justification of the fiduciary’s actions relating to such fi-
20 duciary act than is otherwise required under this part.

21 “(C) Nothing in this part shall preclude an invest-
22 ment selected in accordance with clause (i) or (ii) of sub-
23 paragraph (A) from being treated as a default investment
24 or a component of such a default investment (as described
25 in regulations issued by the Secretary under subsection

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- 1 (c)(5)(A)), if such investment would otherwise qualify for
- 2 such treatment under such regulations.”.

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov



Telephone (202) 343-3200
Facsimile (202) 566-5000
E-mail: dcrb@dc.gov

DISTRICT OF COLUMBIA RETIREMENT BOARD

MOTION:

MOTION: PURSUANT TO DC CODE §2-575(B)(4)(A)), TO CLOSE THE BOARD MEETING TO CONSULT WITH AN ATTORNEY FOR LEGAL ADVICE AND PRESERVE THE ATTORNEY-CLIENT PRIVILEGE.

PRESENTED TO THE BOARD ON MARCH 16, 2023.