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OPEN SESSION
NOTICE OF VIRTUAL BOARD MEETING
JOSEPH M. BRESS, CHAIR
THURSDAY, JULY 21, 2022
1:00 P.M.

<u>WebEx Meeting</u>	<u>Telephone:</u> 650-479-3208	<u>Conference Access Code:</u> 2303 275 3250	<u>Meeting Password:</u> kmXiY5AUF45
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AGENDA

1:00 PM	OPEN SESSION -- CALL TO ORDER AND ROLL CALL	
1:05 PM	APPROVAL OF BOARD MEETING MINUTES -- ACTION ITEM	TAB 2
	➤ APPROVAL OF OPEN SESSION MEETING MINUTES FOR JUNE 16, 2022	
	CHAIR'S COMMENTS	TAB 3
	EXECUTIVE DIRECTOR'S REPORT	TAB 4
	LEGAL DEPARTMENT REPORT	TAB 5
1:15PM	INVESTMENT COMMITTEE REPORT -- ACTION ITEM	TAB 6
	OPERATIONS COMMITTEE REPORT	TAB 7
	AUDIT COMMITTEE REPORT--ACTION ITEM	TAB 8
	BENEFITS COMMITTEE REPORT	TAB 9
	LEGISLATIVE COMMITTEE REPORT	TAB 10
2:00 PM	OTHER BUSINESS- EXECUTIVE SESSION	TAB 11
	➤ MOTION: TO ENTER CLOSED SESSION TO DISCUSS PERSONNEL MATTERS PURSUANT TO D.C. CODE § 1-909.05(E); SEE ALSO D.C. CODE § 2-575(B) (10)).	
3:00 PM	ADJOURNMENT	TAB 12

“This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.”



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
OPEN BOARD MEETING MINUTES
THURSDAY, June 16, 2022
1:00 P.M.

MEMBERS PRESENT

Joseph M. Bress, Chair
Joseph W. Clark
Lyle M. Blanchard (joined at 2:17 p.m.)
Mary A. Collins (joined at 1:39 p.m.)
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Tracy S. Harris
Nathan A. Saunders
Greggory Pemberton
Adam Weers
Carmen Pigler, Ex officio

DCRB STAFF PRESENT

Gianpiero "JP" Balestrieri, Executive Director
Betty Ann Kane
Ram Murthy
Patrick Sahn
Daniel Hernandez
Vernon Valentine
Darrell Pressley
Leslie King
Lori Morgan
Rashelle Anderson
Johniece Harris, Board Liaison

OTHERS PRESENT

Gar Chung, Financial News
Joe Ebisa, WithIntelligence

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:27 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 May 19, 2022, open session Board meeting minutes.

The motion was moved by Trustee Gregg and properly seconded by Trustee Weers.
The motion was approved (8-0) with 1 abstention. *(See Tally #1)*

Tally #1	Date: June 16, 2022
<u>Motion #1:</u> To approve the May 19, 2022, 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	√				

CHAIR REPORT

Chair Bress commented on the following topics:

- **In-Person Board Attendance:** We will continue to meet virtually for the near future and decide to meet in person or virtually for the September Board meeting. Those who wish to attend in person, please plan with staff to attend on Board days.
- **Investment Updates:** Due to the volatility of the market, we are in uncharted waters with being mostly down between 625 and 700 points as of today, after the 0.75 points increase in the interest rate by the Federal Reserve yesterday. The inflation rate is at 8.62% driven largely by gasoline and food — both a result of supply chain issues as well as the Ukraine war and the initial bailout legislation at the beginning of the Biden administration to protect people from the adverse impact then of Covid. The SEC is looking at rules to address the bona fide use of ESG statements of investment options and the transparency of fee reports of private equity. DCRB is pursuing having an outside entity look at the reports are on fees we get from private equity funds.
- **Local Hatch Act:** The District primary is on June 21, 2022. Monitor your activities in line with the requirements of the Hatch Act and the legal advice we received.
- **New Trustee Orientation:** Trustee orientation will be scheduled in the coming months for new trustees. The orientation is open to all Board members. The next Board meeting will be held on Thursday, July 21, 2022, at 1:00 p.m. following the Investment Committee meeting at 10 a.m.
- **Electronic Participation:** While we participate in Board meetings via WebEx, all necessary resolutions for approval require individual voice votes.

- **Member Complaints:** Trustees that are receiving any complaints or concerns from Plan members should forward those complaints to the appropriate staff for resolution.
- **Trustee Conference Listing:** Please refer to Diligent for a listing of upcoming conferences; all requests must be approved by the Board Chair.

Trustees moved to next item on the agenda.

EXECUTIVE DIRECTOR REPORT

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

- **Human Resources Update:** We have filled 14 positions year to date and have a Deputy Chief Benefits Officer starting on July 5, 2022. We have begun screening candidates to fill the positions for Director of Internal Audit & Compliance; Investment Analyst; Senior Counsel; and Senior Investment Funds & Compliance Counsel.
- **Procurement- Investment Fees Verification RFP Update:** We have received many responses and a timeline for review and recommendations by our panel of tentatively June 20, 2022, to rank the candidates. The final recommendation by the panel will be on July 6, 2022, and then presented to the Board for review and approval at the July Board meeting.
- **Budget and Accounting:** The Finance team is reviewing and verifying the Peoplesoft data and testing report with the District’s Controller Office for the implementation of the new District Integrated Financial System. The financial management systems upgrade project is progressing with a scheduled go live for July 15, 2022, by the software manufacturer KwikTag.
- **Fiduciary Audit:** The Funston kick-off meeting was May 31, 2022, and we have had data requests and functional departments surveys gathered, completed, and reviewed by Funston. The trustees will be receiving the trustee surveys from Funston within the next 10 days.

In response to a status inquiry from Trustee Saunders, Pension Administrator Mr. Hernandez provided a short summary of meetings that occurred with certain stakeholder agencies:

- **DC Human Resources:** Mr. Hernandez had a meeting with certain staff at DC Human Resources (DCHR) regarding post-employment benefits - life and health insurance - and each agency’s respective role and challenges. The next steps include a possible Memorandum of Understanding (MOU), Service Level Agreement, and reimbursement to DCRB for its role in administering the District’s post-employment benefits programs for retirees.

- **DCPS:** DCRB is having weekly meetings with DC Public Schools (DCPS) to ensure that retirees can begin to receive their retirement annuities in a timely manner. Meetings have been scheduled over the next few weeks to help train DCPS staff on the Teachers' Retirement Plan provisions and discuss employer data problems.

Trustee Harris stated she would like more information about DCRB's diverse managers' program and what DCRB is doing to achieve its goal of hiring diverse managers.

Chair Bress also noted that at the last Operations Committee meeting he asked Committee Chair Saunders and Trustee Weers to form a joint committee that would have oversight of Diversity, Equity, and Inclusion (DEI). Mr. Balestrieri added that the Investment Committee Chair Weers and the Chief Investment Officer and his team are actively reviewing a few opportunities with Meketa for upcoming Investment Committee meetings. Trustee Weers commented that DEI training and discussion will take place right before July's Investment Committee meeting.

Trustees moved to next item on the agenda.

LEGAL DEPARTMENT REPORT

Leslie King, Senior Counsel, referred the Trustees to the written report and noted the following items:

- **Ethics and Hatch Act Training:** Trustees are reminded of the available virtual ethics and Hatch Act training.
- **Benefits Litigation Update:** In *Sheila Hemphill v. US Treasury and DCRB*, the U.S. Court of Appeals for the District of Columbia denied the plaintiff's appeal.

Trustees moved to next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee did not meet on Thursday, June 16, 2022, but noted the following updates:

- **Performance Updates:**
 1. Meketa 1Q22 Total Fund performance report;
 2. Meketa 4Q21 Private Markets performance report; and
 3. Background reading for the July 21st Education Workshop on DEI, which will be held from 9 to 10 a.m., just prior to the next Investment Committee meeting.

Trustees moved to next item on the agenda.

AUDIT COMMITTEE REPORT

Committee Chair Harris reported that the Audit Committee met on June 13, 2022, and the following items were presented:

- **FY22 Year-End Forecast (Financial Review Process) as of Apr. 30, 2022:** The forecast projects a year-end surplus of \$8.7M comprised of \$3.5M in Personal Services and \$5.2M in Non-Personal Services. The primary drivers are vacancy savings in PS and in NPS due to the \$4.4M allocated to the delayed PIMS project.
- **Budget vs Actual Report as of May 31, 2022:** DCRB's expenditures are within budget and 51% of the original budget is available.

The next Audit Committee meeting is scheduled for July 20, 2022.

Trustees moved to next item on the agenda.

OPERATIONS COMMITTEE REPORT

Committee Chair Saunders reported that the Operations Committee met on June 14, 2022, and the following items were presented:

- **Proposed Revisions to the Procurement Manual:** As part of the Forensic Auditing and Accounting contract being awarded, the procurement procedures manual is being revised, and is on target to be delivered by September 30, 2022.
- **Financial Management System (FMS) Upgrade:** The User Acceptance Test is progressing well. The KwikTag vendor is scheduled to release a software update by June 30th. The cutover to production (phase 1) is now scheduled for July 15th weekend.
- **Proposed Extension for Legal Services:** A presentation was made to the Committee by DCRB's Senior Counsel with a proposed motion to approve additional funding of \$350,000 for the legal services contract with Morgan Lewis & Bockius for the remainder of the 2022 contract year ending November 12.

Mr. Balestrieri noted that the annual contract term is for a not-to-exceed cost of \$380,000 and staff is asking to amend the contract to authorize an additional \$350,000, for a total not-to-exceed cost of \$730,000 for the remaining contract year, which expires November 12. He compared the FY2021 and FY2022 performance metrics and reported that for FY2021 there were 11 investment deals closed with legal fees totaling \$754,286, and in FY2022 as of June 15, 2022, nine investment deals have closed totaling \$375,000 in legal fees. The cost difference and savings are due to DCRB's change in its investment review process with having legal counsel work with the investment team to identify red flags prior to recommendation to the Investment Committee. With in-house investment counsel, we will be able to rely more on in-house counsel for the commitment activity moving forward. Trustee Harris stated she is in full support of the motion and added that DCRB must understand that having specialized attorneys is very costly

and the more investment commitments approved by the Board, the more the external legal fees will be.

Committee Chair Saunders moved the following motion, which was properly seconded by Trustee Gregg:

Motion #2: To approve additional funding of \$350,000 and amend the not-to-exceed cost to \$730,000 in the legal services contract with Morgan Lewis & Bockius for investment counsel through the remainder of the 2022 contract year.

The motion was approved (11-0). *(See Tally #2)*

Tally #2			Date: June 16, 2022		
Motion #2: To approve additional funding of \$350,000 and amend the not-to-exceed cost to \$730,000 in the legal services contract with Morgan Lewis & Bockius for investment counsel through the remainder of the 2022 contract year.					
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	√				

The next Operations Committee Meeting will be determined at a later date.

Trustees moved to next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Collins stated that the Benefits Committee did not meet this month and referred the trustees to the written report.

Committee Chair Collins asked about charter schools teacher participation in the Teachers' Retirement Plan. Mr. Hernandez responded that service information for those teachers is incomplete. Chair Collins also commented that the DCRB website should be enhanced with video tutorials for the Plan members.

Trustee Finelli asked for an update on calculation tables, to which Mr. Hernandez responded that Bolton, DCRB's actuarial firm, is programming for the DCRB IT department to be able to update the calculators for certain purchases of service. Mr. Hernandez added that the goal is to have one calculator for all the different purchases of service.

Trustees moved to next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Lyle Blanchard referred the Trustees to the written report and noted the following items:

- **PR24-0754, "Chief Financial Officer of the District of Columbia Glen M. Lee Confirmation Resolution of 2022"**: This resolution nominates Mr. Glen M. Lee for appointment as the Chief Financial Officer of the District of Columbia, replacing Dr. Fitzroy Lee.
- **Ceremonial Resolution 24-180, "Teacher Appreciation Week Recognition Resolution of 2022"**: This resolution recognizes and honors District of Columbia teachers.

Committee Chair Blanchard stated the next Legislative Committee meeting will be scheduled for September.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 2:40 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 properly seconded by Trustee Weers And approved (10-0). *(See Tally #3)*

Tally #3			Date: June 16, 2022		
Motion #3: 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 2:40 p.m. to 4:11 p.m.

Motion #4: To return to open session at 4:11 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Pemberton.
The motion was approved (10-0). (See Tally #4)

Tally #4			Date: June 16, 2022		
<u>Motion #4</u> To return to open session at 4:11 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	√				

There being no further business to come before the Board of Trustees, Chair Bress introduced a motion to adjourn the meeting.

Motion #5: To adjourn the meeting at 4:12 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Grambo.
The motion was approved by (10-0). (See Tally #5)

Tally #5			Date: June 16, 2022		
<u>Motion #5</u> To adjourn the meeting at 4:12 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

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Chair's Report July 21, 2022

TOPIC	UPDATE
In Person Board Attendance	We will continue to meet virtually in September. We then can reassess whether we should meet in person. Those who want to meet in the Board room are welcome to do so. Please let staff know.
Updates on Investments	We continue to travel in uncharted financial waters. The Federal Reserve Bank (FED) appears to be ready to raise the interest rate 75 basis points. Some have argued that 1% would be necessary now. The Bank of Canada just raised its rate 1%. gas per gallon has decreased below \$5.00, but there is a September threatened surge. While inflation increased to 9.1% in June, there is speculation that July's gas per gallon price reduction will provide some relief. We will see as the COVID-19 variant BA.5 is expected to increase as well then.
Committee Charter Policy Review	All committees should review their charters to assure they are up to date and cover issues such as transparency.
Diversity, Equity, and Inclusion	The Diversity, Equity, and Inclusion (DEI) team is developing a charter for Board review. Any Trustee's suggestions after reviewing the draft are welcome, Trustee's Tracy Harris and Adam Weers are heading this project.
New Trustee Orientation	We are in the process of scheduling the New Trustee Orientation. The subjects covered include, DCRB's mission and vision, departmental structure, Board governance, fiduciary principles and ethics, communications and outreach, administrative procedures, finance and technology, benefits, and investments.
Other	<p>For your information</p> <ul style="list-style-type: none"> ➤ <u>Next Board Meeting:</u> The next meeting will be held on September 15, 2022. ➤ <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.
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Board Meeting-WEBEX ONLY - Chair's Comments

DISTRICT OF COLUMBIA RETIREMENT BOARD Trustee Conference Listing As of July 21, 2022					
Sponsor	Name of Conference	Date	Location	Cost	Description
National Association of State Retirement Administrators (NASRA)	68th NASRA Annual Conference	August 6-10, 2022	The Westin Long Beach Hotel Long Beach, CA	Registration through 7/05/2022 \$1,325 After \$1,400	The conference features leaders in the fields of retirement plan investment and administration covering a variety of subjects including investment management, world events applicable to the pension industry, the economy, human resources, trends, and more.
National Conference on Public Employee Retirement Systems (NCPERS)	Public Pension Funding Forum	August 21-23, 2022	UCLA Meyer & Renee Luskin Conference Center Los Angeles, CA	Registration opening in June	Focuses on developing research and education programs to achieve adequate funding for public pensions. Examines the implications of reform initiatives for all stakeholders—including taxpayers, employers, and local businesses and economies, and not just public employees. Engages the best minds, including six Nobel Prize-winning economists to date, to impart a deep understanding of the social and economic forces at play in the public pension arena. Delivers content demanded by and designed for the people on the front lines. Who Should Attend? Trustees of state and local pension funds Administrators of state and local pension funds Officials of state and local finance departments and treasurer's offices
ValueEdge Global Events	2022 Public Funds Forum	September 6-8, 2022	Montage Laguna Beach, CA	Registration \$960	Join fund representatives from around the world for an invitation-only, intensive educational conference covering current critical issues, including global strategy, best practices in fund governance, managing risk in a volatile world, developments in ESG and sustainability, geopolitical developments, trends in securities litigation, selection and oversight of asset managers, private investment, and maximizing portfolio returns. All trustees received invites
	Public Safety Conference	October 23-26, 2022	Sheraton Grand Nashville Downtown Nashville, TN	Registration opening in July	The Public Safety Conference reflects these realities with tailored programming that provides quality education to public safety pension trustees, administrators, staff, union officials, and local elected officials. The program covers topics ranging from investment management and plan design to the demands of leadership in crisis and emergency management.
Council of Institutional Investors (CII)	CII Fall 2022 Conference	September 21-23, 2022	Westin Copley Place Boston, MA	Registration will open on June 21, 2022	CII hosts two exclusive conferences each year, welcoming more than 500+ member attendees and special guests. Our conferences offer unprecedented opportunities to interact, share best practices and learn from representatives from major institutional investors, regulators, legislators and other corporate governance professionals. These events bring together CII members from across the globe.
International Foundation of Employee Benefit Plans (IFEBP)	New Trustees Institute Level I: Core Concepts	October 22-24, 2022	Mandalay Bay Las Vegas, NV	Registration thru 09/12/2022 \$1,925 After \$2,225	The foundational curriculum will provide you with an understanding of your role, your responsibility as a fiduciary, and a overview of the technical aspects of serving as a trustee on a health, retirement or other ERISA plan. Learn best practices, legal requirements and the current issues that the benefits industry faces.
	New Trustees Institute Level II: Core in Practice	October 22-23, 2022	Mandalay Bay Las Vegas, NV	Registration thru 09/12/2022 \$1,925 After \$2,225	Build on your knowledge of being a multiemployer trustee by attending the Trustees Institute—Level II: Concepts in Practice. This institute is for trustees with three or more years of experience, expanding on the concepts provided at the New Trustees Institute—Level I: Core Concepts. Discover best practices, identify possible solutions and recognize critical issues by attending this interactive program.

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EXECUTIVE DIRECTOR'S REPORT

July 21, 2022

1. Human Resources Update:

- a) **Positions Filled YTD and New Hires**
- b) **Staffing-Current Vacancies to Fill**

2. Investment Fees and Expenses Verification Services To be Awarded Ahead of Time

3. Funston

- a) **Trustee and Staff surveys completed**
- b) **In-Person meetings with DCRB staff and Funston on July 26th-27th at DCRB**
 - i. **Board Governance**
 - ii. **Benefits Administration**
 - iii. **Information Technology**
 - iv. **Financial Management**
 - v. **Procurement and Contracting**
 - vi. **Human resources**
 - vii. **Legal and Compliance**
- c) **Follow Up Interviews with Staff and Trustees**

4. Crowe Policies and Procedures Engagement

5. Investment Activity Update

- i. **Closings**
- ii. **Fund Status**

6. Diversity, Equity and Inclusion (DEI)

Board Meeting-WEBEX ONLY - Executive Director's Report

DISTRICT OF COLUMBIA RETIREMENT BOARD Training & Travel Report (For the Period of June 16, 2022 thru July 21, 2022)					
Name	Description	Sponsor/Vendor	Location	Dates	
				From	To
Trustees					
Tracy Harris	Conference	Women's Investment Leaders' Summit (Accelerate Investors)	New York, NY	06/29/22	07/01/22
	Conference	The Investment Diversity Exchange (TIDE Spark 2022)	Laguna Beach, CA	07/06/22	07/07/22
Staff					
Jamia Canlas	Training	ESG Fundamentals (ILPA Institute)	Virtual	07/01/22	07/07/22
Deepak Tolani	Meeting	ILPA Institute Operational Due Diligence for the Limited Partner 2022	Chicago, IL	06/23/22	06/24/22

NO WRITTEN REPORT PROVIDED

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TO: BOARD OF TRUSTEES

FROM: ADAM WEERS
INVESTMENT COMMITTEE CHAIR

DATE: JULY 21, 2022

SUBJECT: INVESTMENT COMMITTEE REPORT

The Investment Committee met on Thursday, July 21, 2022. The official actions taken at this meeting are presented below for ratification by the full Board.

1. To adopt the revised **Investment Committee Charter**.
2. To approve a commitment of up to \$150 million to **BlackRock Global Infrastructure Fund IV** subject to legal review and further due diligence.

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TO: BOARD OF TRUSTEES
FROM: NATHAN A. SAUNDERS, CHAIR
DATE: JULY 21, 2022
SUBJECT: OPERATIONS COMMITTEE REPORT

Chair Comments

The Operations Committee did not meet this month.

Next Operations Committee Meeting

The next Operations Committee meeting has not yet been scheduled.

This concludes my committee report.

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TO: BOARD OF TRUSTEES

FROM: TRACY S. HARRIS, CHAIR

DATE: JULY 21, 2022

SUBJECT: AUDIT COMMITTEE REPORT

The Audit Committee met on July 20, 2022 and the following items were presented:

- Fund Management Diversification Amendment Act of 2021
 - o There is inaccurate information going around stating that DCRB is not adhering to this Act even though it has not been approved by Council
 - o There is a need for DCRB to monitor what is being reported in the press and be able to provide the correct messaging, as necessary, quickly and control the narrative being presented about the Agency.
- Investment Fee and Expense Verification and Reporting Services Approval
 - o The solicitation for the investment fee and expense verification and reporting services was issued on 5/17/2022
 - o 4 responses were received, and the Technical Evaluation Panel recommended Colmore as the proposed awardee.
 - o There is an action item related to this request for the Board to approve – Motion attached.
- The budget vs actual report as of June 30, 2022
 - o DCRB's expenditures are within budget and 47% of the original budget is available.

The next Audit Committee meeting is scheduled for September 14, 2022.

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DISTRICT OF COLUMBIA RETIREMENT BOARD

MOTION:

TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A CONTRACT FOR INVESTMENT FEES AND EXPENSE VERIFICATION, AND REPORTING SERVICES WITH COLMORE FOR A BASE PERIOD OF 3-YEARS AND TWO OPTION YEARS FOR A TOTAL OF \$1,150,000.

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TO: BENEFITS COMMITTEE

FROM: MARY COLLINS, CHAIR

DATE: JULY 21, 2022

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee did not meet this month, but below are some updates on key retirement projects.

Operational Projects and Updates

Annuitant Self Service – This project was completed in June 2022 and dedicated Member Services staff are still ready to assist all members in the login and self-service navigation process through the dedicated self-service help line: (202)-343-3222 or toll free at 1-(855)-509-2727. These lines will be available through the end of August. In addition, DCRB is currently in contact with US Treasury to scope out and plan phase two of the project, which will add additional functionality to the services that are currently offered.

Statements of Estimated Benefits – In June 2022, Statement of Estimated Benefits were sent to 9,014 active members. DCRB has received many positive comments about the mailing and continues to field requests about updated estimates from a few members. DCRB reminds members that they can create estimates on their own, at any time, by visiting our home page online calculator at <https://dcrb.dc.gov/>

Annual Income Verification - Each year, Police and Fire disabled participants (under age 50) are required to verify their income to ensure that any required adjustments can be made to their annuity amounts. We began the process in March of this year, and we are nearing the end of this project. This year, only one member's annuity will be suspended due to outside earnings in excess of the allowed amount and seven members will be suspended due to non-compliance.

Internal Revenue Service (IRS) Tax Rates and New W-4P Reminder - New IRS federal tax rates have been implemented, which may impact the current federal tax amounts withheld from members' monthly annuities. This year's new withholding amounts were first reflected in the June 1, 2022, annuity payment. Any changes members wish to make for future tax withholdings must be made by submitting the IRS' redesigned W-4P form, which is available at: <https://www.irs.gov/pub/irs-pdf/fw4p.pdf>. This is the only federal election form that will now be accepted by DCRB and Treasury's STAR pension system for on-going tax payments. We have reminded members that DCRB does not provide any advice or recommendations related to tax elections; and therefore, they should consult with their tax advisor or contact the IRS at 1(800)829-1040 for assistance.

Summary Plan Description (SPD) Update 2022 – There has been continued work on updating both the Teachers' and Police and Firefighters' SPDs. This month, DCRB met with our graphics designer to model some new layout options which should make the SPD more reader friendly, provide quick tips,

clarify commonly asked questions, and map out a few key processes. The SPDs, which are required to be updated every five (5) years, are scheduled to be released to all members near the end of this year.

Purchase of Service Calculator – DCRB is working with our actuary, Bolton Inc., to create a purchase of service calculator which is slated to be available online to our membership in late fall or early winter 2022. Similar to the online retirement calculator, members will have the ability to input their specific data to produce estimated costs for the purchase of military service, lateral service, tier changes, and redeposit of contributions. We are currently testing tier changes, and we plan to launch the online version in phases.

Actuarial Valuation - Work has continued with our actuary, Bolton Inc., on the October 2022 valuation and DCRB has received the requested data from the District's OCFO and the U.S. Treasury. A complete schedule of activities, which will be similar to last year's, is currently being developed. The final valuation is scheduled to be completed in the early fall and it will be presented during the November or December Operations Committee meeting.

Groom Tax Qualification Audit - A draft of Groom Law's Compliance Report is now complete, and this topic will be discussed at a future Operations Committee meeting.

Funston Study – The Benefits Department has provided data, policies, and opinions during the first phase of this project. Benefits management staff will be meeting with consultants in the upcoming weeks to provide additional insights and opinions.

Upcoming Impacts to the Benefits Department

Teacher Retirements and Terminations – The Benefits Department has just received information from DCPS that they are expecting over 100 retirements and terminations that will need to be processed after the last summer payouts. DCRB is working internally on a plan of action to process these, as well as the typical monthly retirements. Like normal retirements, a lot of the pre-retirement data gathering work will require DCPS to submit accurate data/information to DCRB in a timely manner.

New MPD Union Contract – In anticipation of a new Metropolitan Police Department (MPD) union contract, DCRB is analyzing the contract to determine any retroactive component. If this contract is similar to those of the past, members who fall within certain time parameters will need to have their annuities recalculated. Once the contract is approved, DCRB will also have to run equalization calculations for Police Plan members who retired prior to February 15, 1980, and do not receive cost of living increases. This contract will also have an impact on DCRB's annual valuation and the District's required contribution due to any retroactive component.

Organizational Outreach

Conversations with DCHR about Other Post-Employment Benefits (OPEB) Responsibilities – As a follow-up to the May 12, 2022, Benefits Committee Meeting, DCRB is in the final stages of developing the true cost of the level of effort it is expending on administering OPEB Benefits (health and life insurance coverages) where no District reimbursement is currently being received. This data will be presented during the September 2022 Benefits Committee Meeting. In July, continued conversations with DCHR resulted in DCRB obtaining an MOU between DCHR and OCFO, which purchases DCHR processing services for the District's IRC § 401(a) and 457(b) defined contribution pension and deferred compensation plans, respectively. That MOU could, potentially, be a model for DCRB in seeking reimbursements for its administration of post-retirement benefits.

District of Columbia Public Schools (DCPS) – With the departure of key members of the DCPS retirement staff and the impact on retirement processing, DCRB continues to have weekly meetings with DCPS staff to facilitate efficient and timely retirement processing and resolve member and employer service data issues. In the months of June and July, DCRB staff conducted the first of many training sessions with new DCPS staff on Teachers' Retirement Plan rules and regulations. In a July meeting with DCPS's Strategic Office, DCPS asked if DCRB could assist with and possibly assume pre-retirement counseling, a current DCPS function before the final offboarding process. DCRB is continuing to explore how to assist DCPS within the parameters of DCRB's authority without unintentionally performing employer functions such as certifying employment actions and data.

Organizational Support

New Staff: Jaininne Edwards, Deputy Chief Benefits Officer, joined the Benefits Department team on July 5, 2022. Ms. Edwards has over 18 years of service with DC Government agencies, including DCPS, OPRS, ORM and DCRB.

Departing Staff: Erika Diaz, Member Services Representative, left the DCRB Benefits Department on July 11, 2022. While recruiting efforts are under way, we continue to supplement full-time staff by hiring contractors.

Current Benefits Department vacancies include:

- Benefits Administration Compliance Manager
- Benefits Assistant
- Benefits Specialist
- Retirement Analyst
- Member Services Representative (multiple)

NO WRITTEN REPORT

**NO COMMITTEE MEETING WAS HELD THIS
MONTH**

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DISTRICT OF COLUMBIA RETIREMENT BOARD

MOTION:

*TO ENTER CLOSED SESSION TO DISCUSS PERSONNEL MATTERS
PURSUANT TO D.C. CODE § 1-909.05(E); SEE ALSO D.C. CODE § 2-
575(B) (10)).*

PRESENTED TO THE BOARD ON JULY 21, 2022.