



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, January 18, 2024
1:30 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

Chair, Joseph M. Bress
Lyle M. Blanchard (1:37 p.m.)
Joseph W. Clark
Mary A. Collins
Christopher Finelli (1:34 p.m.)
Geoffrey Grambo
Danny C. Gregg
Tracy S. Harris
Nathan A. Saunders
Greggory Pemberton
Adam Weers
Carmen Pigler, Ex Officio (1:36 p.m.)

MEMBERS NOT PRESENT

DCRB STAFF PRESENT

Gianpiero "JP" Balestrieri, Executive Director
Emily Bowie
Paul Gormley
Ram Murthy
Patrick Sahn
Daniel Hernandez
Lori Morgan
Vernon Valentine
Lauren Smith
Lori Morgan
Leslie West
Jaininne Edwards
Johniece Harris, Board Liaison

OTHERS PRESENT

Gar Chung-Financial News
Joe Ebisa-WithIntelligence

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:32 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 November 16, 2023 open session Board meeting minutes.

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 #1*)

Tally #1			Date: January 18, 2024		
<u>Motion #1</u> : To approve the November 16, 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	√				

Motion #2: To approve the December 19, 2023 special open session Board meeting minutes.

The motion was moved by Chair Bress and properly seconded by Trustee Danny Gregg.

The motion was approved (9-0) with two abstentions. (*See Tally #2*)

Tally #2:			Date: January 18, 2024		
<u>Motion #2:</u> To approve the December 19, 2023 special 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 Joseph Clark stated that the special Board meeting minutes needed to be corrected in tally 1 with a check mark appearing next to Trustee Gregg name being both present and absent. Trustee Danny Gregg agreed that should be corrected.

CHAIR REPORT

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

- **In-Person Board Attendance:** Board meetings will continue virtually as well as in-person meetings. Those who want to meet in the Board room are welcome to do so, please let staff know.
- **Updates on Investments:**
 - As we begin this New Year, we have good news on our Fund and recently on the economy.
 - First, the Fund returned 12.5% through the end of the calendar year ending December 31, 2023 and 6.9% for the first quarter of our fiscal year. At the end of last year, we closed at \$11.3 billion, a bit below our highest reaches in December 2021 of \$11.4 billion.

Second, the Wall Street Journal recently published an article Tuesday by Hardika Singh that raised four questions for investors this year:

- “1) Can the rally broaden? ...
- 2) What if the Fed cuts rates? ...
- 3) Is recession in the cards? ...
- 4) Is this the year to buy a home? ...”

While I will not go into the analysis for each question, answers will depend on whether the market has a rally as some speculate, rate cuts have been priced into the market, a recession is avoided due to inflation reduction and mortgage interest rates are declining.

The Fed has indicated, if the economy progresses as projected, interest rate cuts could come as early as March. These questions plus the political environment will make this an interesting year

Logistically, we will continue to meet virtually for the near future. Those who would like to be at the Board Room for future meetings are welcome.

- **Board Officers Elections:** Board officer elections will occur in the March 21, 2024 Board Meeting during Other Business. The positions are Chair of the Board, Vice Chair/Secretary of the Board, and Treasurer/Audit Committee Chair.
- **Welcome New Trustees:** As announced during the December 19, 2023 Special Board Meeting, Geoffrey P. Grambo was re-elected on the Board of Trustees to represent the retired firefighters; Please join me in welcoming Trustee Grambo on his re-election to the DCRB Board of Trustees.
- **Annual Open Public Meeting Schedule:** The Annual Open Public Meeting Schedule of Board meetings for calendar year 2024 will be posted to DCRB’s website.
- **Next Board Meeting:** The next meeting will be held on March 21, 2024.

- **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.

Trustees moved to the 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 and Pending Hires**
- b. **Current Vacancies to Fill**

2. Fiscal Year 2023 Fund Performance and Investment Update (As of 12/31/2023)

- a. **Total Market Value of the Fund:** is at \$11.3 billion
- b. **Firm Fund Liquidity:** Currently, the Fund holds approximately \$167 million in cash vs. monthly benefit payments of approximately \$28mn
- c. **Net Returns to the Fund:**
 - i. Calendar YTD 2023: 12.46% Net return
 - ii. Fiscal YTD 2024: 6.94% Net return
 - iii. Last twenty (20) Years Average: the net return has averaged +6.78% per annum

3. Asset Allocation & Rebalancing Update

The DCRB investment team monitors the portfolio’s asset allocation daily to ensure the asset allocation stays in line with targets and that there is sufficient liquidity to meet benefit payments, capital calls, and other operational needs.

- a. **Since the last board meeting:** the investment team has completed another 6 rebalancing transactions valued at about \$140 million;
- b. **Fiscal Year 2024 to date:** the investment team 10 rebalancing transactions valued at approximately \$190 million.

4. Transaction Cost Analysis/Transition Management Consulting (TCA/TMC) Update

The Investment Team and DCRB’s consultant, Zeno AN, completed the historical trade cost review and analysis of DCRB’s public equity accounts (equity, FX and fixed income), which was presented this morning to the trustees in an education workshop (prior to our Investment committee meeting).

5. DCRB Fiscal Year 2023 Audit Update:

Our Finance team and external auditors, Watson Rice, have completed the audited financial statements for final approval by the trustees in today's board meeting. The final Annual Comprehensive Financial Report will be ready for publishing in March/April 2024.

6. Public Pension Coordinating Council's (PPCC) Standard Award:

DCRB received the Public Pension Coordinating Council's (PPCC) Standard Award for fiscal year 2023 in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

7. The Data Harmonization Project: Joint Stakeholder Data Quality Improvement Process

DCRB has led a group of Stakeholder agencies in being accepted (in December 2023) for the Certified Public Manager (CPM) Program which is designed to enhance the skills of District Government managers and provide them with the tools to be more effective leaders. The DC Department of Human Resources (DCHR) administers the nationally accredited CPM program through strategic partnerships with [the George Washington University](#).

8. Asset-Liability Study

DCRB will be conducting an Asset-Liability Study that is typically conducted periodically to ensure that DCRB's investment strategy remains aligned with the fund's long-term goals, obligations, and evolving market conditions. It serves as a valuable transparency tool for the trustees to make informed decisions about investment allocations and risk management strategies.

Trustees moved to the next item on the agenda.

LEGAL DEPARTMENT REPORT

Emily Bowie, Interim General Counsel, referred the Board to the written report, which highlighted the following:

COMPLIANCE

FOIA

The Office of General Counsel filed *DCRB's Annual Freedom of Information Act (FOIA) Report for Fiscal Year 2023* with the Mayor's Office. During this time, twenty-five (25) FOIA requests were received and processed, up from twenty-one (21) for Fiscal Year 2022. Most of the FOIA requests are for investment-related information.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, January 18, 2024. The official actions taken at this meeting are presented below for ratification by the full Board.

Motion #3: To approve a commitment of up to \$150 million to **Fund R***, a U.S. private credit fund, pending legal review and final due diligence.

The motion was moved by Chair Adam Weers and properly seconded by Trustee Danny Gregg. The motion was approved (10-1) with one abstention. (*See Tally #3*)

Tally #3:			Date: January 18, 2024		
Motion #3 To approve a commitment of up to \$150 million to Fund R* , a U.S. private credit fund, pending legal review and final due diligence.					
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 #4: To approve a commitment of up to \$100 million to **Fund S***, a U.S. private equity fund, pending legal review and final due diligence.

The motion was moved by Chair Adam Weers and properly seconded by Trustee Danny Gregg.
The motion was approved (10-1) with one abstention. (*See Tally #4*)

Tally #4:			Date: January 18, 2024		
Motion #4: To approve a commitment of up to \$100 million to Fund S*, a U.S. private equity fund, pending legal review and final due diligence.					
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 #5: To approve the full liquidation of **Fund T***. The proceeds should be used to rebalance the fund portfolio and the costs of the liquidation should be reported to the Investment Committee at the next meeting.

The motion was moved by Chair Adam Weers and properly seconded by Trustee Christopher Finelli.
The motion was approved (10-1) with one abstention. (*See Tally #5*)

Tally #5:			Date: January 18, 2024		
Motion #5: To approve the full liquidation of Fund T* . The proceeds should be used to rebalance the fund portfolio and the costs of the liquidation should be reported to the Investment Committee at the next meeting.					
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	√				

Trustees moved to the next item on the agenda.

Operations Committee Report

Committee Chair Saunders reported that the Operations Committee met on December 19th at 1:00 p.m. The Committee reviewed and approved the minutes from the October 17, 2023, Operations Committee meeting. Following approval of the minutes, the Committee then heard a presentation from Bolton Partners, Inc., and the proposed action item (below), which was then voted on and approved.

Proposed Action
<i>To accept and approve the Report on the Actuarial Valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan, prepared as of October 1, 2023, for Fiscal Year ending 2025, presented to the Board by Bolton, Inc. on December 19, 2023.</i>

The actuarial presentation and above motion are also provided for trustees in Diligent.

Finally, the next Operations Committee Meeting is scheduled to be held on Tuesday, February 20, 2024, at 1pm.

The motion was introduced to the Board for approval by Chair Saunders, but Johniece Harris, Board Liaison stated that the motion was approved by the Board in the December 19th Special Open Board meeting and deferred to Emily Bowie, Interim General Counsel for clarification. There was some discussion and it was decided that the motion would be brought back before the full Board for approval.

Motion #6: To accept and approve the Report on the Actuarial Valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan, prepared as of October 1, 2023, for Fiscal Year ending 2025, presented to the Board by Bolton, Inc. on December 19, 2023.

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

Tally #6	Date: January 18, 2024
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Motion #6: To accept and approve the Report on the Actuarial Valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan, prepared as of October 1, 2023, for Fiscal Year ending 2025, presented to the Board by Bolton, Inc. on December 19, 2023.

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	√				

Trustees moved to the next item on the agenda.

AUDIT COMMITTEE REPORT

Committee Chair Harris reported that the Audit Committee met on December 19, 2023 and the following items were presented.

- Audit Presentation:
 - The auditors from WatsonRice presented their final communication to the committee:
 - The FY23 financial statements were issued with an unmodified opinion
 - The FY23 Compliance Report under Government Audit Standards had not been issued at the time of the meeting, however it was reported that no internal controls matters (findings) were identified during the FY23 audit
 - The motion for the approval of the financial statements was not approved, however the issuance of the financial statements to the District of Columbia was approved. The motion was not approved because the committee was not given ample review time.
- The budget vs actual report as of November 30, 2023:
 - 91% of the original budget is available

- Internal Auditor Report
 - Benefits Internal Audit Findings: Mitigation status
 - Current Year Internal Audit status update

The next Audit Committee meeting will be scheduled for February 22, 2024.

Motion #7: To approve the Fiscal Year 2023 Audited Financial Statements for DCRB.

The motion was moved by Chair Harris and properly seconded by Trustee Mary Collins.
The motion was approved (10-1) with one abstention. (*See Tally #7*)

Tally #7			Date: January 18, 2024		
<u>Motion #7:</u> To approve the Fiscal Year 2023 Audited Financial Statements for DCRB.					
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	√				

Trustees moved to the next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Gregg reported that The Benefits Committee did not meet in January, but the next meeting is scheduled for Thursday, February 15, 2024, at 10 a.m. EST. Below is a summary of recent Benefits Department activities.

Healthcare Open Enrollment Processing – Healthcare Open Enrollment ended in December, and we have completed processing Federal and District health plan changes. Members who have changed health plans should receive new cards in late January/early February.

Certified Public Manager Program – On Friday, January 5, 2024, DCRB met with the District’s Certified Public Manager Cohort 36 to kick off a 9-month project focusing on active member data quality and process improvement impacting the first annuity check payment time (“Data Harmonization”). As part of this program, District managers will participate in performance improvement project teams to apply the project management and methodologies learned in class to effectuate real improvement opportunities. DCHR sponsors this nationally accredited program through a strategic partnership with George Washington University. There is no cost to DCRB to participate in this program.

1099-Rs Online – The annual 1099-R tax forms will continue to be mailed to members' home addresses at the end of January, but this year, members will also be able to log into their annuitant self-service portal to retrieve a PDF copy of the form. This will be available beginning mid-February, and announcements of this feature will be communicated to members via our website and mailed earning statement message.

Final Summary Plan Descriptions – The summary plan descriptions are available via the DCRB website, and hard copies have been printed. DCRB will announce their availability to members and stakeholders over the next few weeks. The new booklets have a modern feel, incorporate stakeholder suggestions, feature authentic member images, and are more reader-friendly than previous additions. Thanks to all who contributed to these improvements.

Trustees moved to the next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report reflects the following report reflects activities of interest since the September 21, 2023 Board Meeting:

COUNCIL OF THE DISTRICT OF COLUMBIA

B25-0610 – Retired Firefighter and Police Officer Redeployment Amendment Act of 2023

A bill was introduced on November 30, 2023 to grant to firefighters retired from the Fire and Emergency Medical Services Department (FEMS) and police officers retired from the Metropolitan Police Department (MPD) eligibility for rehire at the discretion of the Director of the Office of Unified Communications (OUC) as temporary full-time or temporary part-time 911 call takers or 911 dispatchers without requiring that their salaries be offset by any retirement annuity they are already receiving. Under the District's current salary offset laws, the salaries of rehired annuitants, in their rehired position, may be subject to reduction by the amount of the annuity they are collecting. This legislation would allow these redeployed annuitants to receive both their annuities and their full District salaries in their rehired positions. Note that this legislation does not impact these members' service credit or annuity calculations for purposes of their retirement benefits.

The bill was heard by the Committee on Executive Administration & Labor on January 11, 2024, and is under Council review. Temporary and emergency legislation passed on December 5, 2023 (D.C. Act 25-349).

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 2:53 p.m.

Motion #8: 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 Adam Weers.
The motion was approved by unanimous vote (11-0). (See Tally #8)

Tally #8			Date: January 18, 2024		
Motion #8: 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 3:00 p.m. to 4:40 p.m.

Motion #9: To return to open session at 4:40 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Mary Collins.

The motion was approved by unanimous vote. (8-0). (See Tally #9)

Tally #9:			Date: January 18, 2024		
<u>Motion #9:</u> To return to open session at 4:40 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 #9: To adjourn the meeting at 4:45 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Mary Collins.

The motion was approved by unanimous vote (8–0). (*See Tally #9*)

Tally #13:			Date: January 18, 2024		
Motion #13: To adjourn the meeting at 4:45 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	√				