



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, January 19, 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@1:04 p.m. due to technical issues
Joseph W. Clark
Mary A. Collins
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Tracy S. Harris
Nathan A. Saunders@1:15 p.m. due to technical issues
Greggory Pemberton
Adam Weers
Carmen Pigler, ex officio

MEMBERS NOT PRESENT

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

Gar Chung, Financial News
Joe Ebisa- WithIntelligence
Nick Wilde-Office of Open Government
Bela Kirpalani-Mandate Wire
John Gallagher-Schroeder

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:03 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 December 15th, 2022 open session Board meeting minutes.

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

The motion was approved (10-0). *(See Tally #1)*

Tally #1			Date: January 19, 2023		
<u>Motion #1:</u> To approve the December 15, 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 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.
- **Market Updates:**
 - We continue to move through an up and down economy. While inflation (including food and fuel) has been reduced to 6.1%, the predictions for the next six months to a year are still unpredictable. According to the Washington Post major banks split on the outlook for no, a shallow or a mild recession this year. There is also a difference of opinion whether any recession will occur this spring or later in the year. The Fed is forecasting another interest increase because the inflation rate is not coming down fast enough, but apparently not another 0.75% rate — maybe a 0.5 or even 0.25 % increase.

- **Audit Reporting and New Hires:**
 - The agency received a clean audit report for last year. Also, for those trustees that have not participated in any committee meeting thus far, JP will introduce the new staff additions during his comments.
- **Robert Rules of Order:**
 - BEGA is offering training on Robert Rules of Order for trustees and staff. Staff will be polling the trustees and staff with a date and time that works for everyone, and confirmation will be provided once training has been scheduled.
- **Elected Active Police Officer Representative:**
 - Notice of the winner of the elections to serve as the Active Police Officer member of the Board were posted in the DC Register on December 30,2022.
- **Next Board Meeting:** The next meeting will be held on February 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.

Chair Bress made the following motion for a trustee to attend education related training/travel.

Motion #2: To approve education and related travel expenses for Trustee Harris to attend the Legislative Conference sponsored by the National Conference of Public Employee Retirement Systems (NCPERS) on January 22 to 24, 2023, at the Renaissance Hotel, Washington, DC.

The motion was moved by Chair Bress and properly seconded by Trustee Weers.
The motion was approved (10-0). (See Tally #2)

Tally #2		Date: January 19, 2023			
<u>Motion #2:</u> To approve education and related travel expenses for Trustee Harris to attend the Legislative Conference sponsored by the National Conference of Public Employee Retirement Systems (NCPERS) on January 22 to 24, 2023, at the Renaissance Hotel, Washington, DC					
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 suggested that Trustee Saunders add revising the Trustee travel policy to the agenda for the next Operations committee meetings.

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: Team Additions

- Paul Gormley: Director of Internal Audit & Compliance
- Legal: Steve Serraino, General Counsel
- Legal: Emily Bowie, Senior Counsel
- Communications: Lauren Smith, Director of Communications & Public Relations
- Retirement Specialist (Offer Accepted and start date is January 23, 2023)

- Mr. Balestrieri, Executive Director introduced the new hires to the Board, and they provided an overview of their background.

b. Current Vacancies to Fill

2. Summer 2023 Internship Program for Investments Department

- a. Positions for two student summer intern positions in the Investments Department with local colleges/universities students has been posted online.
- b. Human Resources will actively work with Eight (8) District universities’ career placement programs on recruiting intern candidates.

3. Fiscal Year 2023 Fund Performance and Liquidity Update (As of 1/16/2023)

- a. Total Market Value of the Fund (as of 1/16/23) is at \$10.5 billion
- b. The Fund has recovered about \$1billion since 9/30/2022.
- c. Funded Status as of 10/1/22: 109.9%
- d. Firm Fund Liquidity: Currently, the Fund holds \$96 million in cash plus 1.8 billion in high-quality fixed income convertible to cash within a week vs. monthly benefit payments of approximately \$25 million.
- e. Net Returns of the Fund:
 - i. Calendar YTD: 3.9%
 - ii. Fiscal YTD: 10.3%

- iii. Last twenty (20) Years: Has averaged +6.3% per annum vs. Actuarial target rate of 6.25% per annum.

4. Benefits Administration Pension System (BAPS) Implementation Update

Resolving the accuracy and timely delivery of efficient data pre-retirement is an absolute requirement prior to DCRB expending significant amounts of capital on a viable integrated Benefits Administration Pension System (BAPS). We are in the process of engaging with the mayor’s office and her team to task and address “data quality and the holistic active to retirement process” as an important time sensitive issue with the responsible stakeholder agencies including (DCHR, DCPS, OPRS, OCTO, MPD and FEMS). The DCRB have will have a meeting on February 8th, 2023 with all stakeholder agencies’ leaders to discuss data accuracy, among other issues.

- a. Timeline for Employer Agency Data Accuracy Review and Remediation
- b. Participants serviced by BAPS
- c. Projected Implementation Costs for BAPS
- d. Roles of DCRB, Treasury and the District Government

Trustees moved to next item on the agenda.

LEGAL DEPARTMENT REPORT

Leslie King, Senior Counsel, referred trustees to her written report, which highlighted:

FOIA

DCRB filed its Annual Freedom of Information ACT (FOIA) report for FY22 to the Mayor’s Office. The FOIA requests increased for FY22, and the majority of the requests relate to Investment matters and are listed on DCRB website.

Benefits Litigation Update

Gerry O. Scott v. DCRB (2021 CA 004206B)

Mr. Scott, a retired police officer, sued DCRB in D.C. Superior Court for not including his longevity pay in his retirement annuity calculation and for attorney fees. DCRB filed a Motion to Dismiss and Opposition to Plaintiff’s Motion on the Pleadings. The next status hearing is scheduled for February 10, 2023.

Summary Plan Descriptions

The Legal Department has completed its legal review of the updated Summary Plan Descriptions (SPDs), which are now being reviewed by U.S. Treasury’s legal counsel.

Trustee Collins asked when will Police, Fire, and Teachers see the draft of the Summary Plan Descriptions (SPD’s)? Ms. King responded, once legal and staff have reviewed then it will be shared with the trustees.

Trustees moved to next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, January 19, 2023. The official actions taken at the meeting are shown below for ratification by the full Board.

Motion #3: To approve the 2023 Private Markets Commitment Budget as proposed in Meketa’s December 13, 2022, memo.

The motion was moved by Committee Chair Weers and properly seconded by Trustee Harris. The motion was approved (11-0). (See Tally #3)

Tally #3			Date: January 19, 2023		
<u>Motion #3:</u> To approve the 2023 Private Markets Commitment Budget as proposed in Meketa’s December 13, 2022, memo.					
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 \$75 million to Fund G, pending legal review and final due diligence.

The motion was moved by Chair Weers and properly seconded by Trustee Gregg. The motion was approved (11-0). (See Tally #4)

Tally #4			Date: January 19, 2023		
<u>Motion #4:</u> To approve a commitment of up to \$75 million to Fund G, 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 a commitment of up to \$50 million to Fund H, pending legal review and final due diligence.

The motion was moved by Chair Bress and properly seconded by Trustee Harris.
The motion was approved (11-0). (See Tally #5)

Tally #5		Date: January 19, 2023			
Motion #5: To approve a commitment of up to \$50 million to Fund H, 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	√				

Trustees moved to next item on the agenda.

OPERATIONS COMMITTEE REPORT

Committee Chair Saunders reported that the Operations Committee did not meet this month.

The next Operations Committee meeting is being planned for next month (February) and the meeting date has not yet been scheduled.

Trustees moved to next item on the agenda.

AUDIT COMMITTEE REPORT

Committee Chair Harris reported that the Audit Committee met January 17, 2023 and the following items were presented:

- Audit Presentation:
 - o The auditors from Watson Rice presented their final communication to the committee:
 - The FY22 financial statements were issued with an unmodified opinion
 - The FY22 Compliance Report under Government Audit Standards was issued with an unmodified report and no internal controls matters (findings) were identified during the FY22 audit
 - There is an action item related to this presentation for the Board to approve – motion attached

- The budget vs actual report as of December 31, 2022:
 - o 83% of the original budget is available.

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

Motion #6: To accept the findings of the final audit for the fiscal year 2022 submitted to DCRB’s Audit Committee on January 17th, 2023 as presented by Watson Rice.

The motion was moved by Chair Harris and properly seconded by Trustee Clark. The motion was approved (11-0). (See Tally #6)

Tally #6		Date: January 19, 2023			
Motion #6: To accept the findings of the final audit for the fiscal year 2022 submitted to DCRB’s Audit Committee on January 17 th , 2023 as presented by Watson Rice.					
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 next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Collins reported that the Benefits Committee met this month on January 12, 2023 and the following items were presented:

- **Benefits Department 2022 Year in Review:** Statistics and information were presented about the calendar year 2022 progress in the areas of staffing, member services, special projects, retirement services, and communications.
- **2023 Goals and Projects:** Calendar year 2023 goals were presented and emphasized work with external stakeholders to improve member communications/outreach, data quality, and a review of the entire retirement process. Other member-focused items were discussed, such as, new communication tools, enhancing the DCRB website, and more presentations available to members. Finally, internal goals and projects were discussed as part of the presentation, such as, staff development, completion of a large volume of annuity recalculations due to new union contracts, and compliance related projects.
- **Refund of Employee Plan Contributions:** A quick presentation and discussion about the refund process, term-vested and deferred annuitants, and future plans occurred. Future projects include working with agencies to supply offboarding materials regarding refunds and deferred retirement, and the development of a project plan to address past terminated vested members.

Mr. Hernandez, Pension Administrator provided an overview of the current activities within the Benefits department.

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

Trustees moved to next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report reflected the following activities of interest in the December 15, 2022 Board meeting.

U.S. CONGRESS

LEGISLATION

Pub. L. 117-328, “Secure 2.0 Act of 2022” (Section T of the “Consolidated Appropriations Act of 2023,” effective December 29, 2022)

This Federal Law makes the following changes related to defined benefit plans:

Required Minimum Distributions. Previously, terminated vested participants had to begin receiving pension distributions no later than April 1st following the calendar year in which they reach age 72. The law increases the required beginning age from 72 to 73, starting on January 1, 2023, and to age 75 for participants who reach age 74 after December 31, 2032.

Excise Tax Reduction. Participants who failed to timely begin receiving required minimum distributions had to pay an excise tax equal to 50% of the payment. The law reduces the excise tax from 50% to 25%.

Benefit Overpayments. Pension plans are required to recoup benefit overpayments from annuitants or other third parties. The law eases recoupment principles so that a plan’s failure to recover benefit overpayments will not jeopardize a plan’s tax-qualification status.

Exemption from 10% early withdrawal penalty. Separated public safety workers who receive refunds are not subject to the 10% early withdrawal penalty if they are at least age 50. The law extends the exception to separated public safety workers who also have at least 25 years of service.

Paper Benefit Statements. Benefit statements must be provided in paper once every 3 years, unless a participant elects otherwise.

Trustees moved to next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 3:14 p.m.

Motion #7: 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 Weers.

The motion was approved (10-0). (See Tally #7)

Tally #7		Date: January 19, 2023			
Motion #7: 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 3:12p.m. to 5:03p.m.

Motion #8: To return to open session at 5:03 p.m.

The motion was moved by Chair Bress and properly seconded.

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

Tally #8	Date: January 19, 2023
Motion #8: To return to open session at 5:03 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 5:05 p.m.

The motion was moved by Chair Bress properly seconded.

The motion was approved (9-0). (See Tally #9)

Tally #9			Date: January 19, 2023		
<u>Motion #9:</u> To adjourn the meeting at 5:05 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					√