



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, July 20, 2023
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
Joseph W. Clark
Mary A. Collins
Lyle M. Blanchard
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Tracy S. Harris
Nathan A. Saunders @1:38 p.m.
Greggory Pemberton@1:37 p.m.
Adam Weers
Carmen Pigler

MEMBERS NOT PRESENT

DCRB STAFF PRESENT

Gianpiero "JP" Balestrieri, Executive Director
Stephen Serraino
Emily Bowie
Paul Gormley
Ram Murthy
Munetsi Musara
Patrick Sahm
Daniel Hernandez
Lori Morgan
Vernon Valentine
Lauren Smith
Jaininne Edwards
Johniece Harris, Board Liaison

OTHERS PRESENT

Joe Ebisa- WithIntelligence
Gar Chung-Financial News

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:34 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 18, 2023 open session Board meeting minutes.

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

The motion was approved (9-0) with two abstentions. *(See Tally #1)*

Tally #1			Date: July 20, 2023		
<u>Motion #1:</u> To approve the May 18, 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	√				

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:**
 - The economy continues its ride up and down. The inflation rate is down to 3%, not yet the 2% the Fed is looking for. The Fed is concerned that if wage increases continue generally above the 3% inflation rate, it will result in an increase in the inflation rate. This will lead to a most likely 0.25% increase in the interest rate this month.
 - Balancing this: Our fund, since the fiscal year began last October, is tracking over a 9% increase with two and ½ months left in this year. That is a very positive result as the Board's "establish rate of return" is 6.5%. The fund's performance also continues to aid in the positive bond ratings that the city receives from the rating agencies. And there is a growing consensus, not a guarantee, that we will have either a soft recession or no recession as a result of the economy's recent performance.
 - Summing this up, our careful review and investment of fund money has returned income that continues to maintain our 100% actuarial value. We

continue today with another investment that is anticipated to continue that result. Our performance as a Board and staff, hopefully, will continue to assure the employees and retirees of the city a continued flow of retirement benefits without adverse impact on the Fund.

- **Trustee's Election Timetable:** Elections for Retired Firefighter representative on the Board of Trustees will commence on August 1, 2023. The four-year term will begin January 28, 2024, and end January 27, 2028. The Notice of Election and Request for Nominations, including Statement of Candidacy Forms are scheduled to be sent to eligible members on September 08, 2023.
- **Trustee's Retreat:** The trustees' retreat has been scheduled for September 22, 2023, from 9-5, at 900 7th Street NW Washington, DC on the ML level. If you plan to attend, please contact Johniece Harris at johniece.harris@dc.gov or at 202-343-3251. Breakfast and lunch will be provided for the trustees.
- **DCRB Issues New iPads for Trustees:** New iPads are being issued to all the trustees', if you have not received a new iPad, please contact Ram Murthy, Director of Information Technology at ram.murthy2@dc.gov or at 202 343-3215 to coordinate a day and time for pick up.
- **Next Board Meeting:** The next meeting will be held on September 21, 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.

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: Team Additions and Pending Hires
- b. 23 vacancies currently filled to include 2 Member Services Representative in Benefits, 2 Investment Analysts in Investments, and 1 Financial Manager in Finance

RFP will be released soon for independent consulting firm to conduct Classification and Compensation study to access the overall competitiveness of the compensation program.

2. Fiscal Year 2023 Fund Performance and Investment Update (As of 7/18/2023)

- a. Total Market Value of the Fund
- b. Firm Fund Liquidity

c. Net Returns of the Fund

3. **Asset Allocation & Rebalancing Update as of July 18th, 2023**

The 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. The following is what has been completed as of July 18th, 2023:

- a. The Investment Team has completed a total of 66 rebalancing transactions valued at over \$2.5 billion for fiscal year 2023 to date.
- b. Since the last board meeting: the Investment Team has completed another 12 rebalancing transactions valued at \$540 million.

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

Following the Board's contract execution on March 31, 2023, the Investment Team worked with its consultant, Zeno AN, to gather all trade data needed to complete historical review for DCRB's public equity accounts (equity and fixed income) to complete the historical and ongoing trade cost analysis.

5. **Investment Fees and Expenses Verification Services Update**

In the beginning of FY 2023, we established a transparent and independent process for reporting investment manager fees and expenses in awarding an RFP to Colmore. To date, Colmore has completed its first deliverable of the recalculation, review, verification analysis and benchmarking of investment manager fees and expenses for FY2020, FY2021 and FY2022.

6. **Benefits & Pension Administration Stakeholder Update**

Since our March 29th, 2023 meeting with employer agencies, the District, OCTO, treasury and DCHR ("Stakeholders") to discuss issues with and opportunities to accomplish improvements to the member retirement and benefits administration processes, DCRB established a set of key focused interagency Stakeholders' collaboration priorities to execute upon:

- a. Data Quality Issues Identification and Remediation
- b. Communications and Education
- c. Retirement Processing

7. **RFI for Feasibility Review on Potential BAPS Investment Update:**

The Request for Information (RFI) for the feasibility review of the Benefits Administration Pension Systems (BAPS) was released by DCRB Procurement Office on May 3rd, 2023, and by the closing date of June 19th, we received responses from 10 vendors/systems integrators. As a reminder, the RFI process is intended to assist DCRB in identifying resources needed for a potential new automated pension system and to assist in determining the best strategy for implementing a new system.

Trustees moved to the next item on the agenda.

LEGAL DEPARTMENT REPORT

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

TRUSTEES' FIDUCIARY TRAINING

Annual trustees' fiduciary training will take place on Thursday, September 21, 2023, at 9:00A.M. The training will be virtual and presented by Craig A. Bitman, fiduciary counsel with Morgan, Lewis & Bockius LLP

SUMMARY PLAN DESCRIPTIONS

The final draft SPDs were placed in the trustees' portal in Diligent for review. Following receipt of comments from the trustees, DCRB's responses, edits, and other revisions are in process.

Trustee Collins asked is it a conflict of interest for Morgan Lewis to have a contract to deal with DCRB on the investment side and conduct a fiduciary workshop? Stephen Serraino, General Counsel responded that it is not a conflict of interest for DCRB. Trustee Collins also asked if the trustees would receive the final draft of the Summary Plan Description books? Mr. Serraino responded yes; the trustees will receive a copy of the final draft. Mr. Hernandez stated that the final draft is being reviewed and will be provided to the trustees. Trustee Collins asked why her financial disclosure forms was disclosed to other trustees and staff. Mr. Serraino responded that he is only required to send to the City Council and Mayor's office. Trustee Collins asked how will the trustees be notified on the analysis on how to handle the DEI and ESG issues? Chair Bress responded that Morgan Lewis can incorporate a training session in the September meeting, but the City Council or Mayor's office has not passed any legislative.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, July 20, 2023. The official actions taken at this meeting are presented below for ratification by the full Board.

Motion #2: To approve a re-up commitment of up to \$50 million to Fund N, pending legal review and final due diligence.

The motion was moved by Chair Weers and properly seconded by Trustee Danny Gregg.
The motion was approved by unanimous vote (11-0). (*See Tally #2*)

Tally #2:			Date: July 20, 2023		
<u>Motion #2:</u> To approve a re-up commitment of up to \$50 million to Fund N, 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, Greggory J.	√				

Saunders, Nathan A.	√				
Weers, Adam	√				

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

1. A \$50 million commitment to **Quantum Energy Partners VIII**, a natural resources fund, closed on June 2, 2023.
2. Replaced the Northern Trust Collective Russell 3000 Index Fund Non-Lending with the Northern Trust Collective S&P 500 Index Fund Non-Lending, completed on July 3, 2023.

Trustees moved to the next item on the agenda.

Operations Committee Report

Committee Chair Saunders reported that the Operations Committee met on June 13th at 1:00 p.m. There were no agenda items requiring trustee actions.

After review and approval of the minutes from the April 18th, 2023 Operations Committee meeting, the meeting included a brief update from the Executive Status Report (ESR), followed by several operational updates regarding upcoming trustee elections; the agency's summer internship program; and the next classification and compensation study.

Regarding trustee elections, the committee was reminded that the upcoming election will be for the retired firefighter representative, with the process beginning in August and concluding in December this year. It also was reported that selection of the election vendor will be completed by the end of July.

The meeting agenda concluded with a brief update on DCRB's summer internships, and mention of the agency's upcoming "classification and compensation" study, which is a process required every several years. DCRB anticipated releasing the associated RFP in July.

Minutes from the June 13th Operations Committee meeting will be reviewed and approved in the next Operations Committee meeting, which is being scheduled for October.

Trustee Collins asked how summer hires came from the summer internships program and how many did DCRB compensate? JP Balestrieri, Executive Director responded that one summer intern was sponsored by the Mayor's program and DCRB compensated 4 interns that was accounted for in the current budget.

Trustees moved to the next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Gregg reported that a Benefits Committee meeting was held on June 15, 2023, to update the Committee on key Benefit Department initiatives. The entire meeting package can be found in the Diligent Board Books.

Below are updates from the meeting.

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 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. Please see the FAQs on DCRB’s website (click on the carousel graphic on <https://dcrb.dc.gov/> or visit <https://dcrb.dc.gov/release/annuity-payments-adjustments-2023>) for regularly updated information on timing and answers to member questions.
Upcoming Adjustments:

- FEMS – 136 adjustments, August 1, 2023
- MPD – 589 adjustments, September 1, 2023
- WTU – 265 adjustments, October 1, 2023

Technology Projects – There are multiple member-focused technology projects scheduled for this year. The following projects were discussed during the Benefits Committee meeting:

- **Benefits Statements** for active members will now be available on the employee’s self-service account in active PeopleSoft. This project is expected to be finished by the end of August, as these new benefits statements will include the most up-to-date salary information from the implementation of the collective bargaining agreements.
- **Self Service Phase II** focuses on health care open enrollment online and 1099R retrieval online. This project is expected to be completed during the fall/winter of 2023.
- **Online purchase of service calculators** are now being completed one at a time this year. The first one, Tier Changes, is now live on the DCRB website <https://dcrb.dc.gov/service/tier-change-calculator>. The online calculator for Military Service is scheduled to launch at the end of August.

Daniel Hernandez, Pension Administrator stated that DCRB is working with Office of DC Pensions to recalculate the annuities of retired members and the district has paid retroactive salaries and checks to the members who were working. Trustee Collins asked how did the retired teacher’s retro end up being processed last, the exact population of the retired teachers and how DCRB is dealing with the retros and ensuring the data is correct. Jaininne Edwards, Chief Benefits Officer responded that DCRB dealt with smaller groups to automate the recalculation process and follow DCRB is following the recalculation scheduled that was implemented on the active side. Trustee Collins asked if the federal life insurance that started back in 2015 only affects the teacher retired population? Mr. Hernandez responded that it’s only the Standard Life Insurance and not federal.

Trustees moved to the next item on the agenda.

AUDIT COMMITTEE REPORT

Committee Chair Harris reported that the Audit Committee did not meet this month.

The next Audit Committee meeting will be held on October 17, 2023.

Trustees moved to the next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report reflects the following activities of interest since the May 18, 2023 Board Meeting.

COUNCIL OF THE DISTRICT OF COLUMBIA

FY 2024 Budget

Act 25-161, Fiscal Year 2024 Local Budget Act of 2023

Enacted July 10, 2023, the Act notes that for FY ending September 30, 2024, the District of Columbia government's local budget includes \$79,883,000 to the Police Officers' and Firefighters' Retirement System and \$50,224,000 to the Teachers' Retirement System, representing the District's required contributions.

B25-0202, Fiscal Year 2024 Budget Support Act of 2023

Introduced March 22, 2023, by Chairman Mendelson to the Committee of the Whole, the proposed bill would expand the types of cancer for a presumption of a performance-of duty disability for police officers and firefighters (Title III, Subtitle A, Sec. 3001, the "Fire and Emergency Medical Services Employee Presumptive Disability Amendment Act of 2023"; D.C. Code § 5-653). The bill is pending Mayoral approval prior to Congressional review.

Resolutions

Res 25-168, Compensation System Changes for Non-union, Uniformed Members of the Fire and Emergency Medical Services Department Emergency Approval Resolution of 2023

Effective June 6, 2023, this resolution covers fiscal years 2021 through 2024 and makes retroactive and prospective salary adjustments for certain non-union FEMS employees and retirees covered under the District of Columbia Police Officers and Firefighters' Retirement Plan.

Res 25-0239, Compensation System Changes for Non-Union, Uniformed Members of the Metropolitan Police Department Emergency Approval Resolution of 2023

Effective July 6, 2023, this resolution covers fiscal years 2021 through 2023 and makes retroactive and prospective salary adjustments for certain non-union MPD employees and retirees covered under the District of Columbia Police Officers and Firefighters' Retirement Plan.

Res 25-183, Virtual Open Meetings Authority Extension Emergency Declaration Resolution of 2023

Effective June 20, 2023, this resolution extends the authorization for public bodies to hold open meetings Under the Open Meetings Act virtually or remotely as long as the public has access to those meetings.

Mayoral Orders

2023-069, Appointment – Police and Firefighters Retirement and Relief Board

On June 14, 2023, the Mayor appointed William Persina as the Chairperson of the Police and Firefighters' Retirement and Relief Board.

Trustees moved to the 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 Weers and the motion was approved by unanimous vote (11-0). (See Tally #3)

Tally #3			Date: July 20, 2023		
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 3:02 p.m. to 4:14 p.m.

Motion #4: To return to open session at 4:14 p.m.

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

The motion was approved by unanimous vote. (9-0). (See Tally #4)

Tally #4:			Date: July 20, 2023		
<u>Motion #4:</u> To return to open session at 4:14 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 4:15 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Tracy Harris.
The motion was approved by unanimous vote (9–0). (*See Tally #5*)

Tally #5:			Date: July 20, 2023		
<u>Motion #5:</u> To adjourn the meeting at 4:15 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					√