



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, March 21, 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 (1:39 p.m.)
Joseph W. Clark
Mary A. Collins
Christopher Finelli
Geoffrey Grambo
Danny C. Gregg
Nathan A. Saunders
Greggory Pemberton
Adam Weers
Carmen Pigler, Ex Officio

MEMBERS NOT PRESENT

Tracy S. Harris

DCRB STAFF PRESENT

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

OTHERS PRESENT

Gar Chung-Financial News
Kevin Balaod-WithIntelligence

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:31 p.m. and Ms. Johniece Harris called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the January 18, 2024 open session Board meeting minutes.

The motion was moved by Chair Bress and properly seconded by Trustee Gregg. The motion was approved by unanimous vote (10-0). (*See Tally #1*)

Tally #1			Date: March 21, 2024		
<u>Motion #1</u> : To approve the January 18, 2024 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:** Over the last year our Fund has returned 12.5%, recovering from the lackluster return in 2023. This year we continue to enjoy a positive return, probably as a result of an anticipated reduction in inflation and up to six rate cuts this year. That expectation has been reduced to a possibility of two or three rate cuts as a result of inflation ticking up slightly from 3.1% to 3.2%. According to reports the Fed previously expected the inflation rate to fall to about 2% by the end of next year.

Yesterday the Fed indicated that three rate cuts are in its projections this year. Therefore, there is no rate cut now and experts anticipate the first-rate cut would not occur until June.

In the first quarter of this year the market rebounded well, but has slowed down awaiting the Fed report. We of course will join the Fed in a wait and see how the economy reacts and affects our Fund investments and returns.

- **Board Officers Elections:** Board officer elections will occur today during Other Business. The positions are Chair of the Board, Vice Chair/Secretary of the Board, and Treasurer/Audit Committee Chair. An overview of the process is attached.

- **Financial Disclosures Statements:** By statute, trustees are required to file annual financial disclosure statements with the Mayor and the Council of the District of Columbia by April 30, covering the prior calendar year. The fillable pdf disclosure form will be emailed to trustees. Please return it via email to Emily Bowie (emily.bowie@dc.gov) by (April 15). Trustees will also be asked to sign an internal Fiduciary Acknowledgement Form affirming their understanding of their fiduciary duties.
- **Next Board Meeting:** The next meeting will be held on May 16, 2024 and during the month of April committee meetings will occur.
- **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.

During the Board meeting, Trustee Mary Collins contested the minutes from January. She stated that tallies 4, 5, and 6 indicate she was absent, while she maintains she was present. Chair Bress assured her that the minutes would be examined, and any necessary corrections would be made.

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. Fund Performance and Investment Update (As of 3/15/2024)

- a. **Total Market Value of the Fund:** is at \$11.5 billion
- b. **Firm Fund Liquidity:** Currently, the Fund holds approximately \$123 million in cash vs. monthly benefit payments of approximately \$28mn
- c. **Net Returns to the Fund:**
 - i. Calendar YTD 2024: 1.8%
 - ii. Fiscal YTD 2024: 9%
 - iii. Last twenty (20) Years Average: the net return has averaged +6.51% 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 14 rebalancing transactions valued at about \$442 million;
- b. **Fiscal Year 2024 to date:** the investment team has completed 24 rebalancing transactions valued at approximately \$692 million.

4. Investment Closings since last Board Meeting Update

- a. \$75mn investment in Elion Industrial Fund II
- b. \$100mn investment in Tiger Infrastructure Fund IV
- c. \$150mn investment in Fortress Lending Fund IV
- d. \$100mn investment in Centerbridge Capital Partners V

5. DCRB 2023 Awards

- a. Public Pension Coordinating Council's (PPCC) 2023 Recognition Award
- b. Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting
- c. 2023 NCPERS Certificate of Transparency Award

6. Performance Hearing Update

On February 29th, 2024 we presented our testimony before the DC Council Chair Mendelson. It lasted about 35 minutes and there weren't any follow up questions or requests for DCRB from the Council Chair. Moreover, the Council Chair complimented DCRB on its effective operational stability over the last two years.

7. Asset-Liability Study Update

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. The industry best practice is to complete an ALM study every 3-5 years. The Board last completed such an analysis ten years ago.

Trustee Collins expressed satisfaction with the Investment department's management of the Fund. She then inquired about receiving the Governance Manual and a report on DCRB's matching 401(a)/457(b) plan for DCRB staff. Executive Director, Mr. Balestrieri, informed her that the Governance Manual was already uploaded to the Diligent Board book for all trustees' access. He offered to have a physical copy printed and expedited via FedEx, and additionally, HR would provide a copy of the staff 401(a)/457(b) plan document.

Trustee Lyle Blanchard stated that during the Performance Hearing discussion, Chairman Phil Mendelson requested a breakdown of all contracts exceeding \$1 million and copies of pleadings for the pending class action lawsuit to be sent to the Committee of the Whole. Chair Bress clarified the request, specifying contracts with a value of over \$1 million. The Executive Director confirmed there weren't any contracts exceeding this threshold currently. This information, along with a written response, would be provided to the Committee of the Whole. Trustee Collins sought clarification on the request: whether it was for signed contracts or those exceeding \$1 million spent in a year. Chair Bress responded that DCRB hadn't signed any contracts with an annual spending of \$1 million. He explained the Jones Day litigation agreement is

an hourly retainer agreement, not a fixed amount, and based on services rendered, not a specific timeframe. Mr. Balestrieri concurred, stating it was a legal service agreement with hourly billing, lacking a predefined duration or total cost.

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:

ANNUAL FINANCIAL DISCLOSURE: By statute, trustees are required to file annual financial disclosure statements with the Mayor and the Council of the District of Columbia by April 30, covering the prior calendar year. The fillable PDF disclosure form will be emailed to trustees. Please return it via email to Emily Bowie (emily.bowie@dc.gov) by mid-April (April 15) and she will arrange the requisite notarization and filing. Although not part of the filing requirement, Trustees will also be asked to sign an internal *Fiduciary Acknowledgement Form* affirming their understanding of their fiduciary duties.

BENEFITS LITIGATION UPDATE

Pearson v. District of Columbia Retirement Board et al., No. 1:23-cv-03597 (D.D.C. 2023): DCRB, along with Mayor Bowser and Chairman Mendelson, are named as defendants in a lawsuit seeking damages arising out of DCRB's alleged negligence in disenrolling the member from a certain health care plan. DCRB's records indicate that the member is still enrolled in the health care plan in question. The Plaintiff filed the Complaint *pro se* (i.e., without the assistance of counsel). DCRB has not been properly served with the Complaint. On March 19, 2024, DCRB filed a dispositive motion asking that the case be dismissed.

Trustee Collins requested uploading confidential legal documents and pleadings to the Trustees-only section of the Diligent board book, to reduce the paper burden. Ms. Emily Bowie, Interim General Counsel, readily agreed. Trustee Nathan Saunders then inquired about the Pearson vs. District of Columbia case. Specifically, he wanted to know if the plaintiff was a retired police officer, firefighter, or teacher, and had applied for health benefits and their current plan membership. Ms. Bowie explained that the plaintiff, a retired teacher, was and still is enrolled in the Kaiser Self + 1 plan. She elaborated that DCRB regularly informs members of their option to change plans if needed and had provided the plaintiff with information on how to do so, if he chose several times over the past several years. While there seems to be a coverage dispute with a medical provider, the plaintiff hasn't submitted any documentation to formally change his plan selection.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, March 21, 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 \$100 million to **Fund U***, a U.S. real estate fund, pending legal review and final due diligence.

The motion was moved by Chair Weers and properly seconded by Trustee Grambo.
The motion was approved by unanimous (9-0). (*See Tally #2*)

Tally #2:			Date: March 21, 2024		
Motion #2 To approve a commitment of up to \$100 million to Fund U* , a U.S. real estate 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 #3: To approve a commitment of up to €75 million to **Fund V***, a private equity fund, pending legal review and final due diligence.

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

The motion was approved by unanimous (9-0). (See Tally #3)

Tally #3:			Date: March 21, 2024		
Motion #3: To approve a commitment of up to €75 million to Fund V* , a 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	√				

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

1. A \$75 million commitment to **Elion Industrial Fund II**, a value-add real estate fund, closed on February 13, 2024.

2. A \$100 million commitment to **Tiger Infrastructure Partners IV**, an opportunistic infrastructure fund, closed on February 16, 2024.
3. A \$150 million commitment to **Fortress Lending Fund IV**, a private credit fund, closed on February 16, 2024.
4. A \$100 million commitment to **Centerbridge Capital Partners V**, a U.S. private equity fund, closed on February 28, 2024.

Trustees moved to the next item on the agenda.

Operations Committee Report

Committee Chair Saunders reported that the Operations Committee did not have a February 2024 meeting. The next Operations Committee meeting is scheduled to be held on Tuesday, April 16, 2024, at 1pm.

This concludes my report.

Trustees moved to the next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Gregg reported that The Benefits Committee did not meet this month, but they did meet in February 2024. The next Benefits Committee meeting is scheduled for April 11, 2024, at 10 a.m.

2024 Annual Cost of Living Adjustments (COLA) Processing - In close coordination with our Office of DC Pensions (ODCP) partners, the COLAs were processed for eligible participants and survivors. Members will see the COLA increase on their April 1, 2024 payment. DCRB posted the COLA notices on the agency website. Members and survivors will receive their increase based on their date of hire and their retirement plan:

Police and Fire Annuitants and Survivors

Hired before November 10, 1996:	3.4%
Hired on or after November 10, 1996:	3.0%

Teachers, Annuitants and Survivors

Hired before November 1, 1996:	3.3%
Hired on or after November 1, 1996:	3.0%

Trustee Saunders inquired about the standard in the COLA increase calculation between Police & Fire and Teachers. Mr. Daniel Hernandez, Pension Administrator, clarified that the Consumer Price Index for Urban Consumers (CPI-U) is used for Police and Fire, while the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used for Teachers. He confirmed this approach is aligned with DCHR (District of Columbia Human Resources).

Trustee Collins requested a detailed report on health and life insurance enrollment. The report should break down enrollment numbers by plan (health and life), categorize enrollees as Police & Fire or Teachers, and include an age breakdown for the health plan. Additionally, she inquired about the handling of premium overpayments and underpayments for annuitants. Mr. Hernandez clarified that DCRB cannot directly address overpayments and underpayments, as these decisions fall under the purview of DCHR and OPEB (Office of Personnel and Employee Benefits). DCRB serves as an administrator, not the plan sponsor. He

confirmed

he could provide an analysis of the health plan by total enrollees (Teachers and Police & Fire) categorized by age. However, for life insurance, he could only report the number of impacted individuals. He emphasized that DCRB is not responsible for resolving premium discrepancies and any liabilities fall under OPEB.

Trustees moved to the next item on the agenda.

AUDIT COMMITTEE REPORT

Chair Bress stated that in the absence of Committee Chair Harris he will be providing the report for Audit Committee for March 21, 2024. The Audit Committee met on February 22, 2024 and the following items were presented:

The budget vs actual report as of January 31, 2024:

- 81% of the original budget is available
- Trustee Collins requested additional detailed information that was loaded into Diligent for review on February 26, 2024
- Internal Auditor Report
 - Benefits Internal Audit Findings: Mitigation status
 - Current Year Internal Audit status update

The next Audit Committee meeting will be scheduled for April 23, 2024.

Mr. Paul Gormley, Director of Internal Audit and Compliance, provided an update on the internal audit plan, indicating good progress

Trustees moved to the next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report the following report reflects activities of interest since the January 18, 2024 Board Meeting:

COUNCIL OF THE DISTRICT OF COLUMBIA

Legislation

D.C. Act 25-0361 – Retired Firefighter and Police Officer Temporary Amendment Act of 2023

This temporary legislation enacts the Retired Firefighter and Police Officer Redeployment Temporary Amendment Act of 2023 that was introduced by Councilmember Henderson in late 2023. Under the legislation, the Director of the Office of Unified Communications may rehire police officers who have retired from the Metropolitan Police Department (“MPD”) and firefighters who have retired from the Fire and Emergency Medical Services Department (“FEMS”) as temporary full-time or part-time 911 call takers or 911 dispatchers. The legislation further amends the Policemen and Fireman’s Retirement and Disability Act of 1916 to clarify that the salaries of these redeployed police officers and firefighters will not be reduced by the amount of their monthly retirement annuities. In other words, these temporary workers will receive both their monthly retirement benefits and their full District salaries in them rehired positions. They will not, however, receive any additional service credits or benefits under the District of Columbia Police and Firefighters’ Retirement Plan for the service they are rehired to perform.

The legislation is effective from March 1, 2024 through October 12, 2024. Legislation that would make these provisions permanent is under council review (B25-0610). A public hearing on Bill 25-610 was held on January 11, 2024 by Councilmember Anita Bonds' Committee on Executive Administration and Labor. No word yet on when the Bill will be voted out of the Committee.

Transmission

Inspector General Report – District of Columbia Teachers' Retirement and Police Officers and Firefighters' Retirement Funds Financial Statements and Independent Auditor's Report for Fiscal Years 2023 and 2022 (OIG No. 21-1-18MA). On February 1, 2024, the Office of the Inspector General ("OIG") submitted the financial statements and independent auditor's report for the District of Columbia Teachers' Retirement and Police Officers and Firefighters' Retirement Funds (the "Funds") for fiscal years 2022 and 2023 to the Office of the Secretary to the Council. OIG contracts with McConnell Jones, LLP (MJ) to audit the District of Columbia's general-purpose financial statements for fiscal year 2023. MJ is contractually required to review the work papers of Watson Rice, LLP (Watson Rice), which audited the Funds for DCRB. MJ concurred with Watson Rice's opinion and conclusion "that the financial statements are presented fairly in all material respects, in accordance with accounting principles general accepted in the United States of America."

As reflected in the OIG's report, the Funds held approximately \$10.5 billion and \$9.4 billion in net assets as of the end of fiscal years 2023 and 2022, respectively. Employer contributions in fiscal year 2023 totaled \$125.3 million, a decrease of \$58.7 million from the fiscal year 2022 amount of \$184 million. Plan member contributions in fiscal year 2023 totaled \$102.9 million, an increase of \$19 million over the fiscal year 2022 amount of \$83.9 million. As of September 30, 2023, the Teachers' Retirement Fund was 89.3% funded and the Police Officers and Firefighters' Retirement Fund was 104% funded.

Hearings

PR25-0636 – DCRB Joseph M. Bress Reappointment Resolution of 2024

A proposed resolution was introduced by Chairman Mendelson on February 9, 2024 to reappoint Trustee Joseph M. Bress to the District of Columbia Retirement Board. A public hearing before the Committee of the Whole, Chairman Phil Mendelson, will be held on Friday, March 29, 2024.

DCRB Annual Hearings

The annual performance oversight hearing was held on Thursday, February 29, 2024, under the Committee of the Whole, Chairman Phil Mendelson. The recorded hearing is available at:

<https://dccouncil.gov/video-archive/>.

The budget hearing was tentatively scheduled for Friday, March 29, 2024, under the Committee of the Whole, Chairman Phil Mendelson, but DCRB received notice that it has been postponed to an unspecified date.

Trustees moved to the next item on the agenda.

Results of Board Officers Elections

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

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

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

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

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

Trustee Collins nominated Trustee Harris to fill the Treasurer/Audit Committee Chair position.

Chair Bress nominated Trustee Harris to fill the Treasurer/Audit Committee Chair position.

Chair Bress stated that the position of Treasurer will be received by Trustee Harris with 10 votes. The position of Vice-Chair will be received by Trustee Gregg with 10 votes and the position of Chair of the Board will be received by Trustee Bress with 10 votes.

Chair Bress presented a motion to waive the 2-year term limit for the 3 Board Officers positions.

Motion #7: To waive Board Rule 1501.6 (7 D.C.M.R. § 1501.6 & Section II.A.1 of the District of Columbia Retirement Board Governance Manual), to allow the Chairperson, the Vice Chairperson/Secretary, and the Treasurer/Audit Committee Chair to serve in the same elected office for an additional one-year term.

The motion was moved by Chair Bress and properly seconded by Trustee Weers.
The motion was approved by unanimous vote. (10-0). (See Tally #7)

Tally #7:			Date: March 21, 2024		
Motion #7: To waive Board Rule 1501.6 (7 D.C.M.R. § 1501.6 & Section II.A.1 of the District of Columbia Retirement Board Governance Manual), to allow the Chairperson, the Vice Chairperson/Secretary, and the Treasurer/Audit Committee Chair to serve in the same elected office for an additional one-year term.					
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 #8: To adjourn the meeting at 3:02 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Gregg.
The motion was approved (10-0). (See Tally #8)

Tally #8			Date: March 21, 2024		
Motion #8: To adjourn the meeting at 3:02 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	√				