

DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, May 16, 2024
1:30 P.M. via WebEx

MEMBERS PRESENT

Chair, Joseph M. Bress
Lyle M. Blanchard (1:39 pm)
Joseph W. Clark
Mary A. Collins
Christopher Finelli
Geoffrey Grambo
Danny C. Gregg
Tracy S. Harris
Nathan A. Saunders
Greggory Pemberton (1:44 pm)
Adam Weers
Carmen Pigler, Ex Officio

MEMBERS NOT PRESENT

Tracy S. Harris

DCRB STAFF PRESENT

Gianpiero “JP” Balestrieri, Executive Director
Kate Robinson
Paul Gormley
Ram Murthy
Daniel Hernandez
Lori Morgan
Vernon Valentine
Lauren Smith
Lori Morgan
Leslie West
Jaininne Edwards
David Mobley
Johniece Harris, Board Liaison

OTHERS PRESENT

Gar Chung-Financial News
Joe Ebisa- With Intelligence
Nicholas Weil
Mustafa Elgbry
ICC

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:36 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 March 21, 2024 open session Board meeting minutes.

The motion was moved by Chair Bress and properly seconded by Trustee Weers. The motion was approved by unanimous vote (8-0). (See Tally #1)

Tally #1		Date: May 16, 2024			
Motion #1: To approve the March 21, 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 and in person. 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:** With the up and down of inflation and unemployment rates over the last several months, the Fed has slowed its determination for a rate cut this year. Our Fund continues with a positive return, even as the economy has been bumpy. Our return has been 0.7% for the calendar year through April 30 and 7.9% over this fiscal year. Our result this year and fiscal year reflects the activity in the markets based on the economic forecasts.

Yesterday inflation was reported as lower than a year ago, 3.4% in April. The Fed Chair on Monday said that he expects the inflation rate to lower as the year goes on, but is still apparently pessimistic about the outlook, according to the Wall Street Journal. As reported, rent and gasoline price increases continue to adversely affect the inflation rate. So, there probably will not be a rate decrease until September at the earliest.

On a personal note, I thank Chairman Mendelson and the DC Council for the confidence they have placed in me by renewing my term on the Board until January 2028.

Our work is cut out for us to maintain our 6.25% rate of return to maintain our 100% actuarially funded Plan. I look forward to working with you to achieve our goals. Both the retirees and employees of the District depend on our success.

- **Trustee Elections:** It's that time again!! Trustee elections will be held this summer for the Active Firefighter, Retired Police Officer, and Active Teacher positions on our Board of Trustees. As in the past, the process will begin in a few months and the winners will be certified in December. The new terms will begin on January 28, 2025.
- **Chair Committee Appointments:** Committee assignments have been completed, the Trustee Committee Listing will be uploaded in the May Board book in Diligent for review and your records. If you have any questions or concerns, please let me know.
- **Waiver of Recourse Insurance Coverage:** Your waiver of recourse insurance payment for 2024-2025 in the amount of \$50.00 for the Trustees, Executive Director, Chief Investment Officer, and Chief Financial Officer is due by May 26, 2024. The check, payable to RCM&D, should be mailed to DC Retirement Board 900 7th Street NW 2nd FL Washington, DC 20001 Attn: Finance Department, Rhonda O'Neal. If you have any questions, please don't hesitate to contact Rhonda O'Neal at Rhonda.Oneal@dc.gov.
- **Next Board Meeting:** The next meeting will be held on July 18, 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.

Trustees moved to the next item on the agenda.

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

Staffing Update

- a. **New Hires and Pending Hires**
- b. **Current Vacancies to Fill**

2. Fund Performance and Investment Update (As of 5/7/2024)

- a. **Total Market Value of the Fund:** is at \$11.5 billion
- b. **Firm Fund Liquidity:** Currently, the Fund holds approximately \$148 million in cash vs. monthly benefit payments of approximately \$28mn
- c. **Net Returns to the Fund:**
 - i. Calendar YTD 2024: 2.5%
 - ii. Fiscal YTD 2024: 9.7%
 - iii. Last twenty (20) Years Average: the net return has averaged +6.5% 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 5 rebalancing
- b. transactions valued at about \$125 million.
- c. **Fiscal Year 2024 to date:** the investment team has completed 29 rebalancing transactions
- d. valued at approximately \$817 million.

4. Budget Hearing Update

On April 26th, 2024, we presented our Budget Hearing testimony before the DC Council Chair Mendelson. It lasted about 30 minutes and there aren't any follow up questions or requests outstanding for DCRB from the Council Chair. Moreover, the Council Chair complimented DCRB on its transparency in presenting and disclosing information to the DC Council.

5. Asset-Liability Study Update

DCRB is conducting an Asset-Liability Study 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 compliance and 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.

6. Policies

Legal is working in cross functional teams with various departments, including Investments, Finance and Benefits to identify policies that need to be modified and/or implemented considering Internal Audit's ongoing findings to document and formalize processes.

Trustees moved to the next item on the agenda.

LEGAL DEPARTMENT REPORT

Kate Robinson, Acting General Counsel, referred the Board to the written report, which highlighted the following:

ANNUAL FINANCIAL DISCLOSURE

The trustees' Financial Disclosure Statements were timely filed with the Mayor and the Council of the District of Columbia on Monday, April 29, 2024.

Designated DCRB employees subject to the District's Board of Ethics and Government Accountability (BEGA) financial reporting were required to file their Financial Disclosure Statements by Wednesday May 15, 2024.

Trustee Collins asked are there any further updates on legal matters. Kate Robinson, Acting General Counsel responded no, there are no current pending legal matters.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, May 16, 2024. There were no official actions taken at this meeting.

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 Operations Committee did not have an April 2024 meeting.

The next Operations Committee meeting is scheduled to be held on Tuesday, June 18, 2024, at 1pm.

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. The next Benefits Committee meeting is scheduled for June 20, 2024 at 10 a.m.

Trustee Collins asked who is handling the health benefits premium issue for each pay group. Mr. Balestrieri responded that there was a letter sent to DCHR addressing the roles and responsibilities of each agency and the benefits team is creating a milestone plan and working with DCHR and updates will be provided in the Benefits committee meeting. Trustee Collins asked what responsibility DCHR has with respect to the corrections. Mr. Balestrieri responded that DCHR and OPEB share responsibility for making the corrections. Trustee Collins asked for information pertaining to the health benefits issues and updates to be placed in Diligent Board book for Trustees to access.

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 May 16, 2024. The Audit Committee met on April 23, 2024 and the following items were presented:

- The Budget vs Actual report as of March 31, 2024:
 - o 71% of the original budget is available
- Internal Auditor Report
 - o The Internal Audit Director provided an update on the audits currently underway in the Benefits Department. Progress is being made on all open findings and several are on track to be closed out over the next few months.
 - o The Finance Team has begun to address the financial reporting finding by documenting the month-end and year-end closing processes. This task is on target to be completed by June 30, 2024.

The next Audit Committee meeting is scheduled for June 18, 2024.

Trustees moved to the next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard reports the following legislative activities of interest since the

March 21, 2024 Board Meeting

COUNCIL OF THE DISTRICT OF COLUMBIA

Legislation

None

Orders

Mayor’s Order 2024-048. Ms. Sithembile Chithenga is appointed to serve on the Police and Firefighters Retirement and Relief Board, effective March 20, 2024.

Mayor’s Order 2024-059. Ms. Pamela Brown is appointed to serve on the Police and Firefighters Retirement and Relief Board, effective April 11, 2024. Ms. Brown is designated as Chairperson and replaces William Persina.

Hearings

The Committee of the Whole Public Briefing on the Mayor’s Fiscal Year 2025 Proposed Budget and Financial Plan was held on April 3, 2024. The recorded hearing is available at:

https://dc.granicus.com/ViewPublisher.php?view_id=4

The Committee of the Whole held a Budget Oversight Hearing on April 26, 2024. DCRB testified at the hearing, a recording of which is available at: https://dc.granicus.com/viewpublisher.php?view_id=2

The Committee of the Whole Public Hearing on the Fiscal Year 2025 Local Budget Act of 2024 was held on May 3, 2024. The recorded hearing is available at: https://dc.granicus.com/viewpublisher.php?view_id=2.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 2:38 p.m.

Motion #2: 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 Gregg.

The motion was approved by unanimous vote. (10-0). (*See Tally #2*)

Tally #2:		Date: May 16, 2024			
<u>Motion #2:</u> 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 2:45 p.m. to 3:28 p.m.

Motion #3: To return to open session at 3:28 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Gregg.
The motion was approved by unanimous vote. (10-0). (See Tally #3)

Tally #3:			Date: May 16, 2024		
<u>Motion #3:</u> To return to open session at 3:28 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	√				

Motion #4: To adjourn the meeting at 3:30 p.m.

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

Tally #4			Date: May 16, 2024		
<u>Motion #4:</u> To adjourn the meeting at 3:30 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	√				