



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, May 18, 2023
1:30 P.M. via WebEx**

MEMBERS PRESENT

Chair, Joseph M. Bress
Lyle M. Blanchard
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Tracy R. Harris
Nathan A. Saunders
Greggory Pemberton
Adam Weers

MEMBERS NOT PRESENT

Joseph W. Clark
Mary A. Collins
Carmen Pigler

DCRB STAFF PRESENT

Gianpiero “JP” Balestrieri, Executive Director
Stephen Serraino
Leslie King
Emily Bowie
Paul Gormley
Ram Murthy
Munetsi Musara
Patrick Sahn
Samantha Van De Bunt
Daniel Hernandez
Lori Morgan
Leslie West
Vernon Valentine
Lauren Smith
Betty Ann Kane
Jaininne Edwards
Johniece Harris, Board Liaison

OTHERS PRESENT

Gar Chung-Financial News
Kevin Balaod, With Intelligence
Bela Kirpalani- Mandate Wire

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 March 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 (8-0) with one abstention. (See Tally #1)

Tally #1		Date: May 18, 2023			
Motion #1: 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	√				

Motion #2: To approve the March 27, 2023 Special Board meeting minutes.

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

The motion was approved by unanimous vote (9-0). (See Tally #2)

Tally #2:		Date: May 18,2023			
Motion #2: To approve the March 27, 2023 Special 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:**
 - Another month and inflation is still an issue - even though basic inflation has dropped to 4.9%. Of course, the Fed is looking for 2% if that is still an appropriate number to reach today. The recent Fed increase of 0.25% may be its last for a time until it sees how the economy is working.
 - Another month and why not another threat to our investments with a march toward the debt payment increase date of around June 1. While the US has never defaulted, these times present different issues and people. As of May 4th, the Fund is projected to outperform its 6.25% actuarial return target. That depends on a market performing both without a default and a new federal budget or, at least, a continuing resolution, for the next fiscal year.
 - Some state pension plans are reviewing their asset allocation decisions to more reflect the present and anticipated market conditions. As noted in my previous remarks, our actuarial return is anticipated to be met or outperformed under our present asset allocation. We should watch the market and our returns when we next review our asset allocations. As long as we keep our eye on our investment decisions, we should be able to weather the storm or, if the storm is more than we expect, our road may be less rocky because of the diversity of our investments.
- **Waiver of Recourse Insurance Coverage:** Your waiver of recourse insurance payment for 2023-2024 in the amount of \$50.00 for the Trustees, Executive Director, Chief Investment Officer, and Chief Financial Officer is due by May 26, 2023. 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 20, 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. **Current Vacancies to Fill**
- c. **College & High School Internship Programs Update**
 - i. Investments Department
 - ii. Benefits Department
 - iii. Legal Department
 - iv. High School Internship

2. Fiscal Year 2023 Fund Performance and Investment Update (As of 5/16/2023)

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

3. Asset Allocation & Rebalancing Update

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.

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

DCRB investments and procurement departments completed the execution of the contract award on March 31st, 2023 to consultant, Zeno AN, who will help DCRB independently review and monitor the transaction and transition costs of public markets investment managers. This will be a very important risk management and transparency tool to fulfill our fiduciary duty and apply the best reasonable prudent practices available for execution in monitoring public investment managers and brokers’ trading activities.

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 is in the process to complete its first investment manager fees and transaction costs verification, analysis, and management report for the 4th quarter of FY 2023.

6. Benefits & Pension Administration Stakeholder Update

The first of many stakeholder meetings took place on March 29th, 2023 with employer agency stakeholders, treasury and DCRB departments to accomplish improvements to the member retirement process and internal benefits administration processes of all stakeholders.

7. RFI for Feasibility Review on Potential BAPS Investment:

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. 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 the new system.

8. Implementation of the Internal Audit Process

We are implementing an internal audit process and charter that defines the role, organizational status, authority, responsibilities, compliance actions and scope of activities of the internal audit function. This will be presented at the June session of the Audit Committee. It will also include the underlying objectives of the function and its application into operational quality and risk management activities.

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 legal review of the updated Summary Plan Descriptions (SPDs) has been completed by DCRB and U.S. Treasury and they have been sent to DCRB's Pension Administrator for final review. After that review, the final draft SPDs will be placed in the trustees' portal in Diligent for review.

STATUS OF ANNUAL FINANCIAL DISCLOSURE STATEMENTS (FDS)

By statute, DCRB Trustees are required to file annual financial disclosure statements (FDSs) with the Mayor and the Council of the District of Columbia by April 30, covering the prior calendar year (since April 30 fell on a Sunday this year, the filing deadline was pushed to May 1). The Trustees filed their FDSs and an accompanying Fiduciary Acknowledgement Form through DCRB's General Counsel and Ethics Counselor.

Trustee Gregg asked if a due date has been assigned for the administrative review of the Summary Plan Description books?

Mr. Balestrieri, the Executive Director, responded that the legal review was done and has been forwarded to the Benefits department to complete the calculations review, with a turnaround by the end of the month or first week of June.

Trustee Saunders asked why the premium for the waiver of recourse insurance requirement not being covered on their behalf by the Board.

Mr. Musara, the Chief Financial Officer, responded that the waiver of the recourse fee is an individual coverage, and the Board assets cannot be used to pay the fee.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, May 18, 2023. The official actions taken at this meeting are presented below for ratification by the full Board.

Motion #3: To approve the replacement of Fund K with Fund L, 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 (9-0). *(See Tally #3)*

Tally #3:			Date: May 18, 2023		
<u>Motion #3:</u> To approve the replacement of Fund K with Fund L, 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 M, pending legal review and final due diligence.

The motion was moved by Chair Weers and properly seconded by Trustee Christopher Finelli. The motion was approved by unanimous vote (9-0). *(See Tally #4)*

Tally #4:			Date: May 18, 2023		
<u>Motion #4:</u> To approve a commitment of up to \$100 million to Fund M, 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. \$75 million re-commitment to **One Rock Fund IV**, a U.S. middle market buyout fund, closed on March 28, 2023.
2. \$50 million commitment to **Ara Fund III**, a U.S. natural resources fund, closed on April 21, 2023.

Trustees moved to the next item on the agenda.

Operations Committee Report

Committee Chair Saunders reported that the Operations Committee met on April 18th at 1:00 p.m., and the Committee Chair announced that the meeting would be divided into two segments: the first segment would be open to trustees and participating staff and would address the operations items included on the meeting agenda. The second segment of the meeting would be a closed meeting for trustees only (to discuss the go-forward process for executive director performance-management).

Following this announcement, the Committee reviewed and approved the minutes from the December 15, 2022, Operations Committee meeting. The approval of the minutes was followed by a brief review of updates to the Executive Status Report, which was followed by an update on the agency’s summer college and summer high school internships. DCRB reported that it anticipated hosting several summer college interns across its Investments, Legal, and Benefits departments, beginning in May. DCRB also reported that it will be hosting its first-ever high school intern, through the District’s Marion Barry Summer Youth Employment Program. The intern will begin working in June under the supervision of the agency’s Office Management department.

Following these updates, all DCRB staff exited the call, and the trustee-only portion of the meeting was initiated.

Chair Saunders stated that in the future he would like to see that DCRB will incur zero cost as it pertains to the internship process and program, which should be underwritten by the District.

The next Operations Committee Meeting is scheduled to be held on June 13th at 1 PM.

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. and the following items were presented.

- Insurance Policy proposal and coverage renewal.
 - o RCM&D provided an overview of the insurance coverage for the 2023 – 2024 premium year. The coverage included one new policy, excess coverage of \$5M for the Directors and Officer / Employment Practices Liability insurance.
 - o There is an action item related to this presentation for the Board to approve – motion attached.
- The budget vs actual report as of March 31, 2023:
 - o 76% of the original budget is available.

The next Audit Committee meeting will be scheduled for June 13, 2023.

Motion #5: To approve the recommended comprehensive insurance program for the 2023-2024 premium year and authorize the executive director to expend no more than \$425,000 for insurance premiums for the 2023-2024 premium year and to renew the policies for the existing programs for the next premium years.

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

Tally #5:			Date: May 18, 2023		
Motion #5: To approve the recommended comprehensive insurance program for the 2023-2024 premium year and authorize the executive director to expend no more than \$425,000 for insurance premiums for the 2023-2024 premium year and to renew the policies for the existing programs for the next premium years.					
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 a Benefits Committee meeting was held on April 20, 2023 to update the committee on key Benefit Department initiatives. The entire meeting package can be found in the Diligent Board Books. Below are a few updates from the meeting. Mr. Hernandez will be providing a calendar of the Benefits committee meeting for the remainder of this year and early part of next year.

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 for up-to-date information on timing and answers to member questions. Please click on the banner link at <https://dcrb.dc.gov/> or access <https://dcrb.dc.gov/release/annuity-payments-adjustments-2023> to view the FAQs.

Continued Stakeholder Meeting – The Benefits Department met with District stakeholders on Wednesday, February 8, to discuss District retirement issues, and on March 29, 2023, the first Tiger Team focusing on data quality was held. The next steps required are project sponsorship and planning focusing on the data quality issues.

Technology Projects This Year – There are multiple member-focused technology projects scheduled for this year. At the committee meeting, the following projects were discussed:

- **Self Service Phase II** focuses on health care open enrollment online and 1099R retrieval online. This project is scheduled 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. The remaining purchase of service online calculators are scheduled to be completed by the end of summer.
- **Benefits Statements** for active members are now going to be available on the employee’s self-service account in active PeopleSoft. This project is scheduled for completion 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.

Chair Bress stated the progress with the technology in benefits is very positive, giving the members the ability to access their information without being subjected to long hold times. Trustee Grambo stated that he has not received any complaints or calls from members.

Trustees moved to the next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard report reflected the following activities of interest since the March 16, 2023, Board meeting.

U.S. CONGRESS

LEGISLATION

H.J. Res. 30 – Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Labor relating to “Prudence and Loyalty in Selecting Plan Investment and Exercising Shareholder Rights.”

On March 20, 2023, President Biden vetoed a joint resolution that would have nullified a January 30, 2023 final rule by the Department of Labor permitting plan fiduciaries to consider climate change and other environmental, social and governance (“ESG”) factors when selecting retirement investments and exercising shareholder rights, such as proxy voting.

COUNCIL OF THE DISTRICT OF COLUMBIA

PUBLIC HEARINGS

DCRB Annual Hearings

The budget hearing was held on Monday, April 6, 2023, under the Committee of the Whole, Chairman Phil Mendelson. The recorded hearing is available at: <https://dccouncil.gov/council-videos/>.

FY 2024 Budget

Committee of the Whole Fiscal Year 2024 Committee Budget Report

The Committee of the Whole submitted its Report and Recommendations on the Fiscal Year 2024 Budget and Corresponding Budget Support Act (B25-0203) on April 27, 2023. The Committee recommended the adoption of the Fiscal Year 2024 budget for the DCRB, as proposed by the Mayor. The Committee reported that it was pleased with the action the Board has taken to fill senior-level vacancies and to remediate all deficiencies identified in the ACFR in previous budget cycles. The Committee included the following policy recommendation for the Board:

The Committee recommends that the Board continue to be fully transparent in supporting documentation and financial reports so that annuitants and the public can clearly see what fees are being charged.

Report at 80.

The report is available at: <https://www.dccouncilbudget.com/fy-2024-budget>.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 2:33 p.m.

Motion #6: 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 and the motion was approved by unanimous vote (8-0). (See Tally #6)

Tally #6		Date: May 18, 2023			
Motion #6: 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 2:33 p.m. to 3:15 p.m.

Motion #7: To return to open session at 3:15 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Danny Gregg. The motion was approved by unanimous vote. (9-0). (See Tally #7)

Tally #7:		Date: May 18, 2023			
Motion #7: To return to open session at 3:15 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	√				

There being no further business to come before the Board of Trustees, Chair Bress introduced a motion to adjourn the meeting.

Motion #8: To adjourn the meeting at 3:17 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Adam Weers.
The motion was approved by unanimous vote (9–0). (*See Tally #8*)

Tally #8:		Date: May 18, 2023			
<u>Motion #8:</u> To adjourn the meeting at 3:17 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	√				