



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, September 21, 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 @1:47 p.m.
Adam Weers

MEMBERS NOT PRESENT

Greggory Pemberton
Carmen Pigler-Ex Officio

DCRB STAFF PRESENT

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

OTHERS PRESENT

Joe Ebisa- WithIntelligence
Gar Chung-Financial News
Bela Kirpalani- MandateWire

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 July 20, 2023 open session Board meeting minutes.

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

The motion was approved (9-0). (See Tally #1)

Tally #1			Date: September 21, 2023		
<u>Motion #1:</u> To approve the July 20, 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 August 15, 2023 closed session Board meeting minutes.

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

The motion was approved (8-1) with one abstention. (See Tally #2)

Tally #2			Date: September 21, 2023		
<u>Motion #2:</u> To approve the August 15, 2023 closed 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:**
 - Last month I wrote that we are in an up-and-down economy. While inflation has stabilized to a degree at 3.7%, the impact of the increase in the price of oil due to OPEC's decreased production and some food prices still higher than desired, the Fed is expected to do at least one more 0.25% increase to continue to tamp down inflation toward its 2% target.
 - The auto strike may result in an agreement that also will impact the economy on new car prices. UPS resolved its recent negotiations with healthy increases and the airlines have reached agreements providing increases over the next several years. While these increases are overdue to attempt to ward off the negative impact of inflation on workers, the carom effect is what they will do to the inflation rate — potentially increasing prices to cover them. There has always been a tension between salary increases and inflation impact. Will there be this time?
 - Whether there will be a government shutdown is also an open question at this moment with little legislative time for action to avoid one. Historically during the last several government shutdowns, there has been a minor impact on the markets. Whether a continuing resolution or new budget approvals for the next federal fiscal year may impact the market, or particularly the cost of loans to the government, only time will tell.
 - Lastly, Covid seems to have had a resurgence this fall. As a result, we will continue to meet virtually for the next several months. The new 23-24 Covid variant vaccines are available now locally for those who desire to receive them.
- **Trustee's Election Timetable:** The 2023 Elections have begun for the Retired Firefighter Representative. Notice of Election and Request for Nominations, including Statement of Candidacy Forms were sent to eligible members on September 08, 2023. Members of this constituent group may cast their vote from November 16 through December 15, 2023 by mail, phone, or internet.
- **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.

- **Trustees' Retreat:** The trustees' retreat has been re-scheduled for November 17, 2023, from 8:30-5, 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 to confirm access to the building and ample chaser tickets for parking are on hand. Breakfast and lunch will be provided for the trustees.
- **Next Board Meeting:** The next meeting will be held on November 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.

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

- New Hires: Team Additions and Pending Hires**
- Current Vacancies to Fill**
- Classification and Compensation Study**

DCRB has issued an RFP to select an independent firm to review and assess the overall competitiveness of DCRB's total compensation program. The overarching objective is to ensure that the agency remains as competitive as possible in the job market for highly talented prospective employees. We last completed a “Class/Comp” study in May 2018.

2. Fiscal Year 2023 Fund Performance and Investment Update (as of September 20th, 2023)

- Total Market Value of the Fund**
- Firm Fund Liquidity:**
- Net Returns of the Fund**

3. Asset Allocation & Rebalancing Update as of September 14th, 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 Investment Team has completed a total of 72 rebalancing transactions valued at over \$2.5 billion for the fiscal year 2023 to date.

- b. Since the last board meeting: the Investment Team has completed another 5 rebalancing transactions valued at about \$100 million.

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

The Investment Team has worked with its consultant, Zeno AN, to gather all trade data needed to complete historical review for DCRB's public equity accounts to complete the historical and ongoing trade cost analysis for the period between 3rd quarter 2019 and 2nd quarter 2023 to date. DCRB management and the consultant will be presenting the results and evaluation to the Board in January 2024.

5. Investment Fees and Expenses Verification Services Update

During 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. The report was submitted by Colmore for our internal review in August 2023. We will have Colmore present the results and its evaluation to the Board in October 2023.

6. Benefits & Pension Administration Stakeholder Update

On September 19th, 2023 DCRB had a follow up meeting with various stakeholder agencies (DCHR, MPD, DCPS, FEMS, and OCTO, among others, "Stakeholders") to update them on issues with and opportunities to jointly accomplish improvements to the member retirement and benefits administration processes. Over the course of the discussion, DCRB updated the agencies on key initiatives that impact our members, reviewed the effective interagency collaboration that took place this year and provided an overview of our FY2024 plans and additional opportunities for agency collaboration.

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

The Request for Information (RFI) process for the feasibility review of the Benefits Administration Pension Systems (BAPS) was closed on June 19th, 2023.

The primary focus of the RFI was on implementation approach, cost estimate, timeline, the system architecture, and staff resources that DCRB will need on an ongoing basis to maintain the system.

- Gain a firm understanding of solution options for implementing a fully functioning automated system.
- Obtain vital data on the projected costs and timelines for implementing this pension system.
- Identify and review potential system integrators and vendors capable of providing and implementing the new pension system options.
- Provide respondents an opportunity to comment on the scope and requirements for implementing a pension system.

8. Implementation of Internal Audit Process and Plan

We have implemented an internal audit process, plan and charter that defines the role, organizational status, authority, responsibilities, compliance actions, priorities, and scope of activities of the internal

audit function. We intend to present this for review at the October 2023 session of the Audit Committee. It will also include the underlying objectives of the function and the application thereof into integrated operational quality and risk management activities and processes - in collaboration with dedicated staff members of various departments.

Trustee Harris stated that the Internal Audit Process Plan has not been approved through the Audit Committee yet. Mr. Balestrieri responded that the Director of Internal Audit will be providing the package for Trustee Harris' review early next week well ahead of the Audit Committee meeting in October 2023.

Trustee Collins asked for clarification about what "closed" on June 19, 2023 means with respect to the BAPS system. Mr. Balestrieri responded that the time within which to respond to the RFI closed on June 19, 2023, and DCRB received submissions from 10 different providers. Staff has narrowed the eligible provider pool down to 7 providers, and IT and management are conducting further interviews and Q & A in October and November 2023 before moving with next steps in the process.

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:

BENEFITS LITIGATION UPDATE

Clark v. District of Columbia et al. (1:23-cv-01564-RDM)

A group of lateral Emergency Medical Technicians (EMTs) who transferred into the D.C. Police Officers and Firefighters' Retirement Plan as uniformed firefighters under the Paramedic and Emergency Medical Technician Lateral Transfer to Firefighting Amendment Act of 2001 (DC Code § 5-409.01) brought a purported class action against the District of Columbia challenging the terms and implementation of the legislation. The Complaint was amended to attempt to add DCRB as a defendant to assert a fiduciary breach claim, arguing primarily that DCRB should have lobbied for more favorable legislation for the lateral EMTs, but DCRB is not properly named in the amended complaint. We expect the plaintiffs to amend their pleading again to properly name DCRB as a defendant. DCRB's responsive pleading deadline will begin to run after it is properly named and served. The D.C. Office of the Attorney General is representing DCRB in this action.

Gerry O. Scott (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. The parties reached a mutual settlement, and the case was dismissed by stipulation of the parties on July 22, 2023.

LEGAL SERVICES CONTRACTS

DCRB's legal services contracts in the areas of (1) investments, (2) fiduciary, employee benefits, and tax, and (3) securities litigation are expiring at the end of this calendar year. The Legal Department has been conducting market surveys and will present its recommendations to the Operations Committee in October.

SUMMARY PLAN DESCRIPTIONS

The Summary Plan Descriptions are with the printer to be finalized.

Trustee Danny Gregg asked for details about the terms of the mutual settlement in the case of Scott vs DCRB. Ms. Bowie responded that the terms of the settlement agreement are subject to a confidentiality provision, but she will be happy to describe the terms of the settlement with the trustees in closed session.

Trustee Collins congratulated Ms. Bowie on doing a great job and asked from a legal perspective what are some of the things trustees cannot have access to or ask questions about? Ms. Bowie responded that as trustees you have access to privileged information, which might not be given in open session meetings. Trustee Collins asked if the contents of the annual financial disclosures are confidential or if they can be shared with other trustees?

Ms. Bowie responded that the information goes over to the District, so it is public and not necessarily confidential. Chair Bress stated the financial disclosures are online for the public and can be accessed from anywhere.

Trustee Clark stated that during the closed session meeting he would like to get more in-depth information on the merits of the legal issues raised in the Clark vs District of Columbia case. Trustee Saunders expressed concern that DCRB is accepting service for situations or legal issues. Ms. Bowie explained that the agency could not refuse to accept service of legal process to avoid being named in a lawsuit. She also noted that the merits of the litigation and strategy for responding to the Complaint could be discussed during the closed session. She also offered to circulate a copy of the complaint to the trustees upon request.

Trustee Saunders asked if it is the responsibility of staff or Board to conduct a class and compensation study for the agency? Ms. Bowie responded that the Executive Director and staff have the authority to analyze and present to the Board the findings and recommendations once the class and comp study is complete.

Trustee Saunders asked if the Summary Plan Descriptions (SPD's) were approved by the Board. Chair Bress responded that the trustees received a copy of the draft to submit changes or comments but was not approved. Trustee Collins stated that the SPD's were not approved by the Board/Ms. Bowie responded that the Board does not vote to approve the SPDs, which are legal documents required to be prepared by statute, but that the SPDs were presented to the Board for review.

Trustee Collins asked if her suggestions about the military credit were put in the SPD, and Trustee Saunders asked if the Board voted to approve the SPD's? Leslie King, Senior Counsel with DCRB, stated that preparation of the SPDs is a legal requirement, and the Board has never voted on the SPD's. Ms. King also noted that the Legal and Benefits departments addressed and responded to all trustee questions about the contents of the SPDs via e-mail, and these revisions were incorporated into the SPDs.

Trustees moved to the next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee met on Thursday, September 21, 2023. The official actions taken at this meeting are presented below for ratification by the full Board.

Motion #3: To approve a re-up commitment of up to \$75 million to Fund O*, a private equity fund, pending legal review and final due diligence.

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

Tally #3:			Date: September 21, 2023		
Motion #3: To approve a re-up commitment of up to \$75 million to Fund O*, 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 \$100 million commitment to **Grain Communications Opportunity Fund IV**, an infrastructure fund, closed on 7/24/2023.

Trustee Harris stated that since we have new Board members it would be helpful for the full Board to examine the Board's delegations of authority to the Executive Director. Chair Bress responded that if the delegations in the handbook that are available in Diligent are not up to date that legal could provide the updates to each Board member. Ms. Bowie responded that the delegations that appear at the end of the current Board Governance Manual and in Diligent are the most current and up to date.

Trustees moved to the next item on the agenda.

Operations Committee Report

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

Chair Saunders stated that the Operations Committee did have a great deal of work with the Executive

Director evaluation package and is expecting to have a full report for the next Operations Committee meeting. Trustee Collins asked when the trustees will receive a copy of the draft budget? Chair Bress responded that the Executive Director will present to the trustees once it's prepared.

The next Operations Committee Meeting is scheduled to be held on October 17th at 1 PM.

Trustees moved to the next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Gregg reported that a Benefits Committee did not meet this month. The next Benefits Committee meeting is scheduled for Wednesday, October 18, 2023, at 10 am.

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) were renegotiated last year. After payment of active-side retroactive payments, the DCRB Projects team has been working to recalculate annuities for members who retired during the contract periods. Because of the complexities associated with the mass recalculation, DCRB divided the MPD retros into three phases with the Office of DC Pensions. The status of the payments is shown below. Additionally, 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> provides regularly updated information.

Adjustments and Schedule:

- Council of School Officer – Completed
- Non-Union Battalion Fire Chiefs – Completed
- FEMS Union – Completed
- MPD – September 1– November 1 (dependent on review efforts)
- WTU – November 1 – December 1 payments
- POLFF Equalizations – December 1 payment

Technology Projects – Outlined below are updates on several of the Benefits Department's member-focused technology projects:

- **Benefits Statements** for active members will be available in the employee's self-service account in active PeopleSoft beginning October 1, 2023. The benefits statements include the most up-to-date salary information from the implementation of the collective bargaining agreements. DCRB will work with employer agencies to communicate this to their employees/our active members.
- **Online Purchase of Service Calculators:** DCRB launched the military purchase of service calculator on schedule in August. The calculator is available at <https://dcrb.dc.gov/service/military-purchase-service-calculator>.

Upcoming Events

- Both DC and Federal Health plans will offer Open Enrollment from November 13 to December 11, 2023. More information for members will be posted on DCRB's website and mailed via USPS to members in early November.

Trustee Collins stated she requested a report of the number of members that were retiring on deferred or disability retirement starting with the summer of 2022. She also asked for details about the plans to have a retirement calculator uploaded to the website for teachers. Daniel Hernandez, Pension Administrator responded that the benefits department is working with a better tracking tool to provide a more comprehensive report on the number of retirees this year and the calculator that is already online for the annuities can be used by police officers, firefighters, and teachers alike. Trustee Harris stated that she appreciated that the Benefits department is remembering that some Plan members are elderly and still offering them paper options for receiving information.

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 July 20, 2023 Board Meeting.

COUNCIL OF THE DISTRICT OF COLUMBIA

FY 2024 Budget

L25-0047, Effective from Aug 29, 2023, Fiscal Year 2024 Local Budget Act of 2023

The FY24 local budget has become law after its transmission to Congress. 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, and \$39,690,511 from the earnings of the applicable retirement funds to pay legal, management, investment, and other fees and administrative expenses.

L25-0050, Effective from September 6, 2023, Fiscal Year 2024 Budget Support Act of 2023

The FY24 Budget Supporting Act, introduced March 22, 2023, by Chairman Mendelson to the Committee of the Whole, has also become law following transmission to Congress. The Act expands 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).

A25-0180, Virtual Open Meetings Authority Extension Temporary Amendment Act of 2023:

This Act extends the authorization for public bodies to hold open meetings under the Open Meetings Act virtually or remotely if the public has access to those meetings. The Act was transmitted to Congress on August 4, 2023 with a projected law date of September 15, 2023.

Trustee Clark asked when does the Virtual Open Meetings Authority Extension Temporary Amendment Act of 2023 expire if not extended? Chair Blanchard responded that it may have already expired, but the legal will research and provide the answer.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 3:07 p.m.

Motion #4: 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.

The motion was approved by unanimous vote (10-0). (See Tally #4)

Tally #4			Date: September 21, 2023		
Motion #4: 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 3:07 p.m. to 5:05 p.m.

Motion #5: To return to open session at 5:05 p.m.

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

The motion was approved by unanimous vote. (10-0). (See Tally #5)

Tally #5:			Date: September 21, 2023		
<u>Motion #5:</u> To return to open session 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	√				

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

Motion #6: To adjourn the meeting at 5:06 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Geoffrey Grambo. The motion was approved by unanimous vote (10–0). *(See Tally #6)*

Tally #6:			Date: September 21, 2023		
<u>Motion #6:</u> To adjourn the meeting at 5:06 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	√				