



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
OPEN BOARD MEETING MINUTES
THURSDAY, May 19, 2022
1:00 P.M.**

MEMBERS PRESENT

Joseph M. Bress, Chair
Joseph W. Clark
Lyle M. Blanchard (joined at 2:05 p.m.)
Mary A. Collins
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Nathan A. Saunders
Greggory Pemberton
Adam Weers
Carmen Pigler, Ex officio

DCRB STAFF PRESENT

Gianpiero “JP” Balestrieri, Executive Director
Betty Ann Kane
Ram Murthy
Munetsi Musara
Patrick Sahn
Daniel Hernandez
Vernon Valentine
Darrell Pressley
Leslie King
Lori Morgan
Rashelle Anderson
Johniece Harris, Board Liaison

MEMBER NOT PRESENT

Tracy S. Harris

OTHERS PRESENT

Gar Chung, Financial News
Unidentified Public Attendee

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:49 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 April 21, 2022, 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: May 19, 2022			
Motion #1: To approve the April 21, 2022, 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 commented on the following topics:

- **In-Person Board Attendance:** We will continue to meet virtually for the near future. Those who wish to attend in person please make arrangements with staff to attend on Board days.
- **Investment Updates:** Since the start of this fiscal year, the fund return has been -5.3% through May 6. That performance is actually quite better than almost all the indices' measures for the same period. In some cases that has been significantly so. The Investment Team will keep us informed between meetings as to how the fund is doing during this volatile periods. Hopeful that the Trustee will have tool to access information on a regular basis on the funds' performance. I have talked to several economists and asked several questions. First, are we going to still have inflation? Will we have staff inflation, or will we have a possible recession, and the answer was clear, yes. The Fed Chairman indicated anticipated 0.5% increased interest rates for the next three quarterly meetings, even the potential of one 0.75%. As Chair Powell has stated, he has hope of a soft landing. The economists indicated that of the last 12 recessions, we had only 3 soft landings.
- **Chair Committee Appointments:** The trustee committee listing was amended and corrected and uploaded in the May Board book in Diligent for review and your records. If you wish to express any interest in a different committee or in an additional committee, please let me know.
- **New Trustee Orientation:** Staff will be reaching out to schedule a new trustee orientation for Trustees Finelli and Weers and other members can attend

- **Fiduciary Training:** The trustee fiduciary training has been scheduled with Morgan Lewis for June 16, 2022.
- **Local Hatch Act:** As a reminder, as we move towards the primaries in the district, trustees and staff should be mindful of Hatch Act requirements and those who also live outside the district.
- **Member Complaints:** Trustees that are receiving any complaints or concerns from members should forward them Executive Director and Department Chief for resolution.
- **Trustee Conference Listing:** Please refer to Diligent for a listing of upcoming conferences and all requests must be approved by the Board Chair.

The next Board meeting will be on Thursday, June 16, 2022, and will continue as a virtual meeting.

Trustees moved to next item on the agenda.

EXECUTIVE DIRECTOR’S REPORT

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

- **Human Resources Update:**
 - Calendar year to date 13 positions have been filled and 2 pending new hires: Chief Benefits Officer and Retirement Analyst. There are six vacancies that need to be filled. Also, management in benefits are reviewing applications and interviewing candidates for a Member Service Representative and Benefits Assistant positions. Applications are being reviewed for the Director of Internal Audit, Investment Analyst, Senior Council, Senior Investment Funds and Compliance Council.
 - Welcome the new Senior Investment Strategist, Jamia Canlas who started on April 25, 2022.
 - Congratulations to Johniece Harris who celebrated her 17-year anniversary on May 9, 2022, and Joyce Greene who celebrated her 18-year anniversary on May 17, 2022.
- **Investment Update:** Diversity of the fund’s portfolio is currently being monitored with over 100 active funds that being managed by over 70 investment firms, which gives the opportunity for reviewing, rebalancing and liquidity management to increase the fund’s portfolio and strategies and activities with our investment team and outside consultants. Due to market disruption over the last few months, which include rising inflation and trying to match the federal reserve actions as a result of Russia and Ukraine war. The mission is to have returns above the benchmark and as of May 13, 2022, the fund’s value is at 10.3

billion and the fiscal year to date returns are at 6.4% above the stated benchmark. On the procurement update, the investments actions list has thoughtfully gone through the objective process for the RFPs for the Investment Consultants in two different areas. Investment team will be holding a meeting that will focus on investing matters and actively look at investment managers that are showing a good fee. Prior to putting out our own policies we find a policy that has an objective test attached to it, and we are doing research and preparation for the meeting with the Center of Global Inclusion and the CFA Institute to provide metrics for transparent measurements opportunities in seeking unified good faith efforts by the investment managers. On April 27, 2022, a motion to dismiss the whistle blower and all other claims against DCRB and the Board was fully granted by the DC Superior Court based on the plaintiff's failure to make any and all claims and any issues of material facts exist to support any such claims made in that complaint.

Trustee Collins asked if the Executive Director could provide a written report with the material just presented to the Board.

Mr. Balestrieri, Executive Director responded that he provides an outline, and it is moralized in the meeting minutes, and he will provide Trustee Collins with a copy of the minutes via email.

- **Benefits Update:** A meeting has been scheduled on May 26, 2022, with DCHR and benefits to discuss the roles and responsibilities of each agency as it pertains to health and life insurance to include all managers and the legal team.

Trustee Collins asked if a reported can be provided to the trustees as a result of the meeting and progress

Trustee Saunders asked if any information will be communicated to the constituency or outside parties as to the results of the lawsuit?

Chair Bress responded that both the Chair of the City Council and the Mayor staff persons have been notified and we did not issue a press release.

Mr. Balestrieri also responded that he did speak with the mayor on the results of the lawsuit and DCRB has been very responsive to inquiries from journalists.

Trustee Saunders replied that the change in strategy is fine but the people who contribute to the fund were concerned about the legal action and deserve an opportunity to know the status of the lawsuit.

Chair Bress responded that results of the lawsuit were communicated with the appointing body of the council and mayoral appointees and the information should be shared with the constituencies. There unfavorable articles written and since the court has issued its opinion we should move on and continue to provide good returns for the members.

Trustee Clark also stated that in light of inquiries from other government agencies regarding policy decisions it would be appropriate to reach out to those particular agencies and make them aware of the court's opinion.

Chair Bress and Mr. Balestrieri agree that if these other agencies inquired or were involved that DCRB should share the information and our legal team will inform them.

Trustee Gregg stated that when the lawsuit was filed, he received many calls and text messages and the Board had decided to provide a statement on the DCRB website so that the members were aware of the contents of the lawsuit and our position, and it is only appropriate to provide them with the outcome of the lawsuit.

Mr. Balestrieri responded that the approach was to provide the outcome of the lawsuit in the public Board meeting today and trustee Grambo has provided the lawsuit dismissal the Retired Firefighters Association and trustees close to the Police and Teachers can do the same.

Trustee Saunders responded that he understands if some information should not be provided, however the organization has a responsibility to communicate its position, change in course and provide the document to all the members.

Mr. Balestrieri agreed, and the position was to use as many avenues to provide the information as possible not limited to putting on the DCRB website, providing articles and being responsive to journalists.

Trustee Collins stated she agrees that DCRB should put out a communication on the DCRB website. She also asked when she could speak with Erie Sampson and Sheila Morgan-Johnson, because she has some questions?

Trustee Clark stated that we are in a public session and to wait and ask any questions.

Trustee Collins responded that we need to stop passing the buck.

Trustees moved to next item on the agenda.

LEGAL DEPARTMENT REPORT

Leslie King, Senior Counsel, referred the Trustees to the written report and noted the following items:

- **Annual Financial Disclosure:** The annual financial disclosures filing requirements both by the trustees and DCRB staff have been submitted in time and we are in compliance.
- **Securities Litigation Update:** It was reported that DCRB was going to be included in a notice of appeal and the appealed has been filed with no settlement discussions as of date.
- **Benefits Litigation Update:** We have some progress in 2 of the 3 matters that are currently being litigated. A status hearing regarding 1 case, which DCRB has been resolved and hoping that case will be dismissed. Also, 1 case in the federal court of

appeals that has a schedule for appeal briefs and 1 case waiting for a court ruling in hopes of a dismissal.

- **Groom Law Report:** The report is currently under review by the legal department as well as benefits team internally before being brought before the Board.
- **Summary Plan Descriptions:**
The 2022 Summary Plan Descriptions (SPDs) updates for the Retirement Plans are being prepped for legal review next month.

Trustees moved to next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Adam Weers reported that the Investment Committee met earlier today. The Investment Committee recommends the following actions to the Board:

Motion #2: To authorize the Executive Director to execute an investment consulting agreement for General Investment Consulting Services with Meketa Investment Group for a base period of three years and two option years for a total contract amount not to exceed \$2.04 million.

The motion was moved by Trustee Gregg and properly seconded by Chair Bress. The motion was approved (9-1). (See Tally #2)

Tally #2			Date: May 19, 2022		
<u>Motion #2:</u> To authorize the Executive Director to execute an investment consulting agreement for General Investment Consulting Services with Meketa Investment Group for a base period of three years and two option years for a total contract amount not to exceed \$2.04 million.					
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 authorize the Executive Director to execute an investment consulting agreement for Alternative Investment Consulting Services with Meketa Investment Group for a base period

of three years and two option years for a total contract amount not to exceed \$2.83 million.

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

The motion was approved (9-1). (See Tally #3)

Tally #3		Date: May 19, 2022			
Motion #3: To authorize the Executive Director to execute an investment consulting agreement for Alternative Investment Consulting Services with Meketa Investment Group for a base period of three years and two option years for a total contract amount not to exceed \$2.83 million.					
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 adopt the new Investment Policy Statement for Private Credit Investments.

The motion was moved by Trustee Grambo and properly seconded by Trustee Gregg.

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

Tally #4		Date: May 19, 2022			
Motion #4 To adopt the new Investment Policy Statement for Private Credit Investments.					
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	√				
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Motion #5: To approve a commitment of up to \$100 million to Fortress Lending Fund III, a U.S. private credit fund, subject to legal review and further due diligence.

The motion was moved by Chair Bress and properly seconded by Trustee Finelli.
The motion was approved by (10-0). (See Tally #5)

Tally #5		Date: May 19, 2022			
Motion #5 To approve a commitment of up to \$100 million to Fortress Lending Fund III, a U.S. private credit fund, subject to legal review and further 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 #6: To approve an initial commitment of up to \$100 million to Carlyle Property Investments, an open-ended U.S. core -plus real estate fund, subject to legal review and further due diligence.

The motion was moved by Chair Bress and properly seconded by Trustee Grambo.
The motion was approved by (10-0). (See Tally #6)

Tally #6		Date: May 19, 2022			
Motion #6 To approve an initial commitment of up to \$100 million to Carlyle Property Investments, an open-ended U.S. core -plus real estate fund, subject to legal review and further 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	√				

Trustees moved to next item on the agenda.

OPERATIONS COMMITTEE REPORT

The Operations Committee did not meet this month. The next Operations Committee meeting is being planned for next month (June). However, the meeting date has not yet been scheduled. Trustees moved to next item on the agenda.

AUDIT COMMITTEE REPORT

The Audit Committee did not meet on May 18, 2022, so there is no report. The next Audit Committee meeting is scheduled for June 15, 2022.

Trustees moved to next item on the agenda.

BENEFITS COMMITTEE REPORT

Committee Chair Collins stated that the Benefits Committee met on May 12, 2022, xxx. Trustees moved to next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Lyle Blanchard referred the Trustees to the written report and noted the following item:

- **COUNCIL OF THE DISTRICT OF COLUMBIA: LEGISLATION AND REGULATIONS B24-0071, “Pension Exclusion Restoration and Expansion Act of 2021”** Status: This proposal would increase the District of Columbia pension income exclusion for District residents who receive a retirement annuity from the District or the Federal Governments, including the military. The increase would be from \$3,000 to \$10,000 for annuitants aged 62 through 64, and a \$20,000 exclusion for annuitants aged 65 and older would be added. A public hearing was held March 14, 2022, by the Committee on Business & Economic Development. No further action has been reported.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 2:40 p.m.

Closed Session: From 2:40 p.m. to 3:55 p.m.

Motion #7: To return to open session at 3:55 p.m.

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

The motion was approved (10-0). (See Tally #7)

Tally #7			Date: May 19, 2022		
Motion #7: To return to open session at 3:55 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 3:57 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: May 19, 2022		
Motion #8: To adjourn the meeting at 3:57 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	√				