



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
GENERAL VIRTUAL BOARD MEETING MINUTES
THURSDAY, AUGUST 13, 2020**

MEMBERS PRESENT

Gary W. Hankins, Chair
Joseph W. Clark, Vice Chair
Janice M. Adams
Lyle M. Blanchard
Joseph M. Bress
Mary A. Collins
Denise D. Daniels
Tracy S. Harris
Edward C. Smith
Bruno Fernández, Ex officio

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Executive Director
Erie Sampson, General Counsel
Karen Hsu
Mark Spindel
Ram Murthy
Daniel Hernandez
Akiko Kawashima
Leslie King
Vernon Valentine
Adina Dorch
Patrick Sahn
Michael Xanthopoulos
Rabinai Carson
Joyce Green
Deborah Reaves, Board Liaison

ABSENT

Greggory Pemberton
Michael J. Warren

ROLL CALL

Chair Hankins called the meeting to order at 10:15a.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chair Hankins introduced a motion to approve the July 23, 2020 Board meeting minutes. He made the following motion.

Motion #1: To approve the open session meeting minutes for July 23, 2020.

The motion was moved by Trustee Smith and properly seconded by Trustee Daniels.

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

Tally #1:			Date: August 13, 2020		
<u>Motion #1:</u> To approve the open session meeting minutes for July 23, 2020.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				

Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

CHAIR’S REPORT

Chair Hankins stated that he would move on with the agenda until his general comments are ready to be displayed and that he would move to the Executive Director’s report.

EXECUTIVE DIRECTOR’S REPORT

Ms. Morgan-Johnson stated that she did not have a written report, but she would like to introduce the two new executive staff members: Karen Hsu, Pension Administrator and Mark Spindel, Chief Investment Officer. Both provided a brief overview of their background and expressed that it was a privilege to serve the members and the Board.

At the completion of Mr. Spindel’s comments, Chair Hankins asked if anyone had any questions or comments. He then recognized Trustee Collins.

Trustee Collins welcomed them both and stated that she had questions. She stated that the Board started strictly as an Investment Board only. She was a 33-year retired teacher. She asked Mark Spindel which Trustees he met with, and the purpose of those meetings. Mr. Spindel responded that he met with Chair Hankins, Committee Chair Warren and Trustee Bress. Ms. Morgan-Johnson interjected that the purpose of the meeting was a “meet and greet,” and that a call also had been set up with Trustee Collins and Karen Hsu. Trustee Collins stated she had not had a one-on-one meeting with the Pension Administrator. Clarification was then made that Mr. Spindel met after he accepted the offer but not after August 3rd. Trustee Collins stated that she was referring to after August 3rd, that she looks forward to working with him, and that, as a retired teacher, she asks plenty of questions. Trustee Bress commented to Chair Collins that he was the vice-chair of the Investment Committee, which was the reason why he met with Mark Spindel. Chair Hankins recognized Trustee Harris, who welcomed both the new executives and complimented them on their credentials.

Chair Hankins then asked that his general comments be brought up on the screen; however, the document that displayed included his introductory comments for the governance training, to be held later. He stated that the workshop is noted on the agenda and would be held in closed session as governance training. Trustee Harris requested that the document be sent to all Trustees. Chair Chairman Hankins then made the following comments:

As brief background, DCRB had initially targeted this workshop to occur sometime last fall. Best practices suggest that boards receive governance training periodically, and this board has not—as a group—received this type of training in some time.

- *For a number of logistical reasons, however, this did not occur in the fall, and plans shifted to provide the training in the first quarter of this year. Those plans, of course, were put on pause, as priorities shifted to dealing with the global pandemic.*
- *Despite the aforementioned challenges, I’m pleased to say that we are here today to begin the training today, which will be facilitated as a participative workshop. This session has a number of specific objectives, and our facilitator will walk us through those. However, I want*

to underscore that a primary objective is to help ensure that we are optimally equipped to fulfill our responsibilities as trustees.

- *To be clear, this workshop typically is delivered in about two to three hours. Therefore, the plan is for us to go through Part One of the workshop today, with then having Part Two in September.*
- *I'm also very pleased to tell you that we've been able to secure a leading expert in the area of board governance. As some of you may know, Julia Nicholson already has some familiarity with and understanding of DCRB and its board. Most recently, she provided training to DCRB last spring as an instructor for the IFEBP Certificate of Achievement in Public Plan Policy (CAPPP®) certification program.*
- *You've already received Ms. Nicholson's biography, so I will not take up any more of our time in sharing her many accomplishments. But if you have not had an opportunity to read her bio, I strongly encourage you to do so.*

Chair Hankins concluded his comments stating that this session is structured as a workshop—which means a successful outcome depends greatly on your involvement. Chair Hankins acknowledged Trustee Harris' that document displayed be sent to all of the Trustees.

As Chair Hankins moved forward on the agenda. Trustee Smith noted a point of order, referring to the restated motion that was included in the Chair's Comment (section b). Ms. Morgan-Johnson stated that a report was not prepared for him, and that it would consist of the restated motion.

Chair Hankins read the July 23rd motion which stated:

“To authorize the DCRB Controller to approve payment to the Executive Director in the amount of \$237,000, paid from a nonqualified 457(f) deferred compensation plan established for the Executive Director, and in accordance with the provisions outlined in Section 4-A of the Executive Director's Employment Agreement, which covered the three-year period of March 16, 2017 through March 13, 2020.

He stated that the restated motion is as follows:

Motion #2: *To authorize the DCRB Controller to approve payment to the Executive Director in the amount of \$237,000, subject to investment earnings or losses, paid from a nonqualified 457(f) deferred compensation plan established for the Executive Director, and in accordance with the provisions outlined in Section 4-A of the Executive Director's Employment Agreement, which covered the three-year period of March 16, 2017 through March 13, 2020.*

Chair Hankins referenced that the language added was subject to investment earnings or losses, and he will now open up the floor for questions and comments.

Trustee Smith stated he would move the motion before the discussion.

Chair Hankins stated that Trustee Smith moved the motion and Trustee Adams' seconded it, and that the motion was now up for discussion; he recognized Trustee Collins, who had a question.

Ms. Collins stated that the trustees had heard a presentation from a representative from the Groom Law Group, who had attended the last meeting to discuss this matter. She stated that the

Executive Director is due this amount of money, and that this was not an issue for her; however, trustee Collins stated that she was concerned about the legal aspect of putting this money into the 457 plan, in terms of how it impacts DCRB financial statements and the 457(f) plan itself ; trustee Collins stated, based on the new language that was added, she needed to hear from DCRB's General Counsel on how this is going to work. She further stated that there are limitations as to how much money one can put into a 457 plan at one time, even if it is for an executive director. Trustee Collins stated that she needed clarification from the General Counsel at some point before we vote on this.

Chair Hankins asked General Counsel Sampson if she was prepared to respond to Trustee Collins' requests.

Ms. Sampson responded yes, and then stated that Trustees Collins may be referring to a 457(b) or 401(a) plan, and that a 457(f) plan doesn't have the limitation that Trustee Collins is referring to. Ms. Sampson clarified that a 457(f) is intended for executive deferred compensation, and that the amount being discussed is not limited under the 457(f) plan. Ms. Sampson stated she could send Trustee Collins additional information. Trustee Collins stated that she is fine with the response and would welcome the additional information.

Chair Hankins recognized Trustee Daniels. Trustee Daniels asked for clarification about the change in language regarding 457(f) plan motion. Chair Hankins responded that the money had been deposited in the 457(f) at the beginning of the executive director's contract and had been earning or losing according to the investment. He stated that the change refers to the \$237,000, which was the base amount subject to investment earnings or losses; he noted that the change is to make clear that the money is paid at the conclusion of the contract, and that there is no additional obligation. He stated that this is his understanding and asked whether anyone had a different understanding.

Chair Hankins recognized Trustee Daniels. Trustee Daniels stated that the \$237,000 amount is not the amount, because it is subject to the investment earnings; she stated that she wanted to know what that actual amount would be, and whether the base amount could increase.

Chair Hankins stated that \$237,000 is subject to investment earnings and losses, which makes it clear that the money was invested and that there is no additional obligation.

Chair Hankins then recognized Trustee Bress. Trustee Bress referenced that the July 23rd motion that was passed and the current motion. He wanted to know whether the July 23rd motion would be rescinded or whether there would be two "live" motions.

Ms. Sampson stated that the restated motion is intended to clarify, because the executive director wanted clarification on whether the investment earnings and losses would be accrued. Ms. Sampson stated that there was no conflict with the July 23rd motion.

Chair Hankins stated that if there were no other questions, the trustees could vote on the motion.

Motion #2: To authorize the DCRB Controller to approve payment to the Executive Director in the amount of \$237,000, subject to investment earnings or losses, paid from a nonqualified 457(f) deferred compensation plan established for the Executive Director, and in accordance with the provisions outlined in Section 4-A of the Executive Director's Employment Agreement, which covered the three-year period of March 16, 2017 through March 13, 2020.

The motion was moved by Trustee Smith and seconded by Trustee Adams.

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

Tally #2:		Date: August 13, 2020			
Motion #2: To authorize the DCRB Controller to approve payment to the Executive Director in the amount of \$237,000, subject to investment earnings or losses, paid from a nonqualified 457(f) deferred compensation plan established for the Executive Director, and in accordance with the provisions outlined in Section 4-A of the Executive Director’s Employment Agreement, which covered the three-year period of March 16, 2017 through March 13, 2020.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

Ms. Morgan-Johnson thanked the Board of Trustees.

GENERAL COUNSEL REPORT

Chair Hankins stated that the agenda would move to the General Counsel’s report, which would be presented in closed session; he added and that he nor the Executive Director knew the purpose of the closed session. Ms. Reaves stated that she would need to send the closed session “Teams” link to the Trustees for the closed session. Chair Hankins stated that, as he understood it, all that was needed was a vote to go into closed session for the General Counsel report. Chair Hankins asked if anyone had anything to share with the Board while waiting for the new link to be sent.

Chair Hankins recognized Trustee Clark. A conversation ensued with the Board Chair, Board Vice Chair and the General Counsel:

Trustee Clark, Vice Chair, stated the he understood the trustees were going into closed session for the General Counsel report, but also that no one knew what the subject matter of session was. He stated that he had heard Chair Hankins note that Chair Hankins, the Executive Director, or himself had not heard from the General Counsel about the subject prior to this point. Trustee Clark noted that, when trustees typically go into closed sessions, there is a statement, made on the record, regarding the principle or provision under which the trustees are going into closed session. He stated that he therefore did not know how there could be an informed vote without Trustee understanding about why they were going into closed session. . He stated that, absent this understanding, he did not see how there could be a valid vote. Trustee Clark added that he did not so much as have a problem with the General Counsel saying that she needed to present

her report in closed session, but rather with not knowing the reason for the closed session' he stated that he thought this situation put all trustees in the position of conducting an invalid vote. He concluded by stating that it would be helpful to know under what statute or provision the trustees were going into closed session, and with some idea what would be discussed.

General Counsel Sampson interjected that the purpose of closed session was displayed on the shared screen; she then stated: *To consult with DCRB's General Counsel for legal advice and to preserve the attorney-client privilege in accordance with DC Code §2-575(b)(4)(A)*. Ms. Sampson reiterated that is the reason for going into closed session.

Chair Hankins stated that he viewed this is the kind of blanket motion that does not inform the Board about what it is needed to be discussed. He stated that he agreed with Trustee Clark about the process. He stated that the General Counsel should have indicated the subject matter to the Executive Director, the Chair, or the Vice Chair Clark. He stated that he saw no reason why General Counsel found herself unable to communicate to the aforementioned to explain the subject.

General Counsel Sampson responded that she had spoken to the Executive Director, the Chair, and the Vice Chair Clark a couple of months ago about the matter that was to be shared with all Trustees today. son, I. Chair Hankins stated that they did not know what General Counsel was going to bring up. Ms. Sampson responded to Chair Hankins that she could not discuss the matter on the public record, and that "It is his choice whether you go into executive session today."

Chairman Hankins said that he suggests "that we do not do that not until you have given us, myself, the Executive Director or the Vice Chair some indication as to what it is you want to discuss and not just a general I want to talk about this in closed session without any kind of introduction."

General Counsel responded, "I previously noted, I shared with you, Trustee Clark and Sheila Morgan-Johnson over a month ago, what I am going to talk about at some point with the full Board. I am now prepared to share with the full Board. I cannot disclose this on the public record. If you choose not to go into executive session, I understand."

Trustee Clark stated that he had joined on the meeting via his cell phone, but that he would be at his laptop in a moment (until then, he would be unable to see what was displayed on the shared screen). He stated that, "if the matter is something that was discussed with me, Gary or Sheila, the question is why we need an executive session. I don't understand why you just didn't say we need to go into executive session so I could share with the Board what we discussed a month ago about a legal matter." Ms. Sampson stated that the presented motion states this. Trustee Clark further stated that it came to him that the General Counsel needed to go into closed session, but that no one knew why. He continued that at least three trustees were informed of the particular matter, and that he needed to understand why General Counsel to , hypothetically, could not say to the Board Chair or Executive Director that "this relates to an employment litigation, or this relates to an ethics and compliance issue, or an employment matter; instead we are sort of making our way into an closed executive session because no one in leadership has any idea of the subject matter." He further stated that "this is a point is a process point about calling a closed meeting and not at least reminding or reorienting the leadership; this limits our ability to be prepared to have a fulsome discussion about whatever the issue is."

Ms. Sampson stated that she understood the concerns and, with all due respect, was asked to share with the full Board at one time.

Trustee Collins interjected that she had question. Chair Hankins responded by asking Trustee Collins to hold her question for a moment.

Chair Hankins asked General Counsel to state who had directed her to share the subject with the full Board without identifying the subject matter to the Chair, Vice Chair or the Executive Director.

Trustee Collins interjected that she had a question.

Ms. Sampson asked Chair Hankins whether he would please consider the motion.

Chair Hankins stated he was asking General Counsel a question, and that he wanted an answer to the question. Ms. Sampson responded that she could not answer the question but reiterated that it would be the Chair's choice as to whether the rest of Trustees would want to hear the information that General Counsel was prepared to share.

Chair Hankins stated that it was not his choice, but that it is General Counsel's refusal to share with the leadership the subject of the closed session.

Ms. Sampson reiterated that she is perfectly willing to share the information in executive session.

Chair Hankins stated he is not willing to let General Counsel do this by going around her obligation to share with the Chair, Vice chair or the Executive Director. General Counsel responded that was fine. Chair Hankins asked Ms. Sampson "Is there anything in this subject that I expect for you give to me and the Executive Director more clarity on this after this meeting, that is so pressing that it can't wait until September when you have time to share with the Executive Director? Ms. Sampson responded "yes." Chair Hankins stated that General Counsel had put the trustees in a position of needing to address a time-sensitive matter in closed session—but without knowing the subject. General Counsel stated that she was willing to share the full subject matter in closed session, but not on the public record.

Chair Hankins stated to General Counsel that she works for the Board, and that the Board does not work for General Counsel, and that she should share information requested by the Board, if directed you to do so. Chair Hankins stated that General Counsel had set an executive session without discussing first with the executive leadership, and this was an attempt to usurp the authority of the Board. General Counsel responded that she was not trying to usurp the Board's authority.. she added that she was not suggesting that the Chair works for General Counsel.

Trustee Collins interjected and stated that she felt the preceding exchange "was ridiculous and going over the top." She further stated that "all eleven Trustees have the right to hear what needs to be said; You are not a super Trustee because you are the Chair. We have a legal issue before us all eleven and all Trustees should hear this information." She stated that "apparently", some have decided that information is not to be shared with all the Trustees." Trustee Collins further stated that "all eleven Trustees should hear this information at the same time and that you have a breach of your fiduciary responsibility anytime you know anything that impacts this Board and it is not shared with the other Trustees; and this is what appears to be going on, which is a major violation." Chair Hankins responded that he was not trying to prevent all trustees from hearing the information. Trustee Collins then stated that she did not appreciate the way that the Chairman speaks to the General Counsel and further she does not like the way he speaks to any Black women.

Chair Hankins responded that he was sorry that Trustee Collins felt that way, and that race did not enter this and that he is not trying to deny her a briefing.

Trustee Collins further stated that "respect deserves respect." She stated that she felt that the Chairman favored certain Trustees over other Trustees. She further stated that she wondered

what information should have been shared with the other Trustees, but wasn't shared, and whether the Board was paying a major price for having super Trustees.

Chair Hankins responded to Trustee Collins by saying that no one was trying to stop Trustee Collins from speaking or denying her a briefing, and that no one was trying to hide anything from the Board. He stated that this was about trying to exercise the authority of the Board and to reestablish the obligation of the General Counsel to notify the leadership of the subject matter of a closed session in advance of the session. Chair Hankins underscored that this was all that was being asked but had not been done. He stated that General Counsel had been asked to do this but would not. He stated that no one was trying to stifle the General Counsel.

General Counsel interjected that this was the basis of the closed session, and that she was not doing that. Chair Hankins stated that this was not about race, but about process, and that he was not trying to stop Trustee Collins from speaking or from receiving a briefing. Chair Hankins stated that there were several other "hands" raised by Trustees to recognize, and that he would get back to Trustee Collins. Chair Hankins concluded that they have just been indicating that Ms. Sampson has an obligation to the Board.

Chair Hankins recognized Trustee Bress. Trustee Bress then asked the General Counsel if, when she speaks to the Executive Director separately or to the Chair without the Board, there is an attorney-client privilege. General Counsel stated that attorney-client privilege is weighed by the client and that, yes, it is a confidential communication. Trustee Bress further asked whether, hypothetically, if General Counsel had disclosed to the Executive Director, the Chair or Vice Chair the subject of this presentation today, would this be legal privilege or attorney-client privilege? A conversation then ensued regarding attorney-client privilege, and why this could not be disclosed to one of them yesterday? Trustee Bress then stated that he did not think that he or Trustee Hankins could put an executive session on the agenda without saying what the subject was about, and that they did not have legal privilege. He stated that he still was confused about this issue.

General Counsel responded that, as she had previously noted, the Executive Director, the Chair or Vice Chair were previously informed. She noted that the matter became time-sensitive she was asked to share the information with the full Board of Trustees. She further stated that, if all of the Trustees were not interested hearing more on the matter, the reason for the motion had been stated, and if the motion is viewed as inadequate (for moving to closed session), then it is the Board's choice to not move forward.

Trustee Bress stated that this was not his question. He asked whether General Counsel whether she could not have shared yesterday what she knew the Executive Director, the Chair or Vice Chair. She responded that she had shared. Trustee Bress asked whether she could she have told them.

General Counsel stated that she had been asked to share the reason for the closed session at 9:00 p.m. last night, and that she did not want to call Chair Hankins at 11:30p.m. She stated that she had tried to call Chair Hankins twice, and that he stated he returned her calls, but the calls had been transferred to voice mail.

Trustee Bress then stated that he had a simple suggestion—which was to go into closed session and get the matter over with.

Chair Hankins recognized Trustee Adams. Trustee Adams stated that she disagreed with the whole race thing and that, if there is a problem with that, it needs to be addressed in another

venue and not this one. She asked whether it would be appropriate to vote see to determine whether to go into closed session to hear the issue, since it is time sensitive.

Chair Hankins stated that he agreed with Trustee Bress and that this is what should be done. However, he added that he wanted it on the record about the problem with process and asked whether the trustees were clear on how the process should be and must be done in the future. Chair Hankins recognized Trustee Harris. Trustee Harris stated that “it is a sad turn of events with some of the comments being raised and that she agreed with Trustee Adams that she doesn’t think it is appropriate right now to be discussed. To the extent that our General Counsel has an urgent issue that she wanted to discuss, I would approve going into executive session because I my fear now is are we going to be doing something that impacts us or other decisions we will be making. I am not going to feel comfortable with the rest of the Board meeting until I know what is going on.”

Chairman Hankins stated that he did not see any other hands raised and now present the motion for closed session.

Motion #3: To convene in closed session to consult with DCRB’s General Counsel for legal advice and to preserve the attorney-client privilege in accordance with DC Code §2-75(b)(4)(A).

The motion was moved by Chair Hankins and seconded by Trustee Bress.

The motion was approved (8-0) (*See Tally #3.*)

Chair Hankins asked if there were any further questions or comments, no hands are raised and requested a roll call vote on the motion.

Tally #3:		Date: August 13, 2020			
Motion #3: To convene in closed session to consult with DCRB’s General Counsel for legal advice and to preserve the attorney-client privilege in accordance with DC Code §2-575(b)(4)(A).					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.					√
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

The closed session starting at 11:00.a.m. and ended 12:15 p.m.

INVESTMENT COMMITTEE REPORT

Due to the absence of Committee Chair Michael Warren, Investment Committee Vice Chair Bress provided an update on the outlined chronology of actions that transpired between the

Office of Contracting and Procurement and Investment Committee staff. He stated he would take questions and comments after moving the motion, as follows:

Trustee Bress introduced the following motion:

Motion #4: Whereas the previous contract with Meketa Investment Group expired on August 1, 2020, and whereas a purchase order not to exceed \$10,000 was executed by the Executive Director for investment monitoring services conducted by Meketa Investment Group which expires on August 21, 2020, and whereas a subsequent purchase order not to exceed \$10,000 may be executed by the Executive Director for investment monitoring services conducted by Meketa Investment Group expiring on September 7, 2020, during which time a sole source contract for investment consulting services for a period of one year is finalized between the Board and Meketa Investment Group at a cost to be negotiated and brought back to this Board for final approval, subject to budgetary approval and contract negotiations to include the Board's standard termination for convenience provision.

The motion was moved by Trustee Bress and seconded by Trustee Adams.

The motion was approved (8-0). (See Tally #3)

Trustee Bress stated that there would be a time before September 1st when the staff will notify the Board as to whether there will need to be an emergency meeting to approve the contract extension once it is negotiated and completed. He added, that if the Board is fortunate, the emergency meeting could be held before the first purchase order expires. He then opened the meeting up for discussion and noted that there were two motions before the trustees. He added that there would be discussions after the Board moves the motion.

Tally #4:		Date: August 13, 2020			
Motion #4: Whereas the previous contract with Meketa Investment Group expired on August 1, 2020, and whereas a Purchase Order not to exceed \$10,000 was executed by the Executive Director for investment monitoring services conducted by Meketa Investment Group which expires on August 21, 2020, and whereas a subsequent Purchase Order not to exceed \$10,000 may be executed by the Executive Director for investment monitoring services conducted by Meketa Investment Group expiring on September 7, 2020, during which time a sole source contract for investment consulting services for a period of one year is finalized between the Board and Meketa Investment Group at a cost to be negotiated and brought back to this Board for final approval, subject to budgetary approval and contract negotiations to include the Board's standard termination for convenience provision.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

Chair Hankins recognized Trustee Collins. Trustee Collins stated that she had questions and that she wanted to understand why we the Board is in this situation that requires this action. She stated that, at the last Board meeting (on July 23rd) Motion #8, was approved to take care of this matter. Her first question was why this did not happen; her second question was to clarify whether there were two purchase orders totaling \$20,000. She also asked, if the last purchase order would expire on September 7, when would the Trustees receive the information needed to make a decision for discussion in the emergency meeting. She also stated that she did not understand what the District Government Office of Contracting and Procurement (OCP) has to do with DCRB's investment consultant.

A conversation ensued with Trustee Bress, Vice Chair of the Investment Committee, Trustee Collins, Executive Director Morgan-Johnson and General Counsel regarding the Meketa contract extension and the details of the events that occurred between the Office of Contracting and Procurement and DCRB to obtain the one-year extension.

Trustee Bress stated that, since Michael Warren, Investment Committee Chair, wasn't available for this meeting or for any discussions, he (Trustee Bress) was notified yesterday about the extension and that the contract had lapsed. Trustee Bress stated that the Executive Director or General Counsel would provide an explanation about the contract apse (as he could not do so). Trustee Bress further confirmed that the \$20,000 amount (questioned by Trustee Collins) would be two \$10,000 payments, and that the second payment would not be done if the trustees could have an emergency meeting and approve a contract (beyond the August 21st date). Trustee Bress also explained that the \$10,000 is within the Board's delegated authority. He then deferred to the Executive Director or the General Counsel to explain what happened.

Chair Hankins deferred to the Executive Director.

- The Executive Director noted that Trustee Bress had explained the relationship between DCRB and OCP; she also referred to the OIG report that evaluated DCRB's procurement practices and provide recommendations.
- The Executive Director noted that the Board had approved a contract extension on July 23, and that this date did not provide enough time for staff and OCP to extend their contract (since Staff was still finalizing the Statement of Work. The contract expired on July 31. The Executive Director noted that, for the Board to continue receiving services from Meketa, she had executed a purchase order so that the Meketa monitoring services could continue (Meketa is generally paid \$59,666.67 per month). She noted that Meketa had agreed on a telephone call with Staff that Meketa would provide monitoring services at \$10,000 for three weeks; for that, they are not providing a full scope of services. The Executive Director stated that it is DCRB's intention to execute an agreement with Meketa, as soon as possible. She added that the relationship with OCP requires DCRB to become familiar with OCP's processes and steps and, for that reason, there was not sufficient time. She also noted that, in hindsight, the motion should have been presented at an earlier Board meeting.
- Trustee Collins asked whether DCRB will pay the \$59,000+. Ms. Morgan-Johnson responded that DCRB would not.

Chairman asked if there were any other questions.

- Trustee Bress reminded Trustee Collins that the OIG Report evaluated our procurement procedures. He added that DCRB is developing its own procurement procedures to be approved by the Board. He also stated that the report recommended that DCRB work through OCP, which is a hurdle. He stated that OCP is not interfering, but this was another step that we did not anticipate. In the interim to ensure our procurement process is adequate, we are working through OCP.

General Counsel interjected that she could help clarify, and Trustee Bress consented.

General Counsel made the following comments: The Board approved a contract extension on July 23, and on July 29 (before the contract expired), the decision was made to do a “sole source” independent contract (a new contract). General Counsel noted that DCRB could have elected to do a short-term contract extension, but instead did the sole source contract prior to the contract expiring. She further stated that DCRB has been working with OCP for over a year now, and that the Investment Team had been working with our contract specialist for several months to get the contract extension moving forward. She stated that she could not speak to why a contract extension pursuant to the Board’s motion was not acted upon. I learned about the fact that we moved to a new contract, a new sole source contract, on Tuesday. General Counsel further noted that she thought that DCRB would be doing a contract extension. She noted that a new sole-source contract would involve more “hoops” that one would have to “jump” through, and that a contract extension would have been much simpler. She stated that she was not sure why the change was made, but that the contract is expired and that there are limited options other than to proceed with the sole source contract. She further noted that it was the sole-source contracting method that DCRB had been criticized for in the recent OIG report.

Trustee Bress commented to follow-up and stated that he did not know about this matter until yesterday and did not know why DCRB moved to a new contract, other than the timing issue. He added that OCP had looked at the contract, and that one can only extend a contract while it is still “live.”

The Executive Director added that, since the contract had expired, it could not be extended. She stated that a decision was made when the Investment Team and OCP realized that they were approaching the contract-termination date, and that the decision was made then to engage in a sole-source contract. She added that, according to OCP, the sole-source requirements will be fulfilled, which require OCP to develop a Determination and Findings (D&F) that must be posted on OCP’s website for a minimum of ten days. The Executive Director noted that she did not know whether the D&F had been posted.

General Counsel stated that OCP posts a D&F based on what DCRB has told them regarding its need for a sole source contract.

Trustee Bress asked whether the trustees would see the D&F. General Counsel stated that the Executive Director would see the D&F. The Executive Director responded that the D&F will be signed-off on by the OCP Supervisor and the OCP staff person, but that she does see the D&F. The Executive Director stated that she did not know whether the D&F had been posted yet.

Chair Hankins then recognized Trustee Collins. Trustee Collins stated that she was concerned that DCRB had not done the contract extension that was approved on July 23, and that there was time to do so before August 1 to file the one-year extensions. Trustee Collins asked that she be corrected, if she was incorrect. She stated that the matter did not come back to the Executive Director until after the August 1st deadline and that, as a result, DCRB had to do the sole-source

procurement. She then asked staff members Michael Xanthopoulos and/or Patrick Sahn to explain what had happened regarding DCRB not doing a contract extension.

Mr. Xanthopoulos stated that they had been working on developing the Statement of Work for a number of months and working with the OCP representative to understand the process that was needed to execute an extension. He stated that, following the July 23rd meeting, in which the extension was approved (and eight (8) days prior to the expiration of the contract) ; there was a robust discussion about any additional concerns or provisions that might need to be added. He stated that the Investment team had been in conversation with the Legal and Compliance team about providing additional input to the Statement of Work, which was previously drafted and presumed ready to go. He stated that, during the process of ongoing interaction in working with the OCP representative (which began at the last week of July), it became clear that the process was going to take longer than expected. He stated to that he had received a July 27th email, but that Mr. Sahn had stated General Counsel had suggested that DCRB do a short-term contract as a bridge to negotiating the one-year extension. He noted that the OCP representative had stated that, due to the way the contract was structured, DCRB was out of option years, and that the OCP representative would not approve DCRB doing any type of short-term to long-term extensions, and that the only option presented was to do this stopgap measure.

General Counsel wanted to clarify that the discussion in the July 23rd meeting was about a termination for convenience, with a 30-day notice clause that was a part of the Statement of Work. The OCP representative stated that the 30-day clause notice was not in the contract and not related to the Statement of Work. General Counsel stated that she respected the fact that Mr. Xanthopoulos was not on the email string. The short-term contract was about extending the contract so it would never lapse.

Trustee Daniels asked General Counsel whether the trustees could still elect contract-extension as an option. General Counsel responded that it was not an option, since the contract had expired.

Trustee Bress stated that, under DCRB's own rules, the Board would have accomplished this if it had done it earlier. General Counsel stated that the Board could have accomplished under its rules if it was done early, but that it could not have accomplished it under an expired contract. Trustee Daniels asked about the Request for Proposal for other investment services. Trustee Bress responded that staff had been drawing up an RFP.

The Executive Director stated that DCRB had not yet begun developing an RFP, and that the major concern was establishing the one-year contract with Meketa. She added that, with the new CIO on board, he and the Investment staff would work on the new RFP with the office of Contracting and Procurement.

Trustee Bress asked whether, after getting in place what is needed internally, could DCRB exercise its processes rather than going through OCP.

The Executive Director stated that she would continue to work with OCP, and deferred to General Counsel to respond to this question. General Counsel stated that DCRB has some of the same hurdles when a contract expires, and that DCRB should be able get items through the process, if done timely. She noted that DCRB currently does not have its own Procurement staff. Chair Hankins stated that hiring our own Procurement staff is the target we all want to hit. Now that we have a new CIO and hiring new staff all the time, we should be able to accomplish this.

Trustee Daniels asked will this new process costs us additional funds and she wanted to know if this is enough time for OCP and DCRB staff to do this. Trustee Bress stated that OCP has assured us that it can be done assuming they get approval from the Supervisor.

Trustee Daniels stated that we wanted the RFP out in 30-60 days.

Mark Spindel, CIO, responded the he would like to take as much time as needed and not one day more. He noted that if DCRB can move to a more optimal solution, it will. He stated that, after the review is done, it will take more than thirty days. Trustee Daniels stated that she did understand, but the process could not get started until after the RFP is released. The CIO stated that he would like to keep in mind that the assets are managed by other Investment advisers, and that there is no need to replace them.

Trustee Bress stated since there are no other questions, he would like to move to the vote.

Trustee Bress introduced the following motion to rescind the July 23rd motion to as approved at the July 23rd meeting.

Motion #5: To rescind Motion #8 from the July 23rd, 2020 Board Meeting: To approve a one-year extension of the investment consulting contract between the Board and Meketa Investment Group for an amount not to exceed \$620,000, subject to budgetary approval and contract negotiations to include the Board’s standard termination for convenience provision.

The motion was approved (10-0). (*See Tally #8*)

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

Tally #5:			Date: August 13, 2020		
Motion #5: To rescind Motion #8 from the July 23 rd , 2020 Board Meeting: To approve a one-year extension of the investment consulting contract between the Board and Meketa Investment Group for an amount not to exceed \$620,000, subject to budgetary approval and contract negotiations to include the Board’s standard termination for convenience provision.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

Chair Hankins moved to the Benefits Committee Report.

BENEFITS COMMITTEE REPORT

Committee Chair Collins stated that the committee did not meet this month; would like to meet the first week of September. She deferred to Karen Hsu regarding her availability for a date for

the Benefits Committee for a September meeting. Trustee Collins requested that an email be sent to all staff when a date has been set for the meeting.

Ms. Deborah Reaves called the roll for staff that were participating in this meeting.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard stated that there was no Legislative Committee meeting this month; therefore, there is no written report. He commented on the following:

- The City Council is on recess and doesn't return until September 15.
- Legislative Committee will meet when the Benefits Committee meets.

OPERATIONS COMMITTEE REPORT

Committee Chair Smith stated that there is no written report. A motion from the last meeting is being restated for clarification which was to recommend to the board to indefinitely waive the restriction of Trustees participation in Board and committee meetings until the end of calendar year 2020. The restated motion is being presented to clarify because it was contradictory. The motion is:

Motion #: To waive the restriction on Trustees' electronic participation in Board and committee meetings until the end of Calendar Year 2020.

The motion was moved by Trustee Smith and properly seconded by Trustee Collins.

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

Tally #6:			Date: August 13, 2020		
<u>Motion #6:</u> To waive the restriction on Trustees' electronic participation in Board and committee meetings until the end of Calendar Year 2020.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

AUDIT COMMITTEE REPORT

Committee Chair Harris indicated that the Audit Committee did not meet this month but there is an action item recommended by the Audit Committee which is as follows:

Motion #: To authorize the Executive Director to enter a contract with WatsonRice, LLP, to provide auditing services for a base period of one-year at \$79,968, and four 1-year option periods, for a total contract term of five years. Each year of the contract term shall also include the option to elect up to 150 supplemental labor hours for an amount not to exceed \$20,780. The total contract amount shall not exceed \$515,451, subject to contract negotiations.

The motion was moved by Trustee Harris and properly seconded by Trustee Adams.

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

Chair Hankins asked for any discussion, comments or questions.

Trustee Collins stated that she had questions that she would combine. She then asked to explain the “150 supplemental hours.” Trustee Harris responded that, when you do an audit, you may want them to look at a specific area or a different section which gives us wiggle room to make sure that important items that come up can be addressed during the audit. Trustee Collins stated that she viewed the evaluation piece and questioned how many proposals were submitted to be considered, the WatsonRice, LLP merger with Thompson Cobb Brazilio and represented DCRB at one time and there were some issues. She stated that she is concerned about the rating and questioned whether DCRB should extend this further. She questioned whether they can do the job that the Board wants to be done.

Trustee Harris stated that she did not know how many proposals were submitted but could speak to what is going on in the area of public pension auditing and risk assessment. She noted that a lot of the bigger firms are moving out of this space, because there is the inherent thought that a much bigger “dive” would need to be taken to perform the work, which would require more work hours. She stated that she could see why some firms would not see this as appealing, to be placed on the timeline that DCRB is under.

Trustee Harris further stated that DCRB had tried to “piggyback” on another District vendor’s contract, but that this did not work out because it was twice the costs that DCRB wanted to pay, and DCRB couldn’t be assured that it could get the work done on time. She added that, if DCRB could not get the work done, then that would be an issue for the District, because they have to get their CAFR done on time. She also stated that WatsonRice is affiliated with Brazilio Cobb, and that Thompson has been out of that business for a while. She also stated that DCRB is running up against a timeline where it needs to get things done for the audit.

Chair Hankins recognized Trustee Bress. Trustee Bress stated that he agreed with Trustee Collins, and that he had some of the same concerns.

Trustee Bress stated that he was concerned about how much pension work that WatsonRice and may be contracting out the service. He also stated he was very concerned about the ratings and not getting bids from major firms but added that this was not helpful at this point.

Trustee Harris stated that she did not agree with Trustee Bress’ comments about capabilities, and that she thought that, as an audit firm, their reputation is on the line, and that they therefore would bring whatever resources necessary to get the job done. She stated that the trustees were fortunate that people were willing to do this work and take on the liability with these time constraints. She added that staff had made the commitment to do everything they can to get ready for the audit. Trustee Harris then asked that Trustee Fernandes be recognized. Trustee Fernandes stated that he wanted to add to what Trustee Harris stated about the tight deadline, and

that the financial statements are due December 14 and the unaudited financials are due December 31.

Chair Hankins called for the vote.

Tally #7:		Date: August 13, 2020			
Motion #7: To authorize the Executive Director to enter into a contract with WatsonRice, LLP, to provide auditing services for a base period of one-year at \$79,968, and four 1-year option periods, for a total contract term of five years. Each year of the contract term shall also include the option to elect up to 150 supplemental labor hours for an amount not to exceed \$20,780. The total contract amount shall not exceed \$515,451, subject to contract negotiations.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.					√
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

OTHER BUSINESS

Chairman Hankins stated that we will recess the meeting at 1:30p.m. and return to the Governance Training at 1:45p.m.

Governance Training started at 1:45 p.m. and ended at 3:09p.m.

Motion: To return to open session at 3:09p.m.

The motion was moved by Trustee Smith and properly seconded by Trustee Collins.

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

Tally #8		Date: August 13, 2020			
Motion #8: To return to open session at 3:09 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				

Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√

ADJOURNMENT

Chair Hankins made the following motion to adjourn the meeting.

Motion #15: To adjourn the meeting at 3:15 p.m.

The motion was moved by Trustee Bress and properly seconded by Trustee Adams.

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

Tally #9			Date: August 13, 2020		
<u>Motion #9:</u> To adjourn the meeting at 3:15 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Warren, Michael J.					√