



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
GENERAL VIRTUAL BOARD MEETING MINUTES
THURSDAY, APRIL 30, 2020**

MEMBERS PRESENT

Gary W. Hankins, Chair
Janice M. Adams
Lyle M. Blanchard
Joseph Bress
Joseph W. Clark
Mary A. Collins
Denise Daniels
Tracy S. Harris
Greggory J. Pemberton
Edward Smith
Thomas N. Tippett
Michael J. Warren
Bruno Fernández, Ex officio

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Executive Director
Erie Sampson, General Counsel
Daniel Hernandez
Patrick Sahn
Ram Murthy
Kimberly Woods
Akiko Kawashima
Leslie King
Adina Dorch
Sylvia Treadwell
Johniece Harris
Wukyanos Gebremeskel
Deborah Reaves, Board Liaison

OTHERS PRESENT

Peter Woolley, Meketa Investment Group
Mary Mustard, Meketa Investment Group
Ghiane Jones, Meketa Investment Group
Tom Lawson, Bolton USA
Ann Sturner, Bolton USA
Eugenia Collis, OCFO

ROLL CALL

Chair Hankins called the meeting to order at 10:13 a.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chair Hankins introduced a motion to approve the February 20, 2020 Board meeting minutes.

Motion #1: To approve the open session minutes for the February 20, 2020 meeting.

The motion was moved by Trustee Clark and properly seconded by Trustee Adams with one abstention from Trustee Smith.

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

Tally #1:			Date: April 30, 2020		
Motion #1: To approve the open session minutes for the February 20, 2020 meeting.					
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.			√		
Tippett, Thomas N.					√*
Warren, Michael J.	√				

***Trustees experienced technical difficulties.**

Motion #2: To approve the closed executive session meeting minutes for February 20, 2020.

The motion was moved by Trustee Clark and properly seconded by Trustee Warren with three abstentions (Trustees Bress, Daniels, and Smith).

The motion was approved (9-0) with 3 abstentions. (*See Tally #2*)

Tally #2:			Date: April 30, 2020		
Motion #2: To approve the closed executive session meeting minutes for February 20, 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.			√		
Collins, Mary A.	√				
Daniels, Denise D.			√		
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.			√		
Tippett, Thomas N.	√				
Warren, Michael J.	√				

CHAIR'S REPORT

Chair Hankins referred to his written report and made the following comments:

- Announced that this meeting was DCRB's first virtual board meeting on OCTO's system, which has been tested and is secure.
- Referred to the assignment of the committee chairs and committee membership.

- Informed Trustees that the waiver of recourse checks for fiduciary insurance should be made payable to RCM&D for \$25.00 and sent to Deborah Reaves. He also noted that the deadline has been extended to May 15, 2020.
- Informed Trustees that the deadline for submitting their financial disclosure forms has been extended to July 15, 2020. He instructed staff to send an email to the trustees regarding their status on submitting their forms.
- Discussed the Mayor Bowser’s order for this year’s fiscal expenditures, which includes suspension of business travel and training through the end of the fiscal year; he noted that DCRB has implemented similar guidelines.
- He referenced the General Counsel’s email regarding DCRB’s response to the OIG report. Chair Hankins informed the Trustees that Trustees Clark and Harris will collaborate with the Executive Director and the General Counsel in developing DCRB’s Trustees’ official response to the OIG findings and recommendations.

Chair Hankins highlighted other topics in the Chair’s report and concluded his comments. He then requested questions from the Trustees. Trustee Smith stated that in light of the OIG evaluation, he requested clarification on the engagement of Polihire, the executive search firm, handling executive level searches. Chair Hankins stated he would defer to Ms. Morgan-Johnson, who will address in her report. Trustee’ Bress asked whether DCRB has requested an extension for responding to the OIG report (due to the pandemic), the Chair responded that an extension was requested and granted, and the new response deadline is May 22, 2020.

Chair Hankins then directed Deborah Reaves, Board Liaison, to display the action items that he is introducing for Board approval: 1) Incumbency Certificate and 2) the Certificate of Secretary. Chair Hankins made the following motion for the Incumbency Certificate.

Motion #3: To approve the Incumbency Certificate that authorizes the Executive Director and the Controller to transact business with Northern Trust, the Board’s custodial bank.

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

The motion was approved (11-0). (See Tally #3)

Tally #3:			Date: April 30, 2020		
<u>Motion #3:</u> To approve the Incumbency Certificate that authorizes the Executive Director and the Controller to transact business with Northern Trust, the Board’s custodial bank.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√*
Warren, Michael J.	√				

***Trustee experienced technical difficulties.**

Trustee Daniels posed a question regarding the December 1, 2015, date noted in the Incumbency Certificate document, which was provided in the Trustees’ meeting materials. Trustees Clark and Bress provided explanations that related to the contract starting date with the prior custodial bank. Ms. Morgan-Johnson confirmed Trustee Bress’ explanation that the contract was entered into in December 2015.

Chair Hankins then read the motion for the Certificate of Secretary that was provided in the Board meeting materials. The original motion stated: *To approve the Certificate of Secretary that authorizes the Executive Director, the Investment Committee Chair, and/or the Board Chair to execute agreements with investment management and investment consulting firms.*

Ms. Collins requested the purpose of the motion and asked if it had been done in the past. Ms. Morgan-Johnson confirmed that this was past practice when a new Board Chair has been elected. Trustees Bress, Warren, and Collins discussed the wording, and that there was subsequent discussion about clarifying the intent; therefore, the wording for the Certificate of Secretary motion was revised. Trustee Warren stated that it was his understanding that the Executive Director should always sign and wouldn’t change the process. Trustee Bress stated that he just wanted to clarify that two signatures are required. The Executive Director recommended an amendment and there was a consensus on this language, except for Trustee Collins. Chairman Hankins read the following amended motion.

Motion #4: To approve the Certificate of Secretary that authorizes the Executive Director and the Investment Committee Chair or the Board Chair to execute agreements with Investment Management and investment consulting firms.

The motion was moved by Chair Hankins and properly seconded by Trustee Smith, with one Nay vote from Trustee Collins.

The motion was approved (10-1). (See Tally #4)

Trustee Collins stated for the record her reason for voting “Nay” is because the motion still wasn’t clear.

Tally #4:		Date: April 30, 2020			
Motion #4: To approve the Certificate of Secretary that authorizes the Executive Director and the Investment Committee Chair or Board Chair to execute agreements with investment Management and Investment consulting firms.					
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.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				

Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√*
Warren, Michael J.	√				

***Trustee experienced technical difficulties.**

Chair Hankins moved to the Executive Director’s report, which was the next agenda item.

Ms. Morgan-Johnson asked if Trustee Tippett was on the call. Chair Hankins stated he was having technical difficulties due to his being muted on the call. At this point, Trustee Tippett left the call.

EXECUTIVE DIRECTOR’S REPORT

In addition to her written report, Sheila Morgan-Johnson stated these have been trying times and thanked staff who have come into the office to perform essential duties. She then made the following comments:

- DCRB has been operating at 100% telework by designation of the Mayor’s office.
- Thanked Ram Murthy and the IT Staff and the Legal Department for the deployment of agency laptops.
- Staff are working with the District on a return-to-work plan, due by May 1, 2020. Trustee Harris expressed concern about the liability of staff returning to work with a lot of activity in the building. Ms. Morgan-Johnson stated that staff would only return to the office when the Mayor authorizes us to return to work and open the District offices. She stated that we are working on a plan to reopen the office. Trustee Adams stated that the Mayor has a task force that is working on this matter to make sure people are safe.
- Authorization was given for deep cleaning of DCRB offices, due to an incident in the building.
- Provided an update on annuity payments/paper checks delays and emphasized that this was not caused by DCRB. Daniel Hernandez provided data on the number of annuitants who did not receive a March check. She stated that DCRB is taking this issue very seriously and will advise if any members are having issues.
- A Q&A Communications Statement has been included in the Board packet and can be shared with your members.
- She stated that she received an OCTO Migration update from Ram Murthy, and that the cost will be presented at the next Operations Committee meeting
- Trustee Collins will hold a Benefits Committee meeting in early to mid-May on the annuitant self-service portal and the annuitant benefit project.
- The Benefits Department has expanded in the Special Projects area, including two, new project analyst positions.
- Regarding the Treasury Offset Program (TOP), the Bureau of Federal Services has granted an exemption for Federal and District plans. In response to the Chair Hankins’ request for an overview of the TOP program, Ms. Morgan-Johnson requested Ms. Leslie King provided a briefing on the TOP program. Ms. King stated that the program is managed by the Federal government, where they can recoup any outstanding federal payments owed to the federal government. She continued stating that we are not quite done because there are other payments that may be subjected and provided examples. Ms. Morgan-Johnson thanked the General Counsel’s office, and specifically, Ms. King for her work on this project.

Chair Hankins sought clarification on errors and collection of payments that were recalculated, and that the TOP program does not go back to seek overpayments. Ms. King provided a thorough response outlining the differences between federal payments and debt collection.

- As of April 27, 2020, the Total Fund estimated market value was \$8.1 billion, down from a peak of \$9.3 billion in mid-February.
- Anthony Shelborne resigned as of April 24th and Akiko Kawashima will handle Northern Trust transactions.
- Ms. Morgan-Johnson explained the contractual engagement with Polihire, which is an executive search firm.

Ms. Morgan-Johnson concluded her report. She stated that the purpose of inviting DCRB's actuary Bolton USA to the Board meeting is the realization that DCRB is unlikely to meet the 6.5% projected return on investments. She stated that she had requested that Bolton provide some updated projection. She then introduced Bolton team: Tom Lowman, Senior Consulting Actuary and Ann Sturner, Senior Consulting Actuary. The Bolton staff referred to their presentation, which was provided to the Trustees in the Board meeting packet. Their presentation highlighted the following topics:

- Update on pension plan status,
- Projected plan impacts,
- Projected impact – ADEC (Actuarially Determined Employer Contributions),
- Projected impact – funded ratio,
- Best practices,
- General industry concerns and discussions, and
- Assumptions and methods.

INVESTMENT COMMITTEE REPORT

Committee Chair Warren indicated that the Investment Committee did not meet, so there is no formal report. He then introduced DCRB's Investment Consultant, the Meketa Investment Group, to provide an update and answer questions. The presentation included a Fund Evaluation Report, which was included in the Board meeting materials. The Meketa presenters were Peter Woolley, Mary Mustard, and Ghiane Jones, who provided a business continuity update on the firm's operations during the initial stages of the COVID-19 pandemic, discussed the global capital market environment through April 24, 2020, and reported on the Fund's asset allocation and performance through April 29, 2020.

Mr. Woolley discussed Meketa's business continuity plan ("BCP") and shared an update on the firm's actions in response to Covid-19. He discussed the three key areas of the BCP which are people, technology, and communication and what Meketa has done as far as testing and processes in place. Since mid-March all employees have been working remotely and overall it has gone smoothly. Mr. Woolley then provided an update on some of what we have been discussing with other public fund clients and what opportunities we have seen so far given the dislocation in the markets. He stated that we would work with the Investment Staff to bring forward any compelling ideas that would be a good fit for DCRB to consider.

Ms. Mustard then provided an update on the markets, the economy, and what has happened in reaction to Covid-19. She discussed the performance of major market indices and reviewed some economic statistics, including unemployment. To wrap up her comments she discussed

some key factors to consider going forward including a global recession, the length and path of the virus, monetary and fiscal support and general uncertainty in the markets.

Ms. Jones presented the Fund's asset allocation and performance. She reiterated that the first quarter was largely a risk-off environment with unprecedented volatility and cited major equity and fixed income index returns. She noted that the portfolio was down -14.2% for the quarter ending March 31st but was estimated to be up 6.3% for the month as of April 29th. Core fixed income strategies were the primary positive contributors to the portfolio for the quarter, while public equities were the main detractors, but largely in line with their benchmarks. In her final remarks, she noted that Staff and Meketa will continue to work closely together on rebalancing and conducting heightened monitoring of all of the Fund's managers.

OPERATIONS COMMITTEE REPORT

Committee Chair Smith stated that there was no Operations Committee meeting this month, so there is no formal report.

BENEFITS COMMITTEE REPORT

Committee Chair Collins stated that there was no Benefits Committee meeting this month, but a formal report is in the Board materials. She also stated there will be a Benefits Committee meeting in early May.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard stated that there was no Legislative Committee meeting this month, so there is no formal report; however, he made the following comments:

- There has been a loss of 93,000 jobs in the District, and \$200 million spent on COVID-19 efforts, which could gradually increase to \$600 million.
- Mayor Bowser's budget must be submitted to the DC Council by May 12, 2020, and DCRB's budget must be submitted to District Council by May 27, 2020. Voting on the budget will be held from June 23 thru July 1, 2020.
- The District of Columbia elections have been moved to June 2, 2020, and ballots can be submitted by absentee ballot.

Trustee Fernandez stated that District received payment of \$495 million through the Cares Act for COVID-19. He also stated that employees possibly may not receive step or pay increases, due to the city's projected budget shortfall resulting from COVID-19.

AUDIT COMMITTEE REPORT

Committee Chair Harris stated that there was no Audit Committee meeting this month, so there is no report.

OTHER BUSINESS

Chair Hankins stated that other business will be discussed in closed session. He then adjourned the meeting, so that Trustees could take a lunch break. He reminded Trustees to access the closed session meeting via WebEx at 1:30 p.m. He then made the following motion:

Motion #5: To adjourn the meeting at 1:07 p.m.

The motion was moved by Chair Hankins and properly seconded by Trustee Smith

The motion was approved (11-0). (*See Tally #5*)

Tally #5:		Date: April 30, 2020			
<u>Motion #5:</u> To adjourn the meeting at 1:07 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.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				

At 1:45 p.m., Chair Hankins opens the meeting and outlines the purpose of the executive session. Ms. Deborah Reaves called the roll. Trustee Bress made a point of order that the Board should formally resume in open session. Chair Hankins made the following motion.

Motion #6: To return to open session meeting.

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

The motion was approved (11-0). (*See Tally #6*)

Tally #6:			Date: April 30, 2020		
Motion #6: To return to open session meeting.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				

Chair Hankins gave an overview on the topic of discussion and then requested that the meeting continue in closed executive session.

Motion #7: To convene the meeting in closed session, pursuant to D.C. Code § 2-575(b)(13), to deliberate upon a decision in a proceeding by a public body exercising quasi-judicial functions.

The motion was approved (11-0). (*See Tally #7*).

The closed executive session started at 1:45 p.m. and ended at 3:00 p.m.

Tally #7:			Date: April 30, 2020		
Motion #7: To convene the meeting in closed session, pursuant to D.C. Code § 2-575(b)(13), to deliberate upon a decision in a proceeding by a public body exercising quasi-judicial functions					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				

Motion #8: To exit closed session and return to open session.

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

The motion was approved (11-0). (*See Tally #8*)

Tally #8:			Date: April 30, 2020		
Motion #8: To exit closed session and return to open session.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				

ADJOURNMENT

At 3:00 p.m., Chair Hankins made a motion to adjourn the meeting.

Motion #9: To adjourn the meeting at 3:00 p.m.

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

The motion was approved (11-0). (*See Tally #9*)

Tally #9			Date: April 30, 2020		
Motion #9: To adjourn the meeting at 3:00 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.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				

