



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)**

**MEETING MINUTES**

**THURSDAY, APRIL 22, 2021**

**10:00 A.M.**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Janice M. Adams  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Geoffrey P. Grambo  
Danny C. Gregg  
Tracy S. Harris  
Nathan A. Saunders  
Edward C. Smith, Vice Chair  
Carmen Pigler, Ex officio

**MEMBER NOT PRESENT**

Greggory Pemberton

**DCRB STAFF PRESENT**

Karen Hsu, Interim Executive Director  
Mark Spindel  
Ram Murthy  
Munesti Musara  
Daniel Hernandez  
Leslie King  
Adina Dorch  
Kimberly Woods  
Vernon Valentine  
Johniece Harris  
Nina Bridgers  
Wukyanos Gebremeskel

**Others PRESENT**

Gar Chung, Financial Investment News  
Williar Stvil, DCHR  
Denise Daniels, Public Guest, Teachers'  
Retirement Plan

**ROLL CALL**

Vice-Chair Smith called the meeting to order at 10:09 a.m. and Ms. Nina Bridgers called the roll.

Vice-Chair Smith made a motion to convene the meeting in closed session to train and develop Board trustees and staff.

Vice-Chair Smith presented the following motion:

**Motion #1:** To convene the meeting in closed session to train and develop Board trustees and staff pursuant to DC Code §2-575(b)(12).

The motion was moved by Vice-Chair Smith and properly seconded by Trustee Collins. The motion was approved (9-0). (See Tally #1)

Tally #1		Date: April 22, 2021			
<b>Motion #1:</b> To convene the meeting in closed session to train and develop Board trustees and staff pursuant to DC Code §2-575(b)(12).					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

Vice-Chair Smith made the following motion to reconvene in Open Session

**Motion #2:** To reconvene in Open Session at 11:51 a.m.

The motion was moved by Trustee Gregg and properly seconded by Trustee Grambo. The motion was approved (8-0). (See Tally #2)

Tally #2:		Date: April 22, 2021			
<b>Motion #2:</b> To reconvene in Open Session at 11:51 a.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

**APPROVAL OF MINUTES**

Vice-Chair Smith introduced a motion to approve the Board Meeting minutes.

**Motion #3:** To approve the March 18, 2021 Board meeting minutes.

The motion was moved by Trustee Bress and properly seconded by Trustee Adams. The motion was approved (9-0). (See Tally #3)

Tally #3:		Date: April 22, 2021			
<b>Motion #3:</b> To approve the March 18, 2021 Board meeting minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

**CHAIR’S REPORT**

Vice-Chair Smith referred the Trustees to the written report and commented on the following topics.

- The Trustees Only Book in Diligent, the Board’s portal, provides information and recent communications for Board members.
- Trustees Adams, Clark, and Harris met with Mayor Bowser on April 7, 2021, to discuss some items and the Mayor made her office available to assist DCRB in its search for an Executive Director. She encouraged the Trustees to update her on DCRB’s progress and other significant developments.
- DCRB’s Budget Oversight Hearing is scheduled for May 12, 2021. DCRB is fifth on the list of agencies that will testify beginning at 9:00 a.m. Ms. Karen Hsu, Mr. Munetsi Musara, and Mr. Thomas Vicente of Bolton, DCRB’s actuary) will be on the panel to provide testimony. Trustee Harris also plans to attend.
- DCHR’s Center for Learning and Development provided trustee training on April 22, 2021 and will provide the same training to staff in separate sessions.
- A Waiver of Recourse Insurance coverage payment of \$25.00 is due May 1, 2021. Please make checks payable to RCM&D and should be mailed to the Finance Department/Rhonda O’Neal.
- The deadline for Trustee Financial Disclosure Statements is April 30, 2021.
- Communications Protocols need to be adhered to. Each Trustee has been assigned a DCRB e-mail address and device for conducting Board business. Staff will continue to work to accommodate Trustee email preferences and each communication will include the Trustee’s DCRB e-mail address.
- For Trustees’ information, upcoming conferences include ILPA Trustee training on May 6-7, 2021.

## **INTERIM EXECUTIVE DIRECTOR'S REPORT**

Interim Executive Director Karen Hsu, referred the Trustees to her written report and commented on the following topics:

- DCRB is currently creating a return-to-work team to develop a plan that will support our needs. As always, DCRB remains committed to our employees' safety and well-being.
- The partners updates with OCP and OCTO are nearing completion. DCRB's Senior Leadership team has received the modified regulations for comment and is working toward an agency-wide prioritization process of various procurement needs and internal procurement staff. DCRB and ODCP have begun regular meetings to discuss rules of engagements and operational boundaries. The focus will be on communications and reestablishing roles and responsibilities.
- Board and Committee schedules are currently being drafted to better plan, prepare, and balance operational needs. The schedule will reflect the monthly Board meetings, ( the third Thursday of each month), and that the Investment Committee will continue to meet every other month, except August. The Operations and Audit committees have requested monthly meetings, as did the Legislative and Benefits committees, which are expected to be implemented in May. Also, an expanded report from the General Counsel will be provided to the Board for more robust updates.
- Trustee professional bios need to be updated for the DCRB website, if necessary.
- Agency training is being coordinated by DCHR to include:
  - Mindful Communication
  - Emotional Intelligence, and
  - Unpacking Bias & Defining JEDI
- The completed CAFR was transmitted on March 31, 2021, and a deadline of was added to the internal operations calendar, which is currently in development.

Mr. Vernon Valentine, DCRB's HR Director commented on DCRB staffing updates in his report. He noted that the format has changed to visually show the jobs that are filled, and the progress made on others. He reported that the Member Services Benefits group currently has an accepted offer for the frontline position with a start date of April 26, 2021, and that an offer letter was sent out and accepted for a receptionist position, with a tentative start date of May 10, 2021. Finally, the procurement position for a Supervisory Contract Specialist has been narrowed to a few candidates for pre-screening.

There followed a discussion about the hiring process and the status of the search for an Executive Director.

Trustee Blanchard asked if the search has been narrowed down to a few candidates? Mr. Valentine responded, yes, the first level cut must be done, then another round by the hiring manager for qualified applicants to review and then move to the screening process.

Trustee Collins asked what is the update on the search for the Executive Director position? How many applicants, have there been any reviews? Mr. Valentine responded that Trustee Clark and himself had a call with Polihire a couple a weeks ago to get an update, he can provide an update later. Trustee Collins responded that the updates should be shared with all the Trustees.

Chair Clark stated that there are currently 25 candidates, however 10 merit further review and vetting. Polihire is currently in the stage of identifying people who are interested and then sifting through those candidates for consideration by the Board. The goal is to get the process complete by August 1<sup>st</sup> no later than September 1, 2021, due to the closing out the books, budget, and auditing. The expectation is to have a

candidate by July or at least 30 days to provide notice to their existing employer, to start with DCRB by August 1, 2021. The Board will receive updates at the regularly scheduled Board meeting, however if any material developments happen before the May Board meeting then the Trustees will be informed. Chair Clark suggested that Polihire attend the May Board

Vice-Chair Smith made a motion to convene in closed session to discuss Investment matters and presented the following motion:

**Motion #4:** To convene the meeting in closed session to discuss Investment matters, the disclosure of which would jeopardize the Board’s ability to implement investment decisions or achieve investment objectives pursuant to D.C. Code §§ 2-575(B)(1), (2), (11) AND 1-909.05(E)

The motion was moved by Vice-Chair Smith and properly seconded by Trustee Harris. The motion was approved (10–0). (See Tally #4)

Tally #4			Date: April 22, 2021		
<b>Motion #4:</b> To convene the meeting in closed session to discuss Investment matters, the disclosure of which would jeopardize the Board’s ability to implement investment decisions or achieve investment objectives pursuant to D.C. Code §§ 2-575(B)(1), (2), (11) AND 1-909.05(E)					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

Vice-Chair Smith made the following motion to reconvene in Open Session.

**Motion #5:** To reconvene in Open Session at 2:45 p.m.

The motion was moved by Vice-Chair Smith and properly seconded by Trustee Adamas. The motion was approved (9–0). (See Tally #5)

Tally #5			Date: April 22, 2021		
<b>Motion #5:</b> To reconvene in Open Session at 2:45 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				

Adams, Janice M.	√				
Blanchard, Lyle M.					√
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

**AUDIT COMMITTEE REPORT**

Committee Chair Harris stated that there was no meeting of the Audit Committee, but she introduced Mr. Munetsi Musara, DCRB’s CFO to discuss an update on his report of last month.

Mr. Musara stated that this is a follow-up from the last Board meeting, and that this includes an update on the umbrella policy and the general change in coverage. He noted that the details received from the broker were that the umbrella policy was offered through The Hartford . He reported that under the policy, the general liability coverage and the hired and non-hired auto coverage would effectively increase by the umbrella amount. The umbrella policy would not apply to the property portion of the policy within the existing Hartford package and neither would it apply to the crime or fiduciary limits. He further noted that the dollar amounts are \$1 million, \$2 million, \$3 million, and \$4 million, and that the premiums range from \$103 dollars to \$1,605 for the umbrella policy. He said that the request is for the \$4 million dollar coverage (for \$1,605) because it provides more value for the dollar.

Mr. Musara further stated that the specialty risk protector policy, which DCRB had through the 2018-2019 policy term, focused on cyber risk and cyber coverage. He pointed out that when DCRB transitioned from the Ashburn data center to OCTO, the coverage was no longer required since DCRB is now covered under OCTO’s policy. He also noted that the broker put out seven requests and received three replies for the additional limits on the Fiduciary coverage and that each vendor will layer it. He said that this will increase DCRB’s coverage by \$40 million and that the broker will make another request to vendors for an additional \$10 million for a total of \$50 million in coverage. He indicated that he expects to present the proposals at the next Audit committee meeting, after which the Board will need to make a determination as to which coverage best suits DCRB based on cost and coverage limits.

Trustee Collins asked what the additional cost would be beyond the umbrella coverage currently in place. Mr. Musara responded that the umbrella policy adds to the auto policy, which currently has a \$2 million limit. He said that since the umbrella policy sits on top of the auto policy, the coverage goes from \$2 million to \$6 million. He also noted that the general liability coverage has various limits \$4 million as general aggregate: e.g., \$2 million for personal and advertising injuries and \$300,000 for damage to rental premises. He said that the \$4 million umbrella coverage also sits on top of that general liability coverage.

Vice-Chair Smith stated that the premium increase for the \$4 million dollar coverage is only \$1,605.00. Trustee Collins then asked how much fiduciary coverage DCRB has. Mr. Musara responded that currently it is \$10 million and, as noted above, the broker has received three responses for coverage for \$10 million each, so DCRB will get up to \$40 million in coverage, and will reach out to another broker to get DCRB up to the \$50 million range. He said that once the formal proposals have been received, they will be presented to the Audit Committee and the Board.

Trustee Gregg asked about the timing involved. Mr. Musara responded that the broker is waiting for the policies to be received for the umbrella policy, and that so long as the proposals are received within thirty (30) days from when the binding for the initial policy coverage occurs, DCRB should be fine. Trustee Gregg then asked about the initial binding date. Mr. Musara responded that for the initial \$10 million fiduciary, \$2 million automotive, and the general or various other categories, the binding date was April 1, 2021. Trustee Gregg asked whether the Board needs to meet before the end of the month to make sure that the 30 days is not exceeded. Mr. Musara responded that it would not, since the additional coverage is a separate piece and the initial insurance is covered without lapse. Essentially, the umbrella coverage was approved by the Board on April 1, 2021, and the layering is in addition to that.

Trustee Harris made a motion to approve the umbrella policy option and presented the following motion:

**Motion #6:** To approve including an umbrella policy option with a \$4 million limit to the DCRB insurance coverage for the 2021-2022 premium year policy.

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

Tally #6		Date: April 22, 2021			
<b>Motion #6:</b> To approve including an umbrella policy option with a \$4 million limit to the DCRB insurance coverage for the 2021-2022 premium year policy.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

**INVESTMENT COMMITTEE REPORT**

The Investment Committee did not meet but had a motion from the closed session.

Committee Chair Bress presented the following motion:

**Motion #7:** To prohibit DCRB’s direct investment in the stocks, securities or other obligations of certain companies which are in the business of building or operating private prisons, correctional/detention facilities.

The motion was moved by Trustee Bress and properly seconded by Trustee Collins. The motion was approved (7-3). (See Tally #7)

Tally #7		Date: April 22, 2021			
<b>Motion #7:</b> To prohibit DCRB's direct investment in the stocks, securities or other obligations of certain companies which are in the business of building or operating private prisons, correctional/detention facilities.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.		√			
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.		√			
Smith, Edward C.		√			

Trustee Collins wanted the record to reflect that the reason for her no vote, was that there was no analysis completed and no legal review by Morgan Lewis prior to the vote.

Trustee Saunders wanted the record to reflect that his reason was due to the lack of a legal review and that DCRB has no direct investments.

Vice-Chair Smith stated that his reason for a no vote was that it warrants a legal review, but that he does support the idea of no direct investments.

Trustee Saunders stated that he does not want the record to reflect that members would be in support of the motion. He noted that as the motion reads, if you vote against the motion, it appears that you are supportive of the motion, so it is important to pay attention to this in next month's minutes.

### **GENERAL COUNSEL REPORT**

In Ms. Sampson absence, Ms. Leslie King highlighted the following items from the General Counsel report:

- The DCRB technical evaluation panel is reviewing proposals for a fiduciary performance audit, and the Legal and Compliance Department, in conjunction with the Groom Law Group, is conducting a mock tax audit that is spearheaded by Ms. Adina Dorch.
- The Legal and Compliance Department submitted updated proposed procurement rules that are being reviewed by the Executive Leadership Team.
- DCRB was named as a Defendant in a civil action, along with the U.S. Department of the Treasury, in the US District Court concerning a benefit matter. A response will be filed on May 17, 2021.
- The Institutional Limited Partners Association Institute (ILPA) will hold Private Equity training for the Trustee Virtual Program on May 6-7, 2021 for the Trustees.
- Morgan Lewis, DCRB's outside counsel, will present a legal analysis of the fiduciary considerations that trustees should know when developing policies related to Environmental, Social, and Governance matters, to strike the right balance to minimize any negative effect on investment risks and returns.



- As a reminder, Trustees are required to file their annual financial disclosure statements with the General Counsel by Monday, April 26, 2021.

Trustee Harris asked about the status of the search for the Internal Auditor, due to the fact the report from the OIG had some many issues and we are 6 months into the year and have had no movement? Ms. King responded that she would have to get back to her with more information on that. Ms. Dorch also responded that the legal department will touch base with Karen and Vernon to make the search for that position a priority. Trustee Harris replied that it is a priority, due to the fact DCRB has so many outstanding issues to be addressed, the OIG and several people on the City Council have had a discussion with some Trustees about trying to resolve the issues presented in the report.

Ms. Hsu stated that the May Board meeting will include tracking of the plan for a response to all the issues.

Trustee Collins asked what the status of the search for a consultant is because October is fast approaching? Ms. Hsu responded that the executive leadership team is continuing to make that search a priority with meeting and counterparts to make sure that DCRB can move that forward swiftly.

### **OPERATIONS COMMITTEE REPORT**

Committee Chair Smith stated that there was no meeting or written report this month.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins stated that there was no meeting this month and all information was included in the Board package, but she commented on the following items.

- The Estimated Benefit Statement has been sent out, along with the status of the Self-Service Project information. Trustee Collins noted that Police/Fire Plan members have not reported any issues with the Statements, but that there may be some incorrect information for Teachers, so DCRB may want to reach out to them.
- Ms. Hsu stated that DCRB did send messages about the Statements to the contacts at the various active agencies, so they would be aware of the routing issues that caused some Statements to come back to DCRB. She said that some Teachers did not receive statements because of various technical or complexity issues and that separate communications are being provided to them. Ms. Hsu directed the continuation of the report to Mr. Daniel Hernandez, Interim Chief Benefits Administrator.
- Mr. Hernandez indicated that Benefit Statements were mailed to 9,283 active members, and some had bad addresses, so Statements are coming back to the office. He said that additional communications and copies are being provided to HR offices to get Statements in hand. A pdf version of the Statements was also sent out. He stated that before last year, more than 500 people didn't receive information because of data issues, and that that number has since gone down, due to data clean up by having extra staff on hand. Those with such issues can use the calculator on the DCRB website or work with their HR department to get the correct service dates.
- The Annuitant Self-Service project remains on track for 2021 in collaboration with U.S. Treasury's Office of DC Pensions. The technical requirements of the on-line tool have been finalized, and communications and FAQs for the pilot group of approximately 600 annuitants (based on age in each group (teachers, police officers, and firefighters)), have been drafted. The pilot is planned for June 2021, and the portal is expected to be open to the entire annuitant population in the Fall.

Trustee Collins commended everyone on doing a great job on the project. She said that the letter sent to members on this project was clear and explained everything.

Trustee Saunders also agreed. He said that a lot of people were very happy with the information, which was critical, fundamental, and timely especially when people are making employment decisions. He also stated that the form was not overly complicated and gave important, but not too much information.

Denise Daniels, a public guest, commented that the Benefit Statements were good to see and definitely provided good information.

### **LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard stated that there was no Legislative Committee meeting this month. He then referred the Trustees to his written report and made the following comments:

- The Board Leadership Emergency Declaration Resolutions: The emergency bill B24-0198, has moved on and is under review. He said that it was transmitted by the City Council to the Mayor's office on April 12, 2021. A response is due by May 4, 2021. He noted that before today's meeting, there was a letter, dated April 6, 2021, from the Mayor covering a host of legislation, in which she indicated that she had some concerns with the legislation. He pointed out that that letter pre-dates the Mayoral Trustees Meeting, which was held on April 7, 2021.

Trustee Collins asked Trustee Blanchard to tell the individuals who wrote the legislation that they did a good job, and everything was spelled out.

There followed a discussion about the provisions of the legislation, and about various investment-related issues.

Trustee Clark that the Mayor was alerted about the legislation coming up and she did compare what the legislation suggested in terms of compensation for the Executive Director with other city agency leaders. We are hopeful and optimistic, but the Mayor may have some reservations about the number. We expect the number would be more than what it is today, but there is always a potential that she may send back to the City Counsel for further action.

Committee Chair Blanchard stated that a meeting with Counsel Chair Mendelson he indicated the permanent version of the bill, still has another hearing before it comes before the Council sitting as a legislature for a vote. The concerns raised by other Council Member, which the overall number was 300,000 but when the permanent version of the bill voted out of committee, the number might come down to 280,000.

Trustee Collins stated that the board has some outstanding issues that are not being addressed. The Board needs to have a discussion on Northern Trust in the next Investment Committee Meeting. Also, the information on fees both public and private, DCRB is spending a lot of money on fees and no one can tell us what those fees are. The fees for private equity agencies are extremely high and we are not being given the information as we are choosing private equity managers. She also has some questions to ask Meketa about Blackstone and some investments in terms of the information

### **ADJOURNMENT**

There being no further business to come before the Board, Chair Clark then introduced a motion to adjourn the meeting.

**Motion #8:** To adjourn the meeting at 3:27 p.m.

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

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

Tally #8:			Date: April 22, 2021		
<b>Motion #8:</b> To adjourn the meeting at 3:27 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Saunders, Nathan A.	√				
Smith, Edward C.	√				

DRAFT