



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
BOARD MEETING MINUTES
THURSDAY, MARCH 18, 2021
1:00 P.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
 Gregory J. Pemberton
 Nathan A. Saunders
 Edward C. Smith (2:42 p.m.)

DCRB STAFF PRESENT

Karen Hsu, Acting Executive Director
 Erie Sampson, General Counsel
 Mark Spindel
 Munetsi Musara
 Ram Murthy
 Akiko Kawashima
 Vernon Valentine
 Daniel Hernandez
 Leslie King
 Kimberly Woods
 Adina Dorch
 Johniece Harris
 Deborah Reaves, Board Liaison

MEMBER NOT PRESENT

Bruno Fernandes, Ex Officio

OTHERS PRESENT

Gar Chung, Financial Investment News

ROLL CALL

Chair Clark called the meeting to order at 1:53 p.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chair Clark introduced a motion to approve the Board Meeting minutes.

Motion #1: To approve the January 26, 2021 Board meeting minutes.

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

The motion was approved (9–1, with 1 abstention). *(See Tally #1)*

Tally #1		Date: March 18, 2021			
<u>Motion #1:</u> To approve the January 26, 2021 Board Meeting Minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Vice 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.					√

Motion #2: To approve the February 4, 2021 Special Board meeting minutes.

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

The motion was approved (9-1, with 1 abstention). (See Tally #2)

Tally #2			Date: March 18, 2021		
Motion #2: To approve the February 4, 2021 Special Board Meeting Minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Vice 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 Blanchard stated that he recorded as being absent but was present during both the February 4 and February 18, 2021 meetings, but due to technical difficulties, the Board could not acknowledge his participation.

Motion #3: To approve the open session February 18, 2021 Board meeting minutes.

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

The motion was approved (10-0). (See Tally #3)

Tally #3			Date: March 18, 2021		
Motion #3: To approve the open session February 18, 2021 Board Meeting Minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Vice 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

Trustee Clark referred the Trustees to his written report displayed on the screen, and noted some of the topics quickly, as follows:

- He asked that Trustees observe the Rules of Professional Behavior for Board Meetings with an environment of collegiality, collaboration, and professionalism.
- Committee Chair appointees have been designated, and membership is limited to five Board members. The Operations and Legislative Committees have not yet been determined. Trustee Saunders will be designated as the Operations Committee Chair. Trustee Bress will continue as the Investment Committee Chair.
- A new tab in the Diligent Board Books portal has been created for the timely dissemination of information to Trustees.
- On March 11, 2021, DCRB testified before the Council’s Committee of the Whole during its performance oversight hearing. The budget hearing is scheduled for April 7, 2021.
- Commencing next month, staff will provide written notice to all Board members of Board and Committees meetings, agendas, prior committees meeting minutes and supporting materials no less than 8 calendar days before the meetings, unless circumstances warrant oral notice or shorter advance notice.
- Staff is coordinating the scheduling of training by the DC Office of Contracting and Procurement for an overview of the District’s procurement and acquisition process for Board members, the Executive Leadership Team, and other staff involved in the procurement process.
- DCRB’s Legal and Compliance Department has provided guidance regarding the Rules of Order and Clarification of Voting.
- A \$25.00 Waiver of Recourse check is currently due and payable to RCM&D. It should be mailed to Rhonda O’Neal in DCRB’s Finance Department.
- The deadline for Financial Disclosure Statements is approaching which is April 30th. The Statements should be submitted by deadline. Trustee Bress asked whether the deadline had been moved since the tax returns deadline is now in May 17th does this delay the deadline. Ms. Sampson responded the deadline remains the same since it is statute.
- The Mayor’s Appointees Trustees Clark, Harris, and Adams were invited to attend a meeting with the Office of the Inspector General and the Mayor’s representative to share highlights and successes of DCRB. A meeting was also attended by Trustees Bress, Blanchard, and Smith, and the discussion was concerning the recommendations made by the Office of the Inspector General and the implementation timeline.
- Karen Hsu will assume the role of Interim Executive Director on March 27, 2021.

Chair Clark then introduced a motion to appoint Karen Hsu as the Interim Executive Director effective March 27, 2021.

Motion #4: To appoint Karen Hsu as the Interim Executive Director effective March 27, 2021.

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

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

Tally #4:			Date: March 18, 2021		
To appoint Karen Hsu as the Interim Executive Director effective March 27, 2021.					
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 Clark introduced a motion to provide Trustees with additional time to review Board materials which will be required to be posted eight (8) calendar days prior to Board and Committee meetings.

A discussion followed with Trustee Collins suggesting that the end of the motion should read “the original or advance notice shall not be less than 5 days.” Trustee Pemberton commented that as the motion reads, it prevents the staff from providing information in less than 5 days and is worded correctly.

Motion #5: To amend the Board Governance Manual to require Board staff to provide Trustees written materials for all Board and Committee meetings within at least 8 calendar days prior to the meeting unless circumstances warrant oral notice or a shorter advance notice.

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

The motion was approved (10–0). (See Tally #5)

Tally #5:			Date: March 18, 2021		
Motion #5: To amend the Board Governance Manual to require Board staff to provide Trustees written materials for all Board and Committee meetings within at least 8 calendar days prior to the meeting unless circumstances warrant oral notice or a shorter advance notice					
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 Saunders requested to be recognized and then stated that the meeting that occurred with the Chairman of the City Council was a request sent to all DCRB Board members, but he did not receive a notice. He asked how the Board members were notified because he was a member on February 10, 2021.

Chair Clark replied that during the process of Chair Mendelson’s reappointment of Trustee Blanchard, Mr. Mendelson asked for a meeting with Council appointees and that he as was invited, in the capacity as Chair of the Board, along with Trustee Smith and Mr. Lucas, from the Office of the Inspector General.

Trustee Saunders responded that all members of the Board should receive all notices that come into DCRB with their name and position or title on it. Trustee Blanchard replied that all the Board members were not invited to the meeting, but that he was invited, and Chairman Mendelson’s office reached out to a few Board members only, because Mr. Mendelson wanted to keep the meeting limited. Trustee Blanchard indicated that the letter of February 10, 2021 from Evan Cash to Chair Mendelson, copying Jeff Dewitt and DCRB Board members, was in error, because the letter was only sent to Trustee Blanchard. Trustee Collins agreed that due to transparency concerns, any documentation that comes to DCRB addressed to Board of Trustees should be distributed to all Trustees.

ACTING EXECUTIVE DIRECTOR’S REPORT

In the absence of the Executive Director, Sheila Morgan-Johnson, Karen Hsu, DCRB’s Pension Administrator, referred the Trustees to the written report and commented on the following topics:

- DCRB’s operations update continues to provide information for reopening status and eligibility for vaccines to all DC Government employees.
- Daniel Hernandez will step into the role of Acting Pension Administrator, as of March 27, 2021, until a permanent Executive Director is hired.
- The MOU’s with OCTO to support our infrastructure from both an operational and cost perspective are moving forward.
- Watson Rice completed their first year as DCRB financial auditors. Ms. Morgan-Johnson and Ms. Hsu had a debrief on how the audit went and to put plans into place for the following year.
- Agency training is being coordinated with HR and DCHR’s Center for Learning & Development to include both Board members and staff.
- Trustee are reminded that bios intended to keep information up to date are due currently.
- DCRB welcomed two (2) new staff members: Munetsi Musara, CFO, and Augustine Kusi, Information Systems Security Officer.
- The CAFR will be released with the approval of DCRB’s new CFO, Mr. Musara and should be on the website in the next few weeks.

Mr. Valentine discussed the vacancy report, which has the following four sections: two at the executive level, and two at the non-executive level, showing status. The last piece of the report focuses on the transitions and the mapping of the allocated FTE's; however, not all of them are immediate. Mr. Valentine noted that the DCRB intake and screening process is very rigorous and the interview panel consists of four to six members and, depending on the level, may be an interview panel of six to seven.

GENERAL COUNSEL REPORT

Ms. Sampson highlighted the following items from her General Counsel report:

- The Institutional Limited Partners Association (ILPA) will provide the Trustees with virtual training on Private Equity for the Trustee Virtual Program scheduled for May 6-7, 2021, which was arranged by Kimberly Woods, Director of Risk and Investment Compliance.

Chair Clark stated that the other portion of the General Counsel's report will be discussed in closed session and made the following motion.

Motion #6: To convene the meeting in closed session to consult with an attorney for legal advice and preserve the attorney-client privilege pursuant to DC Code §2-575(b)(4)(A)).

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

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

Tally #6:			Date: March 18, 2021		
<u>Motion #6:</u> To convene the meeting in closed session to consult with an attorney for legal advice and preserve the attorney-client privilege pursuant to DC Code §2-575(b)(4)(A)).					
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.	√				

Executive Session (2:56 p.m. 4:25p.m.)

Chair Clark presented the motion to return to open session at 4:34 p.m.

Motion #7: To return to open session.

The motion was moved by Trustee Pemberton properly seconded by Trustee Harris. The motion was approved (11–0). (See Tally #7)

Tally #7:			Date: March 18, 2021		
Motion #7: To return to open session.					
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

Committee Chair Bress stated that the Investment Committee met this morning and presented the following motion:

Motion #8: To approve an initial commitment of up to \$50 million to Avance Investment Partners LP, a private equity fund, subject to legal review and further due diligence.

The motion was moved by Trustee Bress and properly seconded by Trustee Collins. The motion was approved (10–0, with 1 abstention). (See Tally #8)

Tally #8			Date: March 18, 2021		
Motion #8: To approve an initial commitment of up to \$50 million to Avance Investment Partners LP, a private equity fund, subject to legal review and further due diligence.					
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.			√		

Motion #9: To approve an initial commitment of up to \$200 million to IFM Global Infrastructure Fund, an infrastructure fund, subject to legal review and further due diligence. Any rebalancing additions and redemptions to the fund within the parameters of the Board approved Asset Allocation Ranges shall be made at the discretion of the Chief Investment Officer.

The motion was moved by Trustee Bress properly seconded by Trustee Harris. The motion was approved (9-1, with 1 abstention). (See Tally #9)

Tally #9			Date: March 18, 2021		
Motion #9: To approve an initial commitment of up to \$200 million to IFM Global Infrastructure Fund, an infrastructure fund, subject to legal review and further due diligence. Any rebalancing additions and redemptions to the fund within the parameters of the Board approved Asset Allocation Ranges shall be made at the discretion of the Chief Investment Officer.					
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.			√		

Motion #10: To approve option B for the Asset Allocation Policy.

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

The motion was approved (9-1 with 1 abstention). (See Tally #10)

Tally #10:			Date: March 18, 2021		
Motion #10: To approve option B for the Asset Allocation 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.			√		
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Trustee Saunders asked if the motion is descriptive enough to indicate what the Board’s position is. Chair Clark deferred to Trustee Bress, Investment Committee Chair, and asked if there is a way to amend the motion to indicate what Option B is. Trustee Bress replied that the motion should have the Option B column provided from the document reviewed and attached to the motion to read: “To approve Option B as attached for the Asset Allocation Policy”. The new Asset Allocation portfolio mix increases assets that provide for downside protection, while increasing the sources of yield outside of public fixed income. The most notable changes to the new targets include increasing Real Estate to 7% from 6%, increasing Infrastructure to 6% from 3% and the creation of a dedicated Private Debt portfolio at 3%.

- U.S. Equity: 20%
- Developed Marked Equity (non-U.S.):16%
- Emerging Market Equity: 10%
- Private Equity: 9%
- High Yield Bonds: 2%
- Bank Loans: 2%
- Private Debt: 3%
- Foreign Bonds: 2%
- Emerging Market Bonds: 4%
- Cash and Equivalents: 1%
- Investment Grade Bonds: 7%
- Long-term Government Bonds: 3%
- TIPS: 4%
- Real Estate: 7%

Trustee Collins stated that the reason she voted nay, was because of the cost involved and the need to hire additional managers, when we already have several people doing investments in-house.

AUDIT COMMITTEE REPORT

Committee Chair Harris stated that there was no meeting of the Audit Committee, and made the following motions:

Motion #11: To approve the Certificate of Secretary that authorizes the Interim Executive Director and the Chief Investment Officer, in their joint and official capacities, to execute and amend agreements with investment management firms and investment consulting firms on behalf of the Retirement Funds after the Board has approved the initial fund investment. This Certificate is effective as of March 27, 2021.

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

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

Tally #11:		Date: March 18, 2021			
Motion #11: To approve the Certificate of Secretary that authorizes the Interim Executive Director and the Chief Investment Officer, in their joint and official capacities, to execute and amend agreements with investment management firms and investment consulting firms on behalf of the Retirement Funds after the Board has approved the initial fund investment. This Certificate is effective as of March 27, 2021.					
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.	√				

Motion #12: To approve the Incumbency Certificate that authorizes the Interim Executive Director, Chief Investment Officer, Chief Financial Officer, and the Controller to transact business with Northern Trust, the Board's custodial bank. This Certificate is effective as of March 27, 2021.

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

The motion was approved (11-0). *(See Tally #12)*

Tally #12:		Date: March 18, 2021			
Motion #12: To approve the Incumbency Certificate that authorizes the Interim Executive Director, Chief Investment Officer, Chief Financial Officer, and the Controller to transact business with Northern Trust, the Board's custodial bank. This Certificate is effective as of March 27, 2021.					
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 Saunders stated that the motion allows quite a few people authority to transact business and if there is any explanation. Trustee Harris replied yes, the Interim Executive Director, Chief Investment Officer, CFO, and Controller need to conduct business transactions with Northern Trust, the custodial bank. One is for approval; one is for authority, and one is for control. Trustee Saunders then asked if all the individuals were required, and Trustee Harris replied that they are. Trustee Saunders then responded that there are four individuals stated, but that Trustee Harris stated only three responsibilities.

Chair Clark asked how the Certificate of Incumbency compares to what's currently in place.

Trustee Collins stated the motion lists the Controller, but since we have a CFO the controller is no longer needed. Trustee Harris replied that there is always a need for a backup just in case someone is not available.

Trustee Saunders asked if a new authority was being created and whether it aligns with the organizational chart. Trustee Harris replied that it does.

Ms. Sampson stated that with Northern Trust, there is the investment side, the benefit payments side, and administrative accounts. The Chief Investment Officer is only involved in the investment side, the Finance Department only handles the administration of benefit payments and the Executive Director often must approve transactions, as well. Ms. Sampson said that other individuals have certain roles to input information that should be reviewed. She further noted that the prior Incumbency Certificate included the Executive Director and Controller, and that it was amended to include the Chief Investment Officer.

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 report and all information was included in the Board package. Trustee Collins also stated that Ms. Hsu has done an outstanding job in benefits and starting March 27th Daniel Hernandez will continue to do a good job.

Ms. Hsu indicated that, due to the time required to deliver materials, the statistics that are normally included in the materials may change to be provided in the supplemental book next month.

Trustee Smith asked when the stakeholder meetings will resume with the various agencies to streamline things. Trustee Collins replied that it is being worked on.

LEGISLATIVE COMMITTEE REPORT

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

- The hearing and status on the proposed legislation to increase the Executive Director salary was held by the Committee of the Whole on March 12, 2021.

- Proposed legislation was introduced by Councilmembers Gray, Pinto, and White to exclude taxable income for certain employees (police and fire department) which was referred to the Committee on Business and Economic Development.

Trustee Collins indicated that the tax inclusion, as currently stated, only includes police and fire, but that it was supposed to cover all District employees. She asked what happen to everyone else. Chair Blanchard suggested that teachers may want to ask that question of Councilmembers Gray and White.

Trustee Bress stated that Trustee Blanchard was going to indicate that the Board can ask that the due date for the financial disclosure forms be extended, since the tax return date has been extended in the COVID emergency legislation due to be passed on April 6, 2021.

Ms. Sampson replied that unless it is moved on an emergency basis, she is not sure that a change can happen before the April 30th deadline.

ADJOURNMENT

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

Motion #13: To adjourn the meeting at 5:07 p.m.

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

The motion was approved (10-0). *(See Tally #13)*

Tally #13:			Date: March 18, 2021		
<u>Motion #13:</u> To adjourn the meeting at 5:07p.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.	√				

The meeting adjourned at 5:07 p.m.