



DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
GENERAL VIRTUAL BOARD MEETING MINUTES
THURSDAY, FEBRUARY 18, 2021

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 Saunders
 Edward C. Smith
 Bruno S. Fernandes, Ex officio

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Executive Director
 Erie Sampson, General Counsel
 Karen Hsu
 Mark Spindel
 Ram Murthy
 Akiko Kawashima
 Leslie King
 Adina Dorch
 Kimberly Woods
 Vernon Valentine
 Paralee Armstrong
 Johniece Harris
 Deborah Reaves, Board Liaison

ROLL CALL

Chair Clark called the meeting to order at 1:22 p.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chair Clark introduced the following motions to approve the closed session meeting minutes for September 17, 2020.

Chair Clark discussed the approval of the September 17, 2020 closed session meeting minutes in open session. Chair Clark stated that in the closed session minutes that certain personnel related issues were discussed. The minutes were approved in the subsequent closed session, but were not approved on the open record. Chair Clark offered the following motion.

Motion #1: To approve the closed session meeting minutes for September 17, 2020.

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

The motion was approved (8-0) with 3 abstentions. *(See Tally #1)*

Tally #1:			Date: February 18, 2021		
<u>Motion #1:</u> To approve the closed session meeting minutes for September 17, 2020					
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			√		
Smith, Edward C.	√				

CHAIR'S REPORT

Chair Clark directed the Trustees to his written report included in the Board portal. He then commented on the following from his report:

- The rules of professional behavior for Board Meetings.
- Board will go into closed session towards the end of the board meeting.
- Board Officers election will occur today under “other business.” Positions up for election are: Chair of the Board, Vice Chair/Secretary of the Board, and Treasurer/Audit Committee Chair.
- New Trustees orientation has been rescheduled for February 23 and February 24, 2021.
- The next Board meetings will be held on March 18, 2021.
- Listing of conference training opportunities, from February through May.
- Procurement training is expected to be provided as part of the March 18, 2021 Board Meeting.

Chair Clark asked Trustee Bruno Fernandes to speak briefly on relevant information from the District’s Office of the Chief Financial Officer (OCFO). Mr. Fernandes stated that the District’s CFO, Jeff Dewitt, resigned his position of 7 years and will be taking the CFO position at the University of Kansas; his last day with the District will be March 9th, 2021. He also stated that Mr. Dewitt will not be participating in the budget process, and the Board should expect a lot of questions about the budget-certification process, because the CFO is a critical element in the process.

Chair Clark asked whether an Interim CFO had been designated and asked how that process worked (whether the Mayor’s Office or the City Council designated the interim). Mr. Fernandes responded that the Mayor’s Office will designate the interim, but that the designated interim was unknown at the time.

Trustee Smith stated that he recommends the NCPERS program for all trustees. Trustee Collins stated that the Council of Institutional Investors (CII) will be held virtually in D.C., and that Nathan Saunders is a candidate for that organization’s Board of Directors.

Chair Clark asked if all CII conference attendees had the right to vote as a delegate. Trustee Collins responded that every trustee is eligible to vote in the general meetings. The list of all candidates running for the Board of Directors is sent to DCRB, and the Executive Director goes through the list and votes.

Chair Clark concluded the meeting by stating the minutes from the February 4, 2021 meeting would normally be approved as well, but that due to the short period of time between board meetings, additional time is needed. He stated that the minutes would be presented for approval at the March 18th Board Meeting.

EXECUTIVE DIRECTOR'S REPORT

Ms. Morgan-Johnson directed the Trustees to her written report included in the Board portal. She commented on the following items from her report.

- The Treasury Department's Office of D.C. Pensions issued their FY 2020 annual report; however, no hard copies were provided.
- CAFR is being finalized and should be released by the end of the month and made available on the DCRB website.
- The head of the Office of the Inspector General will be conducting a follow-up inspection, and an evaluation of the 18 recommendations that were issued, and a status report will be presented and discussed at the next Audit Committee Meeting.
- Trustee bios need to be updated and, if changes are needed, trustees should contact Deborah Reaves or Ram Murthy.
- A written report and presentation from DCRB's HR Director will be an integral part of the ED report; this report will include the status of all senior management vacancies.
- A separate report on financial information also will be provided from DCRB's CFO or Controller.
- A report on DCRB financial information will be presented at the next Audit Committee Meeting that will be scheduled in March.

Ms. Morgan-Johnson then turned the discussion over to Ram Murthy, DCRB's Information Technology Director, to discuss the MOUs recently executed with the Office of the Chief Technology Officer (OCTO). Mr. Murthy spoke about the transition from DCRB's Ashburn data center to the OCTO data center. Mr. Murthy spoke about two specific MOUs. An MOU for infrastructure services from the Enterprise Cloud and Infrastructure Services (ECIS) division is for \$298,000 and is in the final stages of execution. An MOU for applications support from OCTO's Enterprise Applications division is estimated to be \$75,000.

Mr. Vernon Valentine (DCRB HR Director) then presented his report on executive-level vacancies. He stated that the search for DCRB's next Executive Director is in-progress; the search is being conducted by executive search firm Polihire, and Chair Clark is leading the search on behalf of the Board. Mr. Valentine also reported that the agency has made an offer of employment to a candidate to fill the CFO vacancy and is awaiting a response. Mr. Valentine added that The Office of Contracts and Procurement is supporting DCRB with its search to fill a supervisory procurement vacancy, as part of re-establishing an internal procurement department. Mr. Valentine also noted that DCRB had recently selected a candidate to fill its Information Systems Security Officer (ISSO) vacancy in the IT department. Chair Clark suggested to Mr. Valentine that all new hires and their backgrounds be mentioned in his report moving forward. Trustee Collins asked when and where was the press release issued for the Executive Director search? Mr. Valentine responded that the press release was submitted to the Mayor's Office on January 15, 2021, and that DCRB was awaiting information from the Mayor's Office regarding where the press release had been shared.

Chair Clark asked Trustee Collins if she had a copy of the actual press release (announcing Sheila-Morgan-Johnson's retirement). She responded that she had not; she added that as trustees and fiduciaries, all trustees should receive a copy of any communications that go out. Chair Clark responded that, moving forward, all press releases will be placed in the Diligent Board Books. He noted that the Mayor's Office has relationships with a multitude of press agencies and has been very willing to help DCRB. He also noted that the press release had been sent to a national news wire series that distributes to numerous news outlets. Trustee Collins asked

whether DCRB had submitted the press release to Polihire, or to any of the professional organizations (like NCPERS or the Council of Institutional Investors, where DCRB has memberships). Chair Clark responded that DCRB will be uploading the press release to its website, and that Polihire would be doing the same. Chair Clark noted that, if any trustees know of viable candidates for the Executive Director role, those candidates should be directed to Mr. Kenyatta Uzell of Polihire (or to Mr. Valentine). Trustee Collins again requested that all the information be sent to organizations in which DCRB has membership. Trustee Saunders asked why the press release was not uploaded on DCRB's website. Chair Clark then asked Mr. Murthy to upload the press release on the DCRB website.

GENERAL COUNSEL REPORT

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

- Darrick Check, a partner at Kessler Topaz informed DCRB that an effort is being led by a group represented by leading plaintiff's shareholder litigation firms in the U.S. to encourage other retirement systems and pension funds, like those overseen by DCRB, to sign on to an amicus brief in support of the position taken by Arkansas Teacher Retirement System in the matter of *Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System*, No. 20-222, a case before the U.S. Supreme Court from the Second Circuit with critically important implications for the future of securities-fraud class actions. Ms. Sampson noted that an amicus brief is a (friend of the court) brief that is filed to support a particular position being argued. She then summarized the facts of the case; presented the arguments made in the amicus brief; and explained why it was important for DCRB to lend its support to the amicus brief. There are several institutional investors that are signing on to this amicus brief in support of the Arkansas Teacher Retirement System. CalPERS has signed on and other public funds like DCRB are lending their names to support the matter. The legal memorandum was shared with Chair Clark and the Executive Director on February 10, 2021. Ms. Sampson noted that she, the Executive Director, and Chair Clark support the Agency signing on to the amicus brief and that a decision on whether to do so is due by February 24, 2021. Chair Clark confirmed his support and reminded the Board that DCRB has signed onto various briefs over the organization's history.

Ms. Sampson responded to questions and comments from Trustee Smith regarding any potential impact to DCRB resulting from the outcome of this case. She noted that the more institutional investors signing-on to the action will send a signal to the Supreme Court that it is important. She then responded to questions and comments from Trustee Blanchard regarding the precedential nature of the Goldman Sachs case and concluded by noting that several institutional investors were already participating as well as several securities litigation firms that represent institutional investors like DCRB in these types of matters. Trustee Collins recommended that DCRB contact the Council of Institutional Investors (CII) to get its position on the issue and determine what it has done with reference to corporate governance.

Trustee Pemberton presented a motion to join in the filing of the amicus brief.

Motion #2: To approve DCRB joining in the filing of the amicus brief of *Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System*.

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

The motion was approved (11-0). (See Tally #2)

Tally #2:		Date: February 18, 2021			
Motion #2: To approve DCRB joining in the filing of the amicus brief of <i>Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System</i> .					
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	√				
Smith, Edward C.	√				

- The annual financial disclosures statement filing requirement that goes to the Mayor’s Office and City Council is due by April 30, 2021 and new trustees are not required to file the statement.
- Ms. Kimberly Woods (DCRB’s Director of Risk and Investment Compliance) encouraged all Trustees to participate in Private Equity for Trustee Virtual Program being held on March 10 and 11, 2021 by ILPA. The course explores the basic aspects, private equity, asset class, and the economics of a private equity investment. She added that ILPA is available to create a customized training program for the Trustees.
- Trustee Blanchard had emailed Ms. Sampson several questions, and the responses were returned via email last night.

INVESTMENT COMMITTEE REPORT

Committee Chair Bress noted that the Investment Committee had no meeting today, and that there will be a meeting on March 18, 2021 to discuss Asset Allocation decisions.

OPERATIONS COMMITTEE REPORT

Committee Chair Smith noted that the Operations Committee had no meeting today, and there would be a meeting prior to the next Board meeting.

BENEFITS COMMITTEE

Committee Chair Collins noted that the Benefits Committee did not meet this month but noted that there was an update in the Board meeting package.

Trustee Collins then asked Ms. Karen Hsu, DCRB’s Pension Administrator, to speak briefly about ongoing projects in the Benefits department. Ms. Hsu stated that the benefits statement project is moving forward. She added that the department is developing a monthly report that will help prioritize work and provide status updates on operational projects and annuitant self-service. She noted the department’s goal to launch a pilot program to receive feedback from the annuitants, which will be a new way of interacting with them. Ms. Hsu added that the Benefits

department has filled several positions and is adding a couple of positions to the Member Services and Records teams.

Ms. Hsu spoke briefly about plans for creating a monthly statistical report, with current year to prior year comparisons. She noted that, due to COVID-19 and staff not being in the office, there were several changes made to monitoring and processing retirement cases to ensure they remain in the 60- to 90-day process. A new report element was added to the statistics for call volumes that changes the period-over-period comparison and will express abandoned calls. She noted that members are being directed to the “Ask Members Services” link, to help deal with high call volumes; the redirected approach is expected to cut down on extensive wait times for members.

In response to a trustee question about the cost of living adjustment, Ms. Hsu responded that the COLA is 1.4%. Trustee Smith asked about the FY 2020 review of first payments to retirees, and how DCRB determines the extent to which other agencies factor into payment delays. Ms. Hsu responded that DCRB must first start looking at statistics monthly, focusing on pockets and trends across the different groups.

Trustee Smith also asked about when the last stakeholder meeting was held. Ms. Hsu responded that the last stakeholder meeting was some time last year, and that conversations are being held about resuming those meetings and discuss payment-timing issues. She noted that the correct information must be presented to recognize where the problem is stemming from and figure it out collectively. If there is a delay in the process, it doesn't necessarily affect each segment the same, because information is received differently across Police, Firefighters and Teachers. Trustee Smith stated that HR within the Fire Department was trained on how to do IRR's.

Trustee Saunders asked what does “other cases” mean as it pertains to the chart on page 3 entitled “2020 vs 2021 Year to Date”? Ms. Hsu responded that “other cases” includes items such as QDROs and other adjustments that must be made that are outside of the normal process for a retirement survivor. The high spike in January of 2020 is kind of a “cleanup” for the end of year and a similar uptick in January of 2021. Chair Clark asked whether the 60- to 90-day window goal can be shortened to 45 to 60 days. Ms. Hsu responded that 45-60 days was a realistic goal, and that DCRB needs improved tools and a mature approach in handoffs to find opportunities for efficiency.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard highlighted the following items from his report, which was provided in the Board materials.

- The proposed resolution of the reappointment of Lyle M. Blanchard to the District of Columbia Retirement Board for a four-year term.
- The ceremonial resolution for Gary W. Hankins was introduced by Chairman Mendelson on February 1, 2021.
- At the request of the DC Council Chairman Mendelson, Trustees Clark, Blanchard, Bress and Smith met with Chairman Mendelson and Chief Financial Officer, Jefferey Dewitt and other senior staff on February 10, 2021. He noted that the meeting was to discuss the results of the Agency's most recent audit of its financial statements as well as the report issued by the District's Office of the Inspector General last year. A discussion ensued during which Trustee Blanchard responded to questions and comments from Trustee

Collins and Trustee Saunders regarding transparency and the Board’s role in the day-to-day functions of the Agency. Trustee Blanchard noted that during the meeting it was emphasized that the Board should focus its attention on strategic planning to ensure the Board is fulfilling its fiduciary duties.

- Trustee Blanchard then responded to questions and comments from Trustee Collins regarding discussions with Chairman Mendelson and others in attendance about waiver of the District’s residency requirement for certain executive personnel. He then concluded his report noting that the Agency’s performance oversight hearing before the Committee of the Whole will be held on March 11, 2021.

AUDIT COMMITTEE REPORT

Committee Chair Harris stated the Audit Committee did meet but had no action items.

OTHER BUSINESS

Board Officer Elections

Chair Clark called for the Board nominations noting the Board may elect other officer positions at its discretion.

Chair Clark then explained how the electronic balloting process would be conducted and noted that the positions included on the ballot are: Chair, Vice-Chair/Secretary, and Treasurer/Audit Committee Chair.

Trustee Clark called for nominations for the position of Chair of the Board.

Trustee Harris nominated Trustee Clark for the position of Chair of the Board.

Trustee Saunders nominated Trustee Clark for the position of Chair of the Board.

Chair Clark closed the nominations and made the following motion:

Motion #3: To close the nominations and add Trustee Clark to the ballot as a nominee for the position of Chair of the Board.

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

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

Tally #3:			Date: February 18, 2021		
<u>Motion #3:</u> To close the nominations and add Joseph Clark to the ballot as a nominee for the position of Chair of the Board.					
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	√				
Smith, Edward C.	√				

Trustee Clark called for nominations for the position of Vice-Chair/Secretary

Trustee Bress nominated Trustee Harris for the position of Vice-Chair/Secretary

Trustee Adams nominated Trustee Smith for the position of Vice-Chair/Secretary.

Chair Clark closed the nominations and made the following motion:

Motion #4: To close the nominations and add Tracy Harris and Edward Smith to the ballot as nominees for the position of Vice-Chair/Secretary.

The motion was moved by Chair Clark.

The motion was approved (11-0). (See Tally #4)

Tally #4:		Date: February 18, 2021			
Motion #4: To close the nominations and add Tracy Harris and Edward Smith to the ballot as a nominee for the position of Vice-Chair/Secretary.					
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	√				
Smith, Edward C.	√				

Trustee Clark called for nominations for the position of Treasurer.

Trustee Adams nominated Trustee Harris for the position of Treasurer.

Trustee Bress nominated Trustee Smith for the position of Treasurer.

Trustee Collins nominated Trustee Blanchard for the position of Treasurer

Trustee Smith declined the nomination for Treasurer.

Chair Clark closed the nominations and made the following motion:

Motion #5: To close the nominations and add Tracy Harris, Edward Smith and Lyle Blanchard to the ballot as nominees for the position of Treasurer/Audit Committee Chair.

The motion was moved by Chair Clark.

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

Tally #5:		Date: February 18, 2021			
Motion #5: To close the nominations and add Tracy Harris, Edward Smith and Lyle Blanchard to the ballot as a nominee for the position of Treasurer/Audit Committee Chair.					
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	√				
Smith, Edward C.	√				

The results of the Board officer elections:

The results of the Board officer elections were as follows:

Board Chair: Joseph W. Clark
 Vice Chair/Secretary: Edward C. Smith
 Treasurer/Audit Committee Chair: Tracy S. Harris

ADJOURNMENT

Motion #6: To adjourn the meeting at 3:14 p.m.

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

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

Tally #6:		Date: February 18, 2021			
Motion #6#: To adjourn the meeting at 3:14 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	√				
Smith, Edward C.	√				

DRAFT