



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)  
GENERAL VIRTUAL BOARD MEETING MINUTES  
TUESDAY, JANUARY 26, 2021**

**MEMBERS PRESENT**

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

**MEMBER NOT PRESENT**

Bruno S. Fernandes, Ex officio  
Greggory J. Pemberton

**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  
Daniel Hernandez  
Vernon Valentine  
Patrick Sahn  
Michael Xanthopoulos  
Jacqueline Thomas  
Paralee Armstrong  
Ortencia Nichols  
Johniece Harris  
Deborah Reaves, Board Liaison

**OTHERS PRESENT**

Ann Sturner, Bolton  
Thomas Lowman, Bolton  
Tom Vicente, Bolton  
Al Lucas, WatsonRice  
Marshall Blair, WatsonRice  
Geoffrey Grambo, New Trustee  
Corey Snow, Public Attendee

**ROLL CALL**

Chair Hankins called the meeting to order at 10:11 a.m. and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Chair Hankins introduced the following motions to approve the closed and open session Board meeting minutes.

Chair Hankins and Trustee Bress discussed the approval of closed session meeting minutes in open session. Board discussion ensued. Chair Hankins stated that the subject matter of closed session minutes will not be disclosed but are being brought before the Board as an action item that requires approval in the open session. Trustee Bress reiterated his opinion that the content of closed session minutes should be reviewed and approved in closed session prior to being presented for approval in open session; therefore, Chair Hankins offered the following motion.

**Motion #1:** To table the approval of the Board closed session meeting minutes for September 17, 2020, to be reviewed in closed session.

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

The motion was approved (5-4). (See Tally #1)

Tally #1:			Date: January 26, 2021		
<b>Motion #1:</b> To table the approval of the closed session Board meeting minutes for September 17, 2020 to be reviewed in closed 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.	√				
Clark, Joseph W.	√				
Collins, Mary A.		√			
Daniels, Denise D.		√			
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				

**Motion #2:** To approve the open session Board meeting minutes for December 17, 2020.

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

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

Tally #:			Date: January 26, 2021		
<b>Motion #2:</b> To approve the open session Board meeting minutes for December 17, 2020.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Hankins, Gary W., Chair	√				
Adams, Janice M.	√				
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				

**CHAIR'S REPORT**

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

- The recount of ballots for the Active Teacher election took place and Nathan Saunders' certification as the winner remains unchanged. The recount results were provided in the portal.
- A resolution was read commending Trustee Denise Daniels for her years of service to the Board.
- Since he will be leaving the Board on January 27, 2021, Chair Hankins read his personal goodbye to the Board.
- He noted that a special Board meeting will be held on February 4, 2021 preceded by an Investment Committee meeting.
- Newly elected Trustees Geoffrey P. Grambo, representing retired firefighters, and Danny C. Gregg, representing retired police officers, were welcomed to the Board. Active Teacher Trustee, Nathan A. Saunders, was also welcomed back.
- Chair Hankins also asked that the Executive Director limit attendance of staff at the Board meetings.

Trustee Adams asked Chair Hankins to remind the Trustees on the rules of professional behavior at Board meetings.

Vice-Chair Clark then introduced a resolution thanking Chair Hankins for all of his years of service and dedication to the Board. He then announced that the Trustees will discuss the search for a new Executive Director during the Board's closed session.

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

Ms. Morgan-Johnson referred the Trustees to her written report and asked Vernon Valentine, DCRB's HR Director, to comment briefly on the status of filling DCRB's executive-level vacancies. Mr. Valentine noted a new report included in the Board materials, entitled "*DCRB Executive Vacancies*," and as part of his comments, reminded Trustees that POLIHIRE is continuing in its role as DCRB's executive search firm and is leading the searches for the Chief Financial Officer and Executive Director. Mr. Valentine added that the searches for a Communications and Public Relations Director and a Supervisory Contract Specialist are being conducted in-house.

### **GENERAL COUNSEL REPORT**

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

To ensure transparency on the Board's capital commitments for Private Market Funds, I report that DCRB's Legal and Compliance Department, in conjunction with DCRB's outside counsel, Morgan, Lewis & Bockius LLP, finalized legal and compliance reviews for the following fund investments during the 4th Quarter of CY' 2020:

- DivcoWest Fund VI-A L.P.— Real Estate fund investment in the amount of \$50 million that closed on September 30, 2020.
- TCV XI, L.P.— Private Equity fund investment in the amount of \$50 million that closed on October 2, 2020.
- Tiger Infrastructure Partners Fund III, L.P.—Infrastructure fund investment in the amount of \$50 million that closed on November 4, 2020.

- Rockwood Capital Real Estate Partners Fund XI, L.P.—Real Estate fund investment in the amount of \$40 million that closed on December 14, 2020.

Ms. Sampson highlighted two confidential legal communications provided to all Trustees in the weeks leading up to the meeting and encouraged Trustees to contact her directly with any questions or concerns. She then provided an update on DCRB’s annual Freedom of Information Act (“FOIA”) reporting requirements and noted that, with the assistance of Rabinai Carson, DCRB’s HR/Legal Compliance Specialist, *DCRB’s Annual Freedom of Information Act Report for Fiscal Year 2020* was timely filed. During fiscal year 2020, Ms. Sampson noted that thirteen (13) FOIA requests were received and processed and that most continue to be focused on investment-related matters.

Trustee Harris then inquired about the fiduciary liability insurance coverage and whether the coverage amount can be increased since the Board approves multi-million-dollar fund investments. Ms. Sampson responded that the Agency’s insurance portfolio review and renewal process has commenced with a renewal date of April 1, 2021. Requests for additional coverage will be discussed with DCRB’s insurance broker, and a presentation on DCRB’s insurance portfolio will be provided at an upcoming Board meeting.

### **INVESTMENT COMMITTEE REPORT**

Committee Chair Bress noted that the Investment Committee did not meet this month, so there is no report but he stated the following:

- The next Investment Committee meeting is scheduled for February 4, 2021.
- The Funds’ investment asset allocations are being reviewed by staff and Meketa and they will provide background and training for all Trustees and new members of the Board at the February 4<sup>th</sup> Board meeting.

### **OPERATIONS COMMITTEE REPORT**

Committee Chair Smith noted that the Operations Committee did not meet this month, so there is no report. However, he stated that during today’s meeting the Board would receive actuarial training and an actuarial reports presentation by Bolton, DCRB’s actuary.

The actuarial training and presentation commenced. Bolton representatives included: Ms. Ann Sturner, Mr. Thomas Lowman, and Mr. Tom Vicente, who referenced the documents that were included in the Board materials. The first presentation focused on understanding actuarial reports.

The second presentation was an overview of the Actuarial Valuations as of October 1, 2020 to determine the District’s contribution for the Fiscal Year ending September 30, 2022. The Actuarial Valuations Report covered key findings, assumptions and methods, risk assessments, projections, funded status and the employee contribution rates and amounts for the District of Columbia Teachers’ Retirement Plan and the District of Columbia Police Officers and Firefighters’ Retirement Plan.

At the conclusion of the presentation, Ms. Morgan-Johnson asked Bolton about the timing for starting the planned Actuarial Experience Study. Mr. Lowman responded that the Study will be started within the next few weeks and they will have discussions with the Board before the start of the October 2021 valuation.

Committee Chair Smith then presented a motion to the Board to accept and approve the Actuarial Valuations as of October 1, 2020.

**Motion #3:** To accept and approve the Actuarial Valuations as of October 1, 2020 to determine the District’s Contribution for the fiscal year ending September 30, 2022 for the District of Columbia Teachers’ Retirement Plan and the District of Columbia Police Officers and Firefighters’ Retirement Plan.

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

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

Tally #3:			Date: January 26, 2021		
<b>Motion #3:</b> To accept and approve the Actuarial Valuations as of October 1, 2020 to determine the District’s Contribution for the fiscal year ending September 30, 2022 for the District of Columbia Teachers’ Retirement Plan and the District of Columbia Police Officers and Firefighters’ Retirement Plan.					
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.	√				

**BENEFITS COMMITTEE**

Committee Chair Collins noted that the Benefits Committee did not meet this month. She noted that the next meeting is expected to be held during the first quarter of 2021.

**LEGISLATIVE COMMITTEE REPORT**

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

- DCRB’s Oversight hearing is scheduled for March 11, 2021, and the Budget hearing is scheduled for April 7, 2021. It was noted that DCRB is fourth in the lineup for both hearings, and that both will be held virtually.
- A meeting is being scheduled with Council Chairman Mendelson to consider reappointment of Mr. Blanchard to the Board for a 4-year term. If he is confirmed, the reappointment ceremony will take place on the same day as the Oversight hearing. There followed a short conversation about whether Trustees could attend the Oversight hearing and the status of a replacement for Trustee Warren.

**AUDIT COMMITTEE REPORT**

Committee Chair Harris made the following comments from her Audit Committee report:

- At the urgent request of the District’s Comprehensive Annual Financial Report (“CAFR”) Committee, Mr. Fekede Gindaba, and the District’s independent auditor, Mr. Jack Reagan met with members of the Audit Committee on January 11, 2021. The focus was the timeline for completion and final submissions of DCRB’s audited financial statements.
- Watson Rice, the Board’s independent auditor, will make a presentation to the full Board today in lieu of an Audit Committee Meeting. After their presentation, Trustees will have an opportunity to confer with the auditors in a closed session.
- The Watson Rice auditors in attendance were: Albert Lucas, Partner, and Marshall Blair, Project Director.

Mr. Blair reported on internal controls over financial reporting and other matters based on an audit of financial statements. A modified opinion with significant deficiencies was issued. Following three findings were mentioned in the Government Audit Standards report on the fiscal year (FY) 2020 audit:

- Management did not implement FY 2019 findings issued by the prior auditor
- Untimely preparation of auditable financial statements
- Improper valuation of limited partnership investments

Mr. Blair stated that the auditor’s responsibility under the Generally Accepted Auditing Standards is to provide reasonable and not absolute assurance that the financial statements are free of material misstatements caused by error or fraud. The auditor reviewed DCRB’s internal controls, policies and procedures to design an effective and efficient audit approach. It was determined that there were no illegal acts identified in the audit. An unmodified opinion was given for the Combined Financial Statements for FY 2020. There were significant discussions about allocation differences in the financial statements and the market value of private investments, which led to adjustments. Watson Rice found no major issues or disagreements between the prior year ending balances in the official statements and the current year beginning balance in the ledger.

Mr. Blair also noted that DCRB took the market values based on the custodian’s bank statement as of the fiscal year end for all investment managers, including private managers. Private investment managers’ statements typically have 3 – 6 months lags and DCRB did not update the values upon closing the year. DCRB also reclassified one private manager from private equity to international equity to align the classification in FY2019.

Trustee Collins asked what is meant by reclassify and what is being done with the adjustment? Mr. Blair responded that there are different categories that reflect the various types of investments and you can see equities and aggregate in different categories. Management goes through the various investments annually and categorizes the investments based on the financial statement presentation, and the values either go up or down over time. So, based on the values at the end of the year, which are carried from prior months or year the current value is reviewed and they are trued up or down to ensure consistency of the categories in the financial statements in prior years. The total investments do not change, and all investments are presented in the financial statements; management then ensures things are reflected in the appropriate category.

Watson Rice also presented two adjustments that were not made due to immaterial amounts. One was a recommendation to include interest and dividends as receivable rather than as investment balance. Another was the market value of one domestic equity manager per custodian was different from the manager's market value.

Trustee Clark asked what can DCRB do going forward regarding the market value difference between the custodian and the manager. Mr. Blair responded that the Investment Department does a good job in monitoring the investments, however going forward, they could seek to get the information earlier and do a more detailed comparison with custodial bank's information and then provide feedback.

Watson Rice concluded their presentation.

Chair Hankins then called for a motion to convene in closed session.

**Motion #4:** To convene in closed session with representatives from WatsonRice to discuss DCRB's fiscal year 2020 audited financial statements, including but not limited to the findings and report of the Auditor, the disclosure of which would restrict the Board's candid and detailed discussions thereof.

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

The motion was approved (9-0). (See Tally #4)

Tally #4:			Date: January 26, 2021		
<b>Motion #4:</b> To convene in closed session with representatives from WatsonRice to discuss DCRB's fiscal year 2020 audited financial statements, including but not limited to the findings and report of the Auditor, the disclosure of which would restrict the Board's candid and detailed discussions thereof.					
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.	√				

**Motion #5:** To reconvene in open session at 2:08 p.m.

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

The motion was approved (9-0). (See Tally #5)

Tally #5:			Date: January 26, 2021		
<b>Motion #5:</b> To reconvene in 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.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				

**Motion #6:** To accept the fiscal year 2020 Audited Financial Statements and the independent auditor's report on internal control over financial reporting and on compliance and other matters.

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

The motion was approved (9-0). (See Tally #6)

Tally #6:			Date: January 26, 2021		
<b>Motion #6:</b> To accept the fiscal year 2020 Audited Financial Statements and the independent auditor's report on internal control over financial reporting and on compliance and other matters.					
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.	√				

## **ADJOURNMENT**

**Motion #7:** To convene the meeting in closed session at 2:28p.m. pursuant to DC Code §2-575(b)(10) to discuss a personnel matter.

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

The motion was approved (9-0). (See Tally #7)

Tally #7:			Date: January 26, 2021		
<b>Motion #7:</b> To convene the meeting in closed session at 2:28p.m. pursuant to DC Code §2-575(b)(10) to discuss a personnel matter.					



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.	√				

[Closed Session: 2:28p.m. – 4:38p.m.]

**Motion #8:** To come out of closed session.

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

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

Tally #8:			Date: January 26, 2021		
<b>Motion #8:</b> To come out of closed 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.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				

Trustee Clark presented the following motion.

**Motion #9:** To designate Karen Hsu as the Board of Trustees' preferred member of the management team to receive Delegation of Authority during any absences of the Executive Director between January 26 and March 26, 2021.

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

The motion was approved (8-0). (See Tally 9)

Tally #9	Date: January 26, 2021
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**Motion #9:** To designate Karen Hsu as the Board of Trustees' preferred member of the management team to receive Delegation of Authority during any absences of the Executive Director between January 26 and March 26, 2021.

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.	√				

Trustee Clark made the following motion to adjourn the meeting.

**Motion 10:** To adjourn.

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

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

Tally #10			Date: January 26, 2021		
<b>Motion #10:</b> To adjourn the 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.	√				

The meeting adjourned at 4:40 p.m.