



**DISTRICT OF COLUMBIA RETIREMENT BOARD  
MEETING MINUTES  
MARCH 21, 2019  
1 P.M.**

**MEMBERS PRESENT**

Janice M. Adams  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Denise D. Daniels  
Gary W. Hankins  
Greggory J. Pemberton  
Edward C. Smith (via telephone)\*  
Thomas N. Tippett  
Michael J. Warren  
Bruno Fernandes, ex officio

**DCRB STAFF PRESENT**

Sheila Morgan-Johnson  
Erie Sampson  
Anthony Shelborne  
Jeffrey Barnette  
Joan Passerino  
Daniel Hernandez  
Leslie King  
Adina Dorch  
Deborah Reaves  
Johniece Harris  
Wukyanos Gebremeskel

\* Joined the meeting at 1:30 p.m.

**MEMBERS NOT PRESENT**

Joseph W. Clark  
Lenda P. Washington

**OTHERS PRESENT**

Dostin Bradley, Jr., Cerberus Capital  
Management, L.P.

**ROLL CALL**

Vice Chair Hankins called the meeting to order at 1:25 p.m., and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Vice Chair Hankins introduced a motion to approve the February 28, 2019 Board Meeting minutes.

**Motion #1:** To approve the minutes of the February 28, 2019 Board meeting.

The motion was moved by Trustee Bress and properly seconded by Trustee Warren. The motion was approved (9-0). (See Tally #1)

**CHAIR'S REPORT**

Vice Chair Hankins referred Trustees to the Chairman's written report and commented on the following topics:

**Trustee Financial Disclosure Statement**

As noted last month, Trustees should turn in their completed Financial Disclosure and Trustee Acknowledgement forms on or before April 18 for filing by the April 30, 2019 due date.

**2019 Cost-of- Living Adjustments for DC Teachers, Police Officers and Firefighters**

Due to changes in the Consumer Price Index applicable to the Plans during calendar year 2018, District of Columbia Teachers' Retirement Plan annuitants will receive a COLA of 1.8% and District of Columbia Police Officers and Firefighters' Retirement Plan annuitants will receive a COLA of 1.9% for 2018, effective March 1, 2019, and payable beginning with their April 1, 2019 benefit payment.

**Meeting with District Council Chairman Mendelson**

Trustee Blanchard then advised Board members that he, the Board Chair, the Executive Director, and the Director of Stakeholder Communications and Outreach met with District Council Chairman Mendelson to provide him with an update on the status of DCRB's investments, projects and operations.

**EXECUTIVE DIRECTOR'S REPORT**

Executive Director, Sheila Morgan-Johnson, referred Trustees to her written report and commented on the following topics:

**2019 DCRB Budget Hearing**

DCRB's Budget Hearing is scheduled before the District Council's Committee of the Whole on Monday, March 25, 2019.

**Treasury Offset Program (TOP) Update**

On March 8, 2019, DCRB sent a letter to Nancy Ostrowski, Director, Office of DC Pensions, U.S. Department of the Treasury related to the Treasury Offset Program (TOP).

**Certificate of Achievement in Public Plan Policy (CAPPP) Update**

DCRB has arranged for the International Foundation of Employee Benefit Plans to provide Trustees, Staff and invited guests with the opportunity to earn the CAPPP certificate. Part I of the program will be offered on Thursday and Friday, April 25-26, 2019 and Part II is scheduled for Thursday and Friday, May 2-3, 2019.

**Current Staff Vacancies**

Following the IT Audit and our pause of the PIMS Project, DCRB has several staff vacancies, including a number that are not related to IT or the PIMS Project. At this time, we are focusing on positions that are necessary for our routine operations. Those positions include the Chief Benefits Officer, a Controller, the IT Director, and a Director of Risk and Investment Compliance.

**Council of Institutional Investors (CII) New General Members Advisory Council (GMAC)**

CII is seeking nominations through March 29, 2019 from General Member representatives to serve on the new GMAC. Modeled on the two successful advisory councils for Associate Members, the GMAC offers voting members with a valued platform for contributing to CII in a leadership role.

### **Pending Treasury Litigation**

Ms. Morgan-Johnson then introduced DCRB's Senior Attorney, Leslie King, who provided Trustees with a summary and status update on a developing Federal District Court case involving an annuitant under the frozen District of Columbia Police Officers and Firefighters' Retirement Plan. The annuitant challenged the Office of D.C. Pensions authority to disturb a retirement annuity calculation determined over 20 years ago by appropriate government officials.

Vice Chair Hankins then called on the Committee Chairs for reports of their meetings.

### **INVESTMENT COMMITTEE REPORT**

Committee Chair Warren reported that the Investment Committee met this morning, and provided the following comments:

#### **Market Volatility**

During our last meeting, we spoke about the decline in the equity markets at the end of 2018. However, the volatility has moved in a positive direction in the first quarter of 2019. Year to date returns for the S&P 500 are up over 10%. He noted that the Board's Investment Consultant, Meketa Investment Group, will spend time today updating Trustees on 2018 performance and themes for 2019 that can help us with investment decision making in volatile markets.

#### **Federal Reserve Rate Actions**

In January, the Federal Reserve Open Market Committee voted unanimously to keep the federal funds rate unchanged, with a range of 2.25 to 2.5 percent. The new theme from the Committee is patience. Recent comments from the Fed Chairman suggest that rates may be "in the range of the committee's estimates of neutral."

#### **Fairfax County Retirement System**

For your information, last month, Fairfax County announced that they are investing into an investment fund that is focused on Blockchain Technology. The Fairfax County CIO noted that they will be investing into Morgan Creek Digital, a \$40 million venture capital fund. The fund will invest in companies in the blockchain and digital assets industry. The fund will also invest a small percentage in liquid cryptocurrencies, such as Bitcoin.

#### **Iran Divestment Law**

Under the Divestment Law, DCRB is required to annually transmit to the DC Council and the Mayor a list of all investments sold, redeemed, divested, and withdrawn from companies in the Board's portfolio that are doing business in Iran. The letter was mailed February 28, 2019. DCRB did not have any direct exposure to companies on the scrutinized companies list.

#### **Investment Committee Meeting**

The next Investment Committee meeting will be held on Thursday, May 16, 2019.

Trustee Warren then made the following motions:

**Motion #2:** To adopt the 2019 Private Markets Commitment Budget in the amount of \$525 million.

The motion was moved by Trustee Warren and properly seconded by Trustee Tippet. The motion was approved (10-0). *(See Tally #2)*

**Motion #3:** The Executive Director and the Chief Investment Officer recommend that, and request Board approval for, the investment consulting contract between the Board and Meketa Investment Group to be extended by one (1) year.

The motion was moved by Trustee Warren and properly seconded by Trustee Bress. The motion was approved (10-0). *(See Tally #3)*

**OPERATIONS COMMITTEE REPORT**

Committee Chair Smith indicated that there was no report, since there was no meeting this month.

**BENEFITS COMMITTEE REPORT**

Committee Chair Collins reported that the Committee did not meet this month and noted that the next meeting would be scheduled during the first two weeks of April. She also asked that Trustees submit items of interest for discussion at future meetings.

Trustee Tippet then informed Trustees that he had been contacted by the family of a firefighter who died in the line-of-duty in 1999. The deceased member's surviving spouse had recently received a premature letter from DCRB informing her of an overpayment due to the inadvertent reinstatement of terminated child survivor annuities.

The Trustees engaged in a lengthy discussion regarding the impact of the aforementioned Treasury litigation on Plan members, DCRB's benefits administration and debt collection processes, as well as its third-party administrator relationship with Treasury. Trustee Tippet proposed a motion for the Board's consideration and an additional discussion ensued on the appropriate procedural actions of the Board to protect confidentiality of the Plan member, as well as preserve the Board's deliberative processes.

Due to the sensitive and confidential nature of the error and the case, as well as the need for additional information on its impact to DCRB's operations, the Trustees agreed to defer taking any formal action at this time.

Trustee Tippet then made a motion to table formal action by the Board related to debt collection or DCRB's third-party administrator relationship with Treasury. The Trustees further requested that the Executive Director convey the Board's position related to benefit overpayment corrections and the current Treasury litigation to the Director of Treasury's Office of DC Pensions.

**Motion #4:** To table formal action by the Board related to the U.S. District Court case discussed during the meeting until a decision has been rendered.

The motion was moved by Trustee Tippet and properly seconded by Trustee Bress. An individual voice vote was taken, and the motion was approved (6-4). *(See Tally #4)*

### **LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard indicated that there was no meeting this month, and there are no updates related to legislative issues.

### **AUDIT COMMITTEE REPORT**

Committee Chair Hankins stated that there was no Committee meeting this month but noted that there are two motions for the Board's consideration. First, he indicated that since it is best practice to have a periodic fiduciary audit, and that it has been some time since DCRB had one, he made the following motion:

**Motion #5:** To authorize the Executive Director to release a request-for-proposal (RFP) for an enterprise-wide fiduciary audit.

The motion was moved by Trustee Hankins and properly seconded by Trustee Bress. The motion was approved (10-0). *(See Tally #5)*

Committee Chair Hankins then introduced DCRB's Chief Financial Officer, Anthony Shelborne, who provided Trustees with information regarding security and other concerns that were raised during and since the recent IT audit.

A motion was then made to go into closed session.

**Motion #6:** To convene in closed session to discuss a matter in which harm to the Agency's operations and the confidentiality of Plan member information supports closure.

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

**Motion #7** To reconvene in open session.

The motion was moved by Trustee Pemberton and properly seconded by Trustee Tippet. The motion was approved (10-0). *(See Tally #7)*

Following a discussion related to the issues presented, Trustee Hankins made this motion:

**Motion #8:** To authorize the Executive Director to enter into a six-month emergency sole source contract with NGEN for information technology oversight consulting services, network administration and information technology security solutions, as well as any products related thereto, for an amount not to exceed \$300,000.

The motion was moved by Trustee Hankins and properly seconded by Trustee Tippet. The motion was approved (10-0). *(See Tally #8)*.

The Trustees agreed to discuss the matter and receive status updates at the next Audit Committee meeting.

**ADJOURNMENT**

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

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

The motion was moved by Trustee Tippett and properly seconded by Trustee Bress. The motion was approved (10–0). (*See Tally #9*)

**DISTRICT OF COLUMBIA RETIREMENT BOARD  
RECORD OF OFFICIAL BOARD ACTIONS**

Tally #1:			Date: March 21, 2019		
To approve the minutes of the February 28, 2019 Board meeting.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #2:			Date: March 21, 2019		
To adopt the 2019 Private Markets Commitment Budget in the amount of \$525 million.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #3:		Date: March 21, 2019			
The Executive Director and the Chief Investment Officer recommend that, and request Board approval for, the investment consulting contract between the Board and Meketa Investment Group to be extended for one (1) year.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #4:		Date: March 21, 2019			
To table formal action by the Board related to the U.S. District Court case discussed during the meeting until a decision has been rendered.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle		√			
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.		√			
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.		√			
Warren, Michael J.		√			
Washington, Lenda P.					√

Tally #5:		Date: March 21, 2019			
To authorize the Executive Director to release a request-for-proposal (RFP) for an enterprise-wide fiduciary audit.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #6:		Date: March 21, 2019			
To convene in closed session to discuss a matter in which harm to the Agency's operations and the confidentiality of Plan member information supports closure.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #7:		Date: March 21, 2019			
To reconvene in open session.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #8:		Date: March 21, 2019			
To authorize the Executive Director to enter into a six-month emergency sole source contract with NGEN for information technology oversight consulting services, network administration and information technology security solutions, as well as any products related thereto, for an amount not to exceed \$300,000.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #9:			Date: March 21, 2019		
To adjourn the meeting at 3:00 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair					√
Adams, Janice M.	√				
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√