



**DISTRICT OF COLUMBIA RETIREMENT BOARD  
MEETING MINUTES  
SEPTEMBER 19, 2019  
1:00 P.M.**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Janice M. Adams (In 2:15pm)  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Denise D. Daniels  
Gary W. Hankins  
Tracy S. Harris  
Edward C. Smith  
Thomas N. Tippet  
Michael J. Warren  
Bruno Fernandes, ex officio

**DCRB STAFF PRESENT**

Sheila Morgan-Johnson  
Erie Sampson  
Anthony Shelborne  
Joan Passerino  
Daniel Hernandez  
Kimberly Woods  
Leslie King  
Adina Dorch  
Vernon Valentine  
Patrick Sahn  
Deborah Reaves  
Bonnie Rivers  
Johniece Harris  
Shalanda Brown  
Nina Bridgers  
Wukyanos Gebremeskel

**MEMBERS NOT PRESENT**

Greggory J. Pemberton

**OTHERS PRESENT**

Mathew McMullen, Court Reporter

**ROLL CALL**

Chairman Clark called the meeting to order at 1:25 p.m., and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Chairman Clark introduced a motion to approve the July 18, 2019 Board Meeting minutes.

**Motion #1:** To approve the minutes of the July 18, 2019 Board meeting.

The motion was moved by Trustee Tippet and properly seconded by Trustee Bress. The motion was approved (10-0). (*See Tally #1*)

**Motion #2:** To approve the minutes of the closed executive session of the July 18, 2019 Board meeting.

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

## **CHAIRMAN'S REPORT**

Chairman Clark referred Trustees to his written report, and commented on the following topics:

### **Board Evaluation Form Update**

As noted in July, in accordance with best practices, many boards query members via surveys to elicit information about board performance. Within the next week or so, you will be receiving a confidential electronic survey for your input. I would appreciate your prompt response to the survey, as well as your candor.

### **Visit of DC Fire Chief and Council Chairman**

Following the Mayor's request to attend our July Board meeting, we thought it would be helpful to give Trustees, and other District officials who are important to our program, an opportunity to meet one another and to discuss issues of mutual interest. Consequently, we have invited Fire Chief Gregory M. Dean to attend our meeting in October, and DC Council Chairman Phil Mendelson is scheduled to attend the November meeting. You will be provided with additional information prior to those meetings.

### **Promotion of Trustee Smith**

This is to advise you that, effective July 27, 2019, Trustee Ed Smith was promoted to Deputy Fire Chief of the Training Academy. Congratulations to Trustee Smith on his new role with FEMS.

### **Trusted Insight's Top 30**

DCRB's Executive Director, Sheila Morgan-Johnson, was named among Trusted Insight's Top 30 Public Pension Chief Investment Officers in its July edition. Trusted Insight is a publication of the largest network of institutional investors.

### **End of Fiscal Year (FY) 2019**

With FY 2019 ending this month, Trustees are reminded to timely submit their timesheets, travel reimbursement requests, travel reports, and any other materials needed to close out this year. Any such documents should be submitted by October 15, 2019.

### **Overview of Year End 2019 Activities**

The fourth quarter of each calendar year tends to be crowded with routine activities, as well as actions related to special projects. Over the coming quarter, the Board will be presented with information and/or asked to take actions related to: the FY 2021 Budget; the FY 2019 Audit; the Actuarial Valuation of October 1, 2019; and the scheduled election for the retired firefighter trustee.

### **Motion from the Executive Session**

Pursuant to the Open Meetings Act requirements, Trustees are required to vote in an open Board meeting on the Executive Director's compensation, that Trustees approved on July 18, 2019. The motion for approval will be presented now.

Chair Clark then read the following motion that was approved during the executive session of the July 18, 2019 Board meeting:

**Motion #3:** To authorize the Board Chair to award the maximum legally allowable increase in base pay (\$228,363), an AIA (\$34,254), and a bonus (max is 10% of base pay, which equals \$22,836).

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

Chair Clark then called for the reports of the Executive Director and the Chairs of the Standing Committees:

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

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

#### **DCRB Summer Newsletter Update**

DCRB's summer newsletter is scheduled to be distributed to active and retired teachers around the end of September. The newsletter contains articles about the Teachers' Plan's benefit payment options, taxes and mailing issues, options in communicating with DCRB, and how prior service is handled by the Plan. As in the past, an advance copy will be sent to Trustees electronically prior to its distribution to members.

#### **Retired Firefighter Election**

The election process for the Retired Firefighter Trustee position on the Board began on August 1, 2019 and Notice of Election letters were mailed to eligible voters at the end of August. The new term begins on January 28, 2020.

#### **TOP Program Update**

On September 11, 2019, DCRB met again with ODCP to discuss the status of ODCP's exemption request from Treasury's TOP program. Since knowing the number of members impacted by this program can be an important element of the request and Treasury's decision, and ODCP is experiencing some difficulty identifying that population, they have asked Treasury management for an extension of the due date for the exemption request until October 30, 2019. We will meet with ODCP again at the end of this month to receive another update and to further discuss our options.

#### **NCPERS Award**

NCPERS's role is to provide advocacy, research, and education for public sector retirement plans. To do so, they conduct an annual study that gathers information on plan design changes, investment allocation changes, and best practices that have been implemented in response to the changing economic environment. For our participation, NCPERS has awarded DCRB with their Certificate of Excellence for Public Pension Reporting and Transparency for 2018. A copy of the certificate is attached for your information.

#### **Demo of Bolton Online Pension Estimate Tool**

Bolton, DCRB's actuary, has scheduled a demonstration of its online pension estimate tool for their clients, including DCRB. On Monday, September 23, 2019, key staff will attend a group forum at Bolton's headquarters in Baltimore.

### **Feedback Training**

On July 29, 2019, DCHR's Center for Learning and Development (CLD) conducted two "Giving and Receiving Feedback" sessions for all DCRB staff. The sessions were, in part, a response to the requests by many staff for additional training opportunities.

### **Performance Management Training for Managers**

On August 12, 2019, CLD returned to DCRB to conduct "Principles of Management" training, which was mandatory for all DCRB managers of staff.

### **Staff Attendance at Board Meetings**

As noted in July, to further engage our staff, and to educate them on the Board and how it functions, we are arranging for two staff members to attend Board meetings each month. Those who will attend today are: **Nina Bridgers**, and **Shalanda Brown**.

- Nina is an Administrative Assistant in the Executive Office. She joined DCRB on August 4, 2008.
- Shalanda, who was recently promoted to Lead Member Services Representative in the Benefits Department, joined DCRB on July 27, 2014.

### **Staffing Changes**

#### **Departures:**

- **Jeffrey Barnette**, Chief Investment Officer, resigned from DCRB, effective September 13, 2019.
- **Johnetta Bond**, former Chief Benefits Officer, retired from DCRB effective April 13, 2019.

### **INVESTMENT COMMITTEE REPORT**

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

#### **Climate Change Letter from Senator Whitehouse**

On June 25, 2019 Senator Sheldon Whitehouse (D-Rhode Island) sent a letter to Jeffrey DeWitt, CFO for the District of Columbia, outlining widely reported economic risks of climate change and encouraging policy makers and those overseeing public employee pension funds to engage with companies in constructive ways to mitigate climate change-related risks. A copy of the letter is included in the package. The Board's Environmental, Social, and Governance (ESG) Policy, adopted in November 2013, provides a framework for evaluating the concerns outlined by the Senator's letter and helps facilitate a dialogue between Staff and external investment managers to better understand how ESG risks and opportunities are weighed as part of the investment-decision-making process.

#### **Teacher Retirement System of Texas Changes Up Asset Allocation**

As we continue to discuss potential changes to DCRB's strategic asset allocation, we have been watching potential changes our peer institutions may be contemplating. One example that

recently made headlines involved the Teacher Retirement System of Texas (TRS). In July, the TRS Board voted to adopt a new strategic asset allocation. The most notable change was to reduce the plan's global equity allocation (57% to 54%) given the late stage of the current economic cycle. In addition, TRS decided to increase target allocations to private equity (13% to 14%), real estate (14% to 15%), and energy, natural resources, and infrastructure (5% to 6%). The Board also voted to balance equity risk by boosting its exposure to US Treasuries (11% to 16%), stable value hedge funds (4% to 5%), and risk parity strategies (5% to 8%). The Board intends to borrow money to invest in these strategies to avoid lowering its overall return expectations.

### **Fed Lowers Interest Rates**

The US Federal Reserve yesterday lowered interest rates by a quarter of a percentage point to a range of 1.75% to 2%. The adjustment was broadly in line with market expectations. The Federal Open Market Committee signaled that the move was not the start of a downward cycle, but it will "continue to monitor the implications of incoming information for the economic outlook and act as appropriate to sustain the expansion." Broadly speaking, markets had already priced in the expected rate decrease and ended the day yesterday roughly where they started. While the short-term impact was minimal, we expect the lower rates to be supportive of equity markets in the intermediate term, particularly for interest-rate sensitive sectors such as REITs. Earlier in the week, the New York Fed pumped \$128 billion of short-term cash into the US money market after funding conditions suddenly tightened.

Committee Chair Warren then made the following motions:

**Motion #4:** To commit up to \$40 million to Udata Partners VI, a U.S. growth equity fund, subject to legal review and further due diligence.

The motion was moved by Trustee Warren and properly seconded by Trustee Smith. The motion was approved (9-0, with 1 abstention). (*See Tally #4*)

**Motion #5:** To commit up to \$40 million to a Re-up in Rockwood Capital Real Estate Partners Fund XI, a value-add U.S. real estate fund, subject to legal review and further due diligence.

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

### **OPERATIONS COMMITTEE REPORT**

Committee Chair Smith stated that the Committee did not meet this month, so there is no Report.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins stated that there was a meeting of the Committee on September 10, 2019. She referred Trustees to her written Report and made the following comments:

### **Executive Status Report for the Benefits Department Highlights**

#### **Self Service**

There are ongoing discussions with the U.S. Department of the Treasury and the District of Columbia's Office of the Chief Technology Officer for a possible calendar year 2020 Phase 1

Self Service implementation and planning of a pilot project. Future updates on the costs of this initiative and implementation deadline will be reported at a future Benefits Committee meeting.

**Yearly Performance Measures Report Presentation**

Staff presented an inaugural report on the annual performance measures of benefits administration activities over the twelve-month period ended July 2019. This report focuses largely on transaction processing and customer service activities. Due to the efforts of the DCRB Benefits staff, the timeliness of issuing the first annuity payment is steadily improving. From November of 2018 to present, staff has reduced the average time for first check issuance by 55% (115 days to 52 calendar days).

In the interest of time, a presentation on the topics in the written report was tabled.

**LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard stated that there was no Legislative Committee meeting this month, so there is no Report. He noted that the next meeting is being planned for October 17, 2019.

**AUDIT COMMITTEE REPORT**

Committee Chair Hankins stated that there was no meeting this month, so there is no Report.

Board Chair Clark then made the following motion:

**Motion #6:** To convene in closed session to discuss or instruct staff concerning the negotiation of a contract pursuant to DC Code §2-575(b)(2).

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

**Motion #7:** To reconvene in open session at 2:02 p.m.

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

On resuming open session, Audit Committee Chair Hankins made the following motions that were voted upon in closed session:

**Motion #8:** To rescind the July 18, 2019, motion to enter into a contract with Crowe, LLP for auditing services.

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

**Motion #9:** To authorize the Executive Director to enter into a contact with McConnell & Jones LLP, to provide auditing services for a one-year base period for \$78,960.00, and four 1-year option periods, for an amount not to exceed \$365,320.00, subject to contract negotiations.

The motion was moved by Chair Clark and properly seconded. The motion was approved (9-0, with 1 abstention). *(See Tally #9)*

**OTHER BUSINESS**

Chair Clark then made the following motion to go into executive session.

**Motion #10:** To convene in executive session to discuss a personnel matter pursuant to DC Code §2-575(b)(10).

The motion was moved by Chair Clark and properly seconded by Trustee Hankins. The motion was approved (10–0). *(See Tally #10)*

**Motion #11:** To reconvene in open session at 4:02 p.m.

The motion was moved and properly seconded. The motion was approved (11–0). *(See Tally #11)*

Upon resuming open session, Chair Clark made the following motion:

**Motion #12:** To authorize the Executive Director to enter into a contract with a recruitment firm to recruit a chief investment officer.

The motion was moved and properly seconded. The motion was approved (11–0). *(See Tally #12)*

**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 4:05 p.m.

The motion was moved and properly seconded. The motion was approved (11–0). *(See Tally #12)*

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

Tally #1:			Date: September 19, 2019		
To approve the minutes of the July 18, 2019 Board meeting.					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #2:			Date: September 19, 2019		
To approve the minutes of the executive session of the July 18, 2019 Board meeting.					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #3		Date: September 19, 2019			
To authorize the Board Chair to award the maximum legally allowable increase in base pay (\$228,363), an AIA (\$34,254), and a bonus (max is 10% of base pay, which equals \$22,836).					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #4		Date: September 19, 2019			
To commit up to \$40 million to Updata Partners VI, a U.S. growth 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.		√			
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #5		Date: September 19, 2019			
To commit up to \$40 million to a Re-up in Rockwood Capital Real Estate Partners Fund XI, a value-add U.S. real estate 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #6		Date: September 19, 2019			
To convene in closed session to discuss or instruct staff concerning the negotiation of a contract pursuant to DC Code §2-575(b)(2).					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #7:		Date: September 19, 2019			
To reconvene in open session at 2:02 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #8		Date: September 19, 2019			
To rescind the July 18, 2019, motion to enter into a contract with Crowe, LLP for auditing services.					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #9:		Date: September 19, 2019			
To authorize the Executive Director to enter into a contact with McConnell & Jones LLP, to provide auditing services for a one-year base period for \$78,960.00, and four 1-year option periods, for an amount not to exceed \$365,320.00, subject to contract negotiations.					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #10:		Date: September 19, 2019			
To convene in executive session to discuss a personnel matter pursuant to DC Code §2-575(b)(10).					
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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #11:			Date: September 19, 2019		
To reconvene in open session at 4:02 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #12:			Date: September 19, 2019		
To authorize the Executive Director to enter into a contract with a recruitment firm to recruit a 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #13:		Date: September 19, 2019			
To adjourn the meeting at 4:05 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				