



**DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
NOVEMBER 21, 2019
1:30 P.M.**

MEMBERS PRESENT

Joseph W. Clark, Chair
Janice M. Adams
Lyle M. Blanchard
Joseph M. Bress
Mary A. Collins
Denise D. Daniels
Gary W. Hankins
Tracy S. Harris
Greggory J. Pemberton
Edward C. Smith
Thomas N. Tippett
Michael J. Warren
Bruno J. Fernandes, ex-officio

DCRB STAFF PRESENT

Sheila Morgan-Johnson
Erie Sampson
Anthony Shelborne
Joan Passerino
Daniel Hernandez
Patrick Sahn
Ram Murthy
Leslie King
Monica Houston
Akiko Kawashima
Michael Xanthopoulos
Vernon Valentine
Valerie Chandler
Deborah Reaves
Cheryl Harden
Sean Carver
Johniece Harris
Wukyanos Gebremeskel

OTHERS PRESENT

The Honorable Phil Mendelson, Chairman,
DC Council
Evan Cash, Committee and Legislative Director,
Committee of the Whole, DC Council

ROLL CALL

Chair Clark called the meeting to order at 1:42 p.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chair Clark introduced a motion to approve the October 17, 2019 Board Meeting minutes.

Motion #1: To approve Board Meeting Minutes for the October 17, 2019 meeting.

The motion was moved by Trustee Hankins and properly seconded by Trustee Bress. The motion was approved (12-0). *(See Tally #1)*

CHAIRMAN'S REPORT

Chair Clark referred Trustees to his written report, and welcomed DC Council Chairman Phil Mendelson to the meeting. Chairman Mendelson chairs the DC Council and the Council's Committee of the Whole, which oversees DCRB and District of Columbia Police Officers and Firefighters' and Teachers' Retirement Plans.

Chair Clark reported to Chairman Mendelson that as of the end of fiscal year (FY) 2019, the aggregate funding level, of the Plans was 105.7%, the overall membership was 26,666, and the Fund totaled \$8.5 billion (\$8.9 billion as of November 18, 2019). He noted that the Plans are entering a new phase in reaching maturity, in that, the number of District retirees (including splits) now exceeds those of the frozen federal plans; the amount paid in benefits will soon exceed the contributions paid into the Plans; over the next decade, the amount of benefits paid by the District will exceed that paid by the Federal Government; and in 2022 and 2027, the Plans will reach an age where new retirees will have only District service.

Finally, Chair Clark pointed out that DCRB's challenges over the next decade will not only involve the normal funding issues faced by maturing plans, but will also include the need to install our own pension information management system, and the ongoing issues of collaborating with our sister agencies to assure the integrity of the data used to calculate and pay benefits.

Chair Clark thanked Chairman Mendelson for his ongoing support of DCRB (which was reiterated by other Trustees), and indicated that we may need to ask for his assistance from time-to-time to aid us in reaching our goals. He then turned the meeting over to Chairman Mendelson, who provided the following remarks:

REMARKS BY DC COUNCIL CHAIRMAN MENDELSON

Chairman Mendelson began his remarks by first recognizing the three Council-appointed trustees, Trustees Lyle Blanchard, Joseph Bress, and Michael Warren, and thanked them for the work they have done and continue to do on the Board. He then noted the full funding level of the Retirement Fund, and indicated that that funding status makes the District's meetings with Wall Street much easier. He also recognized the Plans' funding level as being among only a handful of plans in the country that are fully funded. Mr. Mendelson acknowledged the fine working relationship between DCRB and his office, and thanked Trustees for keeping him apprised of issues that might have an effect on the Plans.

Following Chairman Mendelson's remarks, Board Chair Clark provided these additional comments:

Public Pension Coordinating Council (PPCC) and Government Finance Officers' Association (GFOA) Awards

DCRB has been presented with the PPCC award for funding for 2019. This award, which DCRB has received each year for the past decade, is for meeting professional standards for plan funding as set forth in the Public Pension Standards. Also, now that we are able to provide our members with annual accrued benefit statements, PPCC has presented DCRB with its second Administration Award for having met professional standards for plan administration for 2019. In addition, for the eleventh consecutive year, DCRB received the GFOA Certificate of Achievement Award for Excellence in Financial Reporting for fiscal year (FY) 2018. These awards reflect DCRB's adherence to required professional standards and maintaining best practices expected of public retirement systems

October Ethics Training

Trustees who missed the Ethics training that preceded the October Board meeting may listen to the audio from the training.

EXECUTIVE DIRECTOR'S REPORT

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

Retired Firefighter Election Update

The election process for the Retired Firefighter Trustee position on the Board began on August 1, 2019. The Board's election official, Election America, Inc., is conducting the election, which ends at 11:59 p.m. on December 9. The results will be presented to the Board at its December meeting for certification. The new term begins on January 28, 2020.

Treasury Offset Program (TOP) Update

Per U.S. Treasury's Office of DC Pensions (ODCP) request, DCRB submitted a supplemental letter in support of exempting the District portion of benefit payments disbursed by Treasury's Bureau of Fiscal Services (BFS) from TOP. ODCP forwarded DCRB's letter along with its full exemption request to BFS. A response from BFS is expected in a few weeks.

Meeting With ODCP

On October 29, 2019, the Executive Director and the Director of ODCP met to discuss the TOP issue, strategic planning and other issues of mutual concern, including staffing, self-service, quality control, and IT initiatives.

Retention of Executive Search Firm

DCRB is leveraging the citywide staffing contract in place with Polihire Strategy for executive recruitment services for the vacant positions of Chief Investment Officer and Chief Benefits Officer.

Fall Newsletter

DCRB's fall newsletter is scheduled to be distributed to both active and retired police officers, firefighters, and teachers around the end of November. The newsletter includes information on year-end matters (tax withholdings, 1099-R's, address changes) and the healthcare open enrollment.

Benefit Statements

Due to our change of actuaries, distribution of annual accrued benefit statements will be delayed until next spring, using 2019 year-end data. We anticipate that the statements will be issued each spring thereafter, using year-end data for the prior year.

DCRB Pay Scale Movement

DCRB will be updating the maximum pay points of its current salary schedule to keep pace with that of the District's Excepted Service Schedule (pursuant to D.C. Code §1-711(k)). The adjustment (a 3% increase) will be implemented as soon as practicable, and will move the maximum pay point from \$228,363 to \$235,416.

Uniform Staff Increases

As part of the transition to the District's performance-management platform, DCRB is implementing a 3% uniform pay adjustment to staff salaries, effective with the first pay period of fiscal 2020 (October 13, 2019). The adjustment will be applied to salaries of all eligible staff, and is consistent with the

District's approach to managing compensation. The increase, which is fully funded within the agency's budget, aligns both with recent District pay increases, and with reported data on organizational pay practices for 2019.

Private Equity Briefing

Kimberly Woods, DCRB's Director of Risk and Investment Compliance, was invited by the Institutional Limited Partners Association (ILPA) to join a group of distinguished private equity experts in a briefing with the staff of the Members of Congress on the House Financial Services Committee in advance of a hearing on private equity.

INVESTMENT COMMITTEE REPORT

Committee Chair Warren stated that the Committee met this morning and presented the following motions: **Motion #2:** To commit up to C\$65 million (\$50 million) to Birch Hill Equity Partners VI, LP, a Canadian middle market buyout private equity fund, subject to legal review and further due diligence.

The motion was moved by Trustee Warren and properly seconded by Trustee Tippett. The motion was approved (11-1). *(See Tally #2)*

Motion #3: To commit up to \$50 million to Odyssey Investment Partners Fund VI, LP, a U.S. middle market buyout private equity fund, subject to legal review and further due diligence.

The motion was moved by Trustee Warren and properly seconded by Trustee Tippett. The motion was approved (11-1). *(See Tally #3)*

OPERATIONS COMMITTEE REPORT

The Operations Committee met on Tuesday, November 19, 2019, and focused on two very important Board oversight matters - the Actuarial Valuation Report and the Annual Budget.

1. The Board's actuary, Bolton, also presented an actuarial reference guide.
2. The Finance team presented the draft FY 2021 Agency Budget. Committee members asked several questions related to how costs are reported by department and whether the budget reflected new mandates.

Finally, Committee members received a report on the updated staff performance evaluation system and a 3% pay adjustment in alignment with the current Excepted Service Schedule.

BENEFITS COMMITTEE REPORT

Committee Chair Collins stated that there was no meeting of the Benefits Committee this month, so there is no report. She noted, however, that Open Enrollment for 2020 Federal and District health benefits began on Monday, November 11, 2019, and will continue through Monday, December 9, 2019. DCRB mailed materials to annuitants the week of November 4, and will be hosting two walk-in events in our offices on November 20 and December 5. All relevant open enrollment information is on DCRB's website (dcrb.dc.gov).

Member Self-Service

Interim Chief Benefits Officer, Daniel Hernandez, reported that over the past two years, DCRB has been looking at self-service options for members of the Police & Fire and Teachers' Retirement Plans, and in September the decision was made to use Treasury's STAR system as a start. Mr. Hernandez stated that

the project would begin in January of next year, with testing occurring in the summer. Phase 1 of this project will allow annuitants to read-only earning statements, 1099-Rs, and health and life insurance information. Phase 2 of the project, which should be completed in 2021, will allow members to update their contact, health/life, beneficiary, direct deposit, and tax information.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard stated that there was no Legislative Committee meeting this month, so there is no report.

AUDIT COMMITTEE REPORT

Committee Chair Hankins stated that there was a meeting of the Committee on November 19, 2019, and made the following comments:

Update on IT Audit

There was a status update on the Information Technology (IT) Audit dated September 20, 2018. The Committee was provided with updates on several of the key findings from the IT Audit performed by NGEN. It was noted that there is hope that several of the deficiencies will be addressed with the "OCTO Migration".

IT Migration to OCTO

DCRB and the Office of the Chief Technology Officer (OCTO) are working toward completing a rudimentary migration of DCRB's IT and information security (IS) infrastructure onto OCTO's platform at its secure ODC3 location by January 31, 2020. Once the migration is complete, DCRB's IT and IS infrastructure will have the requisite redundancies, be adequately documented, and be securely maintained. DCRB should realize several tangible benefits once the migration is complete, including the assistance of OCTO.

Effective Risk and Investment Compliance Program

The Committee received a presentation on the Blueprint for Building an Effective Risk and Investment Compliance Program and received an Investment Compliance Update.

The Committee Chair then made the following motions:

Motion #4 To approve the Certificate of Secretary that authorizes the Executive Director, the Chief Financial Officer, and/or the Board Chair to execute investment-related agreements.

The motion was moved by Trustee Hankins and properly seconded by Trustee Tippet. The motion was approved (12-0). *(See Tally #4)*

Motion #5: To approve the Incumbency Certificate that authorizes the Executive Director and the Chief Financial Officer, to transact business with Northern Trust, the Board's custodial bank.

The motion was moved by Trustee Hankins and properly seconded by Trustee Tippet. The motion was approved (12-0). *(See Tally #5)*

Motion #6: To convene the meeting in closed session to consult with counsel on a legal matter pursuant to D.C. Code § 2-575(b)(4)(A).

The motion was moved by Trustee Hankins and properly seconded by Trustee Harris. The motion was approved (12–0). *(See Tally #6)*

Motion #7: To reconvene in open session at 2:42 pm.

The motion was moved by Trustee Pemberton and properly seconded by Trustee Harris. The motion was approved (12–0). *(See Tally #7)*

OTHER BUSINESS

None.

ADJOURNMENT

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

Motion #8: To adjourn the meeting at 3:15 p.m.

The motion was moved by Trustee Warren and properly seconded by Trustee Hankins. The motion was approved (12–0). *(See Tally #8)*

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

Tally #1:			Date: November 21, 2019		
To approve the minutes for the October 17, 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: November 21, 2019		
To commit up to C\$65 million (\$50 million) to Birch Hill Equity Partners VI, LP, a Canadian middle market buyout 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.		√			
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #3		Date: November 21, 2019			
To commit up to \$50 million to Odyssey Investment Partners Fund VI, LP, a U.S. middle market buyout 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.		√			
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #4		Date: November 21, 2019			
To approve the Certificate of Secretary that authorizes the Executive Director, the Chief Financial Officer, and/or the Board Chair to execute investment-related agreements.					
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: November 21, 2019		
To approve the Incumbency Certificate that authorizes the Executive Director and the Chief Financial Officer, to transact business with Northern Trust, the Board's custodial bank.					
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: November 21, 2019		
To convene the meeting in closed session to consult with counsel on a legal matter pursuant to D.C. 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.	√				
Daniels, Denise D.	√				
Hankins, Gary W.	√				
Harris, Tracy S.	√				
Pemberton, Gregory J.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #7:			Date: November 21, 2019		
To reconvene in open session at 2:42 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: November 21, 2019		
To adjourn the meeting at 3:15 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.	√				