



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
MARCH 15, 2018
1:00 P.M.

MEMBERS PRESENT

Joseph W. Clark, Chair
Lyle M. Blanchard
Joseph M. Bress
Mary A. Collins
Gary W. Hankins
Nathan A. Saunders
Edward C. Smith (Web)
Thomas N. Tippet
Michael J. Warren
Lenda P. Washington
Jeffrey A. Barnette, ex officio

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Executive
Director
Erie Sampson
Anthony Shelborne*
Peter Dewar*
Joan Passerino
Leslie King
Adina Dorch
Yolanda Smith*
Katie Schultz
Deborah Reaves
Johniece Harris
Wukyanos Gebremeskel
Denice McSears
Nina Bridgers

MEMBERS NOT PRESENT

Janice M. Adams
Darrick O. Ross

OTHERS PRESENT

Brenda Mathis, OCFO
Teri Bennett, Accenture Consulting
Matthew Burnham, Accenture Consulting

* arrived after roll call.

ROLL CALL

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

APPROVAL OF MINUTES

Chair Clark introduced a motion to approve the January 18, 2018, Board Meeting minutes.

Motion #1: To approve the January 18, 2018, Board meeting minutes.

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

CHAIRMAN'S COMMENTS

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

Board Officer Elections

The Board Officer elections will take place at the end of my comments for the following positions: Chair, Vice Chair/Secretary, and Treasurer.

In addition, Chairman Clark reminded Trustees that under Section II.A.1 of the Board Governance Rules (a copy of which was included in the meeting materials), on May 21, 2015 (and effective February 18, 2016), in addition to abolishing the positions of Parliamentarian and Sergeant-At-Arms, and consolidating the positions of Vice-Chair and Secretary, the Board amended the Rules to reflect that "The Treasurer's responsibilities were also expanded to include Audit Committee Chair."

OPEB Advisory Committee Member

On January 23, 2018, former DCRB Board member and Investment Committee Chair, Barbara Davis Blum, was appointed to the Other Post-Retirement Benefits Funds Advisory Committee.

Council of Institutional Investors (CII) Board Member

Retired Teacher Trustee, Mary A. Collins, was reappointed to the Board of the CII.

Actuarial Valuation Report

The 2017 Actuarial Valuation Results presentation contained a typographical error. That error has been corrected and the updated PowerPoint presentation was included in the meeting materials.

2018 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 2017, Teachers' Plan annuitants will receive a COLA of 2.2% and Police/Fire Plan annuitants will receive a COLA of 2.1% for 2018, effective March 1, 2018 and payable beginning with their April 1, 2018 benefit payment.

PIMS Costs and RFP Release

Pursuant to a request by Chairman Clark, at the next Operations Committee meeting, DCRB staff will provide Board members with a detailed summary of services and associated costs incurred to date for the Pension Information Management System (PIMS) and a timetable for the release of the PIMS RFP.

FY 2017 Comprehensive Annual Financial Report (CAFR)

The CAFR for the fiscal year ended September 30, 2017, is nearing completion. It will be sent to the Government Finance Officers' Association (GFOA) and posted to DCRB's website by March 31, 2018. An electronic copy will be emailed to Trustees at that time, and printed booklets will be available shortly thereafter.

BOARD OFFICER ELECTIONS:

To begin the Board Officer election process, Chairman Clark called for nominations for the positions of Treasurer, Vice Chair/Secretary, and Chairman.

Following Trustee Tippett's nomination of Trustee Blanchard, since Trustee Blanchard had already served two consecutive one-year terms as DCRB's Treasurer, there was a motion to waive the two-year term limit, as follows:

Motion #2: To waive the term limit for the position of Board Treasurer to allow Trustee Blanchard to be placed on the ballot.

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

Motion #3: To close the nominations and add Lyle M. Blanchard to the ballot as a nominee for the position of Treasurer, with the reminder that the Treasurer is also the Chair of the Audit Committee.

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

Chairman Clark then called for nominations for Vice-Chair/Secretary. Trustee Warren nominated Trustee Hankins and Trustee Tippett seconded the nomination.

Motion #4: To close the nominations and add Gary W. Hankins to the ballot as a nomination for the position of Vice Chair and Secretary.

The motion was moved by Trustee Saunders and properly seconded by Trustee Collins. The motion was approved (10-0). *(See Tally #4)*

Chairman Clark then called for nominations for Chairman of the Board. Trustee Tippett nominated Trustee Clark for the position of Chairman, and Trustee Hankins seconded the nomination.

Motion #5: To add Trustee Clark to the ballot as a nomination for the position of Chair of the Board.

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

Following the nominations, voting via written secret ballot commenced. Chairman Clark confirmed that all members had been given an adequate amount of time to vote. All members present confirmed that they had voted, and the ballots were collected at 1:35 p.m. Chairman Clark noted that the winners would be disclosed at the end of the meeting.

EXECUTIVE DIRECTOR'S REPORT

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

2018 Performance and Budget Hearings

On March 7, 2018, DCRB testified before the District Council's Committee of the Whole. For those who were unable to attend, a video of the testimony is available on the Council website. Also, DCRB's Budget Hearing is scheduled for March 27, 2018.

Classification and Compensation Study Update

PRM is scheduled to present the results of the Classification & Compensation Study to the Operations Committee at its April meeting. The Committee will provide that information to the Board in April or May.

Strategic Planning Project

A request-for-proposal for Strategic Plan Development was posted to DCRB's website on January 25, 2018, and the proposals received have been distributed to an internal panel for review. The review process will be completed, and a candidate will be selected and presented to the Operations Committee and the Board by the end of June.

Second Meeting With ODCP

A second meeting between DCRB and ODCP was held on February 21, 2018. The meeting focused primarily on the spiking of the error rate caused by the recalculation of survivor benefits, the alignment of DCRB/ODCP priorities, IT initiatives, death cases, and training for DCRB staff.

Teachers' Retirement Workshop

DCRB, in conjunction with DCPS, the Washington Teacher's Union and the Council of School Officers, is offering a teachers' retirement workshop on Thursday, March 22, 2018. An initial workshop for this school year, attended by 130 teachers, was held at DCPS headquarters last November. Ms. Passerino gave an overview of the plans for the upcoming workshop, the location for which had not yet been determined.

Summary Plan Descriptions (SPDs) Update

The DCRB Communications staff has received input from stakeholders and incorporated appropriate edits to the updated SPDs. The SPDs are expected to be forwarded to the printer by the end of this month and distributed (electronically to actives and in hard copy to retirees and survivors) in early April.

DCRB Newsletter – Winter Edition

The DCRB newsletter (Winter Edition) for police officers and firefighters has been sent to the printer and will be distributed to active and retired members sometime next week. Among other things, this edition includes articles about the Government Pension Offset, the 2018 cost-of-living adjustment, this year's active police officer Trustee election, and the pension treatment of rehired retirees.

OPERATIONS COMMITTEE REPORT

In the absence of Committee Chair Smith, Committee Vice-Chair Bress indicated that the Operations Committee met on March 13, 2018, and provided the following report:

Projection Study

Ed Koebel and Jonathan Craven, Principal Actuaries with Cavanaugh MacDonald, presented the draft Thirty-Year Projection Study (as of October 1, 2017). The report was presented for the Trustees' consideration with a proposed recommended action at the next Operations Committee meeting. The next Committee meeting is tentatively scheduled immediately prior to the April 19 Board Meeting, when Cavanaugh Macdonald will present the Study for the full Board.

CEM Benchmarking Results

Joan Passerino, Director of Stakeholder Communications and Outreach, presented a summary of the benchmarking analysis results on benefits administration. This information, which was provided by CEM Benchmarking, Inc., measures DCRB's administrative performance, assesses our communications impact with Plan members, and focuses on customer service levels. Although the cost metrics are not useful due to DCRB's structural difference from its peers, metric results are summarized to provide Trustees with information on how we compare to certain other public pension funds of DCRB's size and to stimulate discussion as a strategic planning tool.

There followed a lengthy discussion of the findings focusing on DCRB's mission, the current statutory authority, and relationships with other government organizations.

INVESTMENT COMMITTEE REPORT

Committee Chair Warren provided the following points of interest from the Investment Committee meeting that was held earlier in the day:

San Francisco Approves Scaled-Back Fossil Fuel Divestment Plan

The board of the San Francisco Employees' Retirement System (SFERS) has approved a scaled back version of a plan to divest from fossil fuel companies that are the "worst of the worst" when it comes to carbon emissions. The plan called on SFERS to divest of its \$523 million in fossil fuel company stock and \$36 million in fixed income securities in its portfolio within 180 days.

While the San Francisco system, and major pension plans like the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) have divested from some coal companies, no US public pension plan until now, has approved a broader divestment that could include oil and gas companies.

The plan approved by the board also calls for the hiring of a director of socially responsible investing.

Emergency Response Team

This is a reminder that on November 18, 2010, the Board approved a recommendation from Meketa to establish a contingency plan that would address an investment crisis occurring between regularly scheduled Board meetings. Examples include the unexpectedly departure of a manager's investment team, a natural disaster that may deny investment professionals access to necessary information, or some other unforeseen emergency.

The Emergency Response Sub-Committee is comprised of the Investment Committee Chair, Vice Committee Chair, and Board ChairInvest, supported by the Executive Director, and Chief

Investment Officer, with advice and guidance from the Investment Consultant, who are empowered to terminate a manager, halt trading in a portfolio, shift management responsibilities to another manager, or take similar action necessary and appropriate to protect and preserve the assets of the Fund. The subcommittee will formally report its actions to the Investment Committee for subsequent ratification by the Board at the next meeting.

Firearm Exposure in Public Pension Portfolios

Public pension plans have held discussions about divesting their holdings of shares in companies that manufacture guns or ammunition following the latest school shooting in Parkland, FL. Those discussions have produced a mix of responses as plans point to their fiduciary duties and the economic interest of the funds they manage. According to a recent FundFire article, the Florida Retirement System was unclear if the pension system will reassess its portfolio investments, stating it will act solely in the economic interest of the participants and beneficiaries. The Iowa Public Employees' Retirement System has no plans to divest. The California State Teachers' Retirement System and the California Public Employees Retirement System divested their shares in both Sturm Ruger and Smith & Wesson after the 2012 Sandy Hook Elementary School shooting. DCRB has 0.01% exposure to the firearms and ammunitions manufacturers/distributors in our portfolio and is not recommending divestiture.

Iran Divestment Law

DCRB is required annually, under the Divestment Law, to transmit to the DC Council, the Mayor, and the U.S. Presidential Special Envoy to Iran a list of all investments sold, redeemed, divested, and withdrawn from companies in the Board's portfolio who are doing business in Iran. This year's letter was mailed on February 28, 2018. DCRB did not have any direct exposure to companies on the scrutinized companies list.

Investment Committee Motion

The Investment Committee met on Thursday, March 15, 2018, at 10 a.m.

Chair Warren presented the following motion from that meeting to the Board:

Motion #6: To develop a liquidation strategy to terminate an investment manager and then transfer the assets to an index Fund.

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

LEGISLATIVE COMMITTEE REPORT

The Legislative Committee met on March 13, 2018, and Committee Chair Blanchard noted the following points of interest:

- Board members met with Council Chair Mendelson to discuss DCRB issues on January 12, 2017, and June 20, 2017.
- The agency performance hearing was held on March 7, 2018, and the DCRB Proposed FY 2019 Budget Hearing will be held on March 27, 2018.

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

| Tally #1: | | | Date: March 15, 2018 | | |
|---|-----|----------------|----------------------|--------------------|--------|
| To approve the January 18, 2018, Board meeting minutes. | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #2: | | | Date: March 15, 2018 | | |
|--|-----|----------------|----------------------|--------------------|--------|
| To waive the term limit for the position of Board Treasurer to allow Trustee Blanchard to be placed on the ballot. | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #3: | | Date: March 15, 2018 | | | |
|--|-----|----------------------|---------------------|--------------------|--------|
| To close the nominations and add Lyle M. Blanchard to the ballot as a nominee for the position of Treasurer, with the reminder that the Treasurer is also the Chair of the Audit Committee | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #4: | | Date: March 15, 2018 | | | |
|---|-----|----------------------|---------------------|--------------------|--------|
| To close the nominations and add Gary W. Hankins to the ballot as a nominee for the position of Vice Chair and Secretary. | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #5: | | Date: March 15, 2018 | | | |
|--|-----|----------------------|---------------------|--------------------|--------|
| To close the nominations and add Trustee Clark to the ballot as a nominee for the position of Chairman of the Board. | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #6: | | Date: March 15, 2018 | | | |
|---|-----|----------------------|---------------------|--------------------|--------|
| To develop a liquidation strategy to terminate an investment manager and then transfer the assets to an index Fund. | | | | | |
| 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |

| Tally #7: | | Date: March 15, 2018 | | | |
|-------------------------------------|-----|----------------------|---------------------|--------------------|--------|
| To adjourn the meeting at 2:05 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. | √ | | | | |
| Hankins, Gary W. | √ | | | | |
| Ross, Darrick O. | | | | | √ |
| Saunders, Nathan | √ | | | | |
| Smith, Edward C. | √ | | | | |
| Tippett, Thomas N. | √ | | | | |
| Warren, Michael J. | √ | | | | |
| Washington, Lenda P. | √ | | | | |