



**DISTRICT OF COLUMBIA RETIREMENT BOARD  
BOARD MEETING MINUTES**

**APRIL 19, 2018**

**1:00 P.M.**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Janice M. Adams  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Gary W. Hankins  
Darrick O. Ross  
Nathan A. Saunders  
Edward C. Smith  
Thomas N. Tippett  
Michael J. Warren  
Lenda P. Washington  
Jeffrey A. Barnette, ex officio\*

\* Arrived after roll call (by phone)

**DCRB STAFF PRESENT**

Sheila Morgan-Johnson, Executive  
Director  
Erie Sampson, General Counsel  
Jhonna Bond  
Anthony Shelborne  
Joan Passerino  
Leslie King  
Daniel Hernandez  
Vernon Valentine  
Adina Dorch  
Rabinai Carson  
Deborah Reaves  
Katie Schultz  
Johniece Harris  
Wukyanos Gebremeskel

**MEMBERS NOT PRESENT**

**OTHERS PRESENT**

Beverly Bailey, Cavanaugh Macdonald  
Jonathan Craven, Cavanaugh Macdonald

**ROLL CALL**

Chairman Clark called the meeting to order at 1:40 p.m., and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Chairman Clark introduced a motion to approve the March 15, 2018, Board Meeting minutes.

**Motion #1:** To approve the March 15, 2018, Board meeting minutes.

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

**CHAIRMAN’S COMMENTS**

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

**Committee Chairs and Membership**

At the March Board meeting, I was pleased that Trustees elected me for a second term as Board Chair. You also reelected Trustee Gary Hankins as Vice-Chair/Secretary, and Trustee Lyle Blanchard as Treasurer. Following the elections, I decided to retain the same Committee Chairs and Vice-Chairs as previously. Therefore, the Committee Chairs and Vice-Chairs for 2018 are:

<u>Committee</u>	<u>Chair</u>	<u>Vice-Chair</u>
Audit Committee:	Gary Hankins	Joseph Bress
Benefits Committee:	Mary Collins	Nathan Saunders
Investment Committee:	Michael Warren	Lenda Washington
Legislative Committee:	Lyle Blanchard	n/a
Operations Committee:	Ed Smith	Joseph Bress

To do this, I am providing the following motion:

**Motion #2:** To waive the rule for 2018 that the Board’s Treasurer also serve as Chair of the Audit Committee.

The motion was moved by Trustee Smith and properly seconded by Trustee Bress. The motion was approved (12-0). *(See Tally #2)*

With regard to Committee membership, please let me know your preferences by the May Board meeting, and a new Committee list will be developed and distributed next month. In the meantime, Committee membership will remain the same.

**Visit to DCRB Disaster Recovery Site**

I’d like to give Trustees an opportunity to visit DCRB’s disaster recovery site in Ashburn, VA sometime during May or June. Trustees should contact Deborah Reaves if interested.

**Pension Information Management System (PIMS) Costs**

Pursuant to my request, at this morning’s Operations Committee meeting, the staff provided Committee members with a detailed summary of services and associated costs incurred to date for the PIMS. That same information will be provided to you in the Operations Committee Report at today’s Board meeting.

**FY 2017 Comprehensive Annual Financial Report (CAFR)**

The CAFR for the fiscal year ended September 30, 2017, has been completed. It was sent to the Government Finance Officers’ Association (GFOA) on March 31, 2018 and was posted to DCRB’s website shortly thereafter. Printed booklets will be available sometime in May.

**Trustee Financial Disclosure Statement**

As a reminder, Trustees should give their completed Financial Disclosure and Trustee Acknowledgement forms to Erie Sampson by the April 19 Board meeting for filing by the April 30, 2018 due date.

**Mid-Atlantic Plan Sponsors (MAPS)**

MAPS has advised that it will hold its annual Trustee Education Conference at the Hotel Monaco in Baltimore on June 5 - 7, 2018. Agenda information will be available on their website at [www.midatlanticplansponsors.org](http://www.midatlanticplansponsors.org).

**OPERATIONS COMMITTEE REPORT**

Committee Chair Smith indicated that the Operations Committee met earlier in the day, and provided the following official actions and information:

**Classification & Compensation Study**

Chairman Smith noted that PRM Consulting Group, Inc. presented the results of the Classification & Compensation Study, and made the following motion:

**Motion #3:** To approve a 3% increase to the current DCRB salary schedule, retroactive to October 1, 2017 (FY18).

The motion was moved by Trustee Smith and properly seconded by Trustee Tippet. The motion was approved (12-0). (*See Tally #3*)

Chairman Smith then introduced Jonathan Craven and Beverly Bailey of DCRB's independent actuary, Cavanaugh Macdonald, who presented the results of the recently completed Thirty-Year Projection Study.

**Thirty-Year Projection Study Presentation**

Mr. Craven explained that the Study is a Board and Staff planning tool to help guide investment decisions and review the future funding and contribution requirements for the Plans. He noted that projections simulate future actuarial valuation results over a 30-year period by "creating" future new hires and performing valuations using the projected membership. At that point, Mr. Craven reviewed the results of the October 1, 2017 Actuarial Valuation Report.

Mr. Craven showed charts projecting the future membership of each of the three groups (teachers, police officers and firefighters), as well as in the aggregate. He presented similar charts reflecting projected benefit payments, which he pointed out, will exceed federal benefits payments around 2030. He also noted that projected contributions were determined based on DCRB's funding policy, where the objectives are a 100% funded ratio, stable or decreasing contribution rates, and the current actuarial assumptions.

Charts depicting the projected employer contributions all reflected an adjustment around year 2031, where contributions for each of the groups and in the aggregate will reach the 100% funded level. He explained that at that point, contributions for the Teachers' Plan will decrease, since it no longer needs extra contributions to reach 100% funding, and contributions for the Police/Fire Plan increase, since the current surplus, which now subsidizes contributions, will be exhausted.

Mr. Craven noted that the Study also sought to identify trends to test the asset return sensitivity. He noted that actual experience will vary from year-to-year, and that the key measures of investment return, active membership growth, and individual pay increases for active members

can have a significant impact on when the plans will reach the 100% funded level. He indicated that of these variables, investment return is the most volatile.

Mr. Craven then presented the following conclusions:

- Teachers' Plan:
  - The current funding policy will reduce the unfunded liability to less than zero by year 2031.
  - The employer contribution rate is expected to decline to less than 9.0% of payroll by year 2031, and it will remain at an approximate rate of 9.0% to 10.5% afterward.
  
- Police Officers and Firefighters' Plan:
  - The current surplus reduces the employer contribution rate to less than the employer normal cost rate.
  - The employer contribution rate for police officers is expected to increase to approximately 37% to 38% of payroll by year 2032, due to the elimination of the surplus.
  - The employer contribution rate for firefighters is expected to increase to approximately 42% to 43% of payroll by year 2034, due to the elimination of the surplus.

Then, addressing a prior question as to what would happen if the Police/Fire Plan's surplus is not eliminated, he illustrated the smoothing that would occur under those circumstances and what employer contributions might be.

During and after the presentation, Trustees asked questions related to: the sensitivity testing, the longer period for eliminating the surplus, the Teachers' Plan's unfunded liability and employer contribution level, the effect of high turnover rates, comparisons to other systems, and the assumed rate of return.

At the conclusion of the presentation, Chairman Smith made the following motion:

**Motion #4:** To approve the Thirty-Year Projection Study of the District of Columbia Police Officers and Firefighters' and the Teachers' Retirement Plans dated October 1, 2017 as presented by Cavanaugh Macdonald.

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

Chairman Smith then proceeded to make the following motions:

**Motion #5:** To authorize the Executive Director to execute a Settlement Agreement and make a payment as full settlement and release of DCRB from all claims related to the Tribune Litigation.

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

**Motion #6:** To authorize the Executive Director to enter into a sole-source contract with Cavanaugh Macdonald for a one-year period, subject to contract negotiations.

The motion was moved by Trustee Smith and properly seconded by Trustee Washington. The motion was approved (12-0). *(See Tally #6)*

**Motion #7:** To approve NGEN, LLC to initiate an audit of DCRB's information technology infrastructure.

The motion was moved by Trustee Smith and properly seconded by Trustee Tippet. The motion was approved (12-0). *(See Tally #7)*

### **Executive Session**

Chairman Clark then requested to amend the meeting agenda to proceed with the consideration of a matter in closed session. He introduced a motion to convene in closed session.

**Motion #8:** To convene in closed session to discuss individual Plan participant benefit information pursuant to D.C. Code §§ 1-736(b) and 1-909.05(d).

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

**Motion #9:** To return to open session.

The motion was moved by Trustee Bress and properly seconded by Trustee Blanchard. The motion was approved (12-0). *(See Tally #9)*

Chairman Clark then noted that he had to leave the meeting to attend a previously scheduled appointment. Vice-Chair of the Board, Trustee Hankins, took over as Board Chairman for the remainder of the meeting.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins indicated that the Benefits Committee did not meet this month and referred Trustees to the written Report. She also noted that the next meeting of the Committee will be held at 10 a.m. on May 8, 2018.

### **LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard indicated that the Committee met on March 13, 2018, but due to the absence of a quorum, any agenda items which required Committee consideration and Board approval were deferred to its meeting on April 19, 2018. During that meeting, the following matters were discussed and considered:

#### **“Deferred Retirement Option Program Amendment Act of 2018” (B22-0749)**

The bill proposes to establish a deferred retirement option program ("DROP") to be administered by DCRB, whereby DCRB will create separate interest-bearing DROP accounts for participating eligible members, allowing members to continue working while receiving monthly retirement benefits in his or her DROP account. The Bill was introduced on March 20, 2018 and was

referred to the Committee of the Whole with comments from the Committee on the Judiciary and Public Safety. A notice of intent to act was published in the D.C. Register on March 30, 2018.

**Recommended Revisions to the Legislative Committee Charter**

Changes were recommended to the Legislative Committee Charter (“Charter”) to make certain technical and substantive amendments to the Charter to more accurately reflect the Committee’s role and responsibilities.

**Motion #10:** To move for the Board’s consideration and approval a revised Committee Charter for the Legislative Committee.

The motion was moved by Trustee Collins and properly seconded by Trustee Bress. The motion was approved (11-0). *(See Tally #10)*

**INVESTMENT COMMITTEE REPORT**

Committee Chair Warren noted that there is no Investment Committee report, since there was no Investment Committee meeting this month.

**AUDIT COMMITTEE REPORT**

Committee Chair Hankins indicated that there is no Audit Committee report, since the Committee did not meet this month.

**EXECUTIVE DIRECTOR’S REPORT**

Executive Director, Sheila Morgan-Johnson, referred Trustees to her written report.

**OTHER BUSINESS**

Trustee Collins noted that the NCPERS conference will be held on May 13 – 16, 2018.

**ADJOURNMENT**

Vice-Chairman Hankins introduced a motion to adjourn the meeting.

**Motion #11:** To adjourn the meeting at 3:22 p.m.

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

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

Tally #1:		Date: April 19, 2018			
To approve the March 15, 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: April 19, 2018			
To waive the rule for 2018 that the Board's Treasurer also serve as 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 #3:		Date: April 19, 2018			
To approve a 3% increase to the current DCRB salary schedule, retroactive to October 1, 2017 (FY 18).					
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: April 19, 2018			
To approve the Thirty-Year Projection Study of the District of Columbia Police Officers and Firefighters' and the Teachers' Retirement Plans dated October 1, 2017 as presented by Cavanaugh Macdonald.					
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: April 19, 2018			
To authorize the Executive Director to execute a Settlement Agreement and make a payment as full settlement and release of DCRB from all claims related to the Tribune Litigation.					
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: April 19, 2018			
To authorize the Executive Director to enter into a sole-source contract with Cavanaugh Macdonald for a one-year period, subject to contract negotiations.					
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: April 19, 2018			
To approve NGEN, LLC to initiate an audit of DCRB's information technology infrastructure.					
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 #8:		Date: April 19, 2018			
To convene in closed session to discuss individual Plan participant benefit information pursuant to D.C. Code §§ 1-736(b) and 1-909.05(d).					
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 #9:		Date: April 19, 2018			
To return to 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.	√				
Hankins, Gary W.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #10:		Date: April 19, 2018			
To move for the Board's consideration and approval a revised Committee Charter for the Legislative 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 #11:		Date: April 19, 2018			
To adjourn the meeting at 3:22 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.	√				