



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
MAY 18, 2017
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
Edward C. Smith
Thomas N. Tippet
Lenda P. Washington
Michael J. Warren
Jeffrey Barnette, ex officio

*arrived after roll call.

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Interim Executive
Director
Erie Sampson
Johnetta Bond
Anthony Shelborne
Peter Dewar
Joan Passerino
Leslie King
Adina Dorch
Daniel Hernandez
Vernon Valentine
Katie Schultz
Deborah Reaves
Johniece Harris
Wukyanos Gebremeskel

MEMBERS NOT PRESENT

Darrick O. Ross
Nathan A. Saunders

OTHERS PRESENT

ROLL CALL

Chairman Clark called the meeting to order at 1:55 p. m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Clark introduced a motion to approve the April Board meeting minutes.

Motion #1: To approve the April 20, 2017 Board meeting minutes.

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

CHAIRMAN’S COMMENTS

Chairman Clark commented on the following topics:

Committee Assignments for 2017

Appointments for standing committee Chairs, Vice-Chairs and members will be completed by the end of this month. An announcement will be sent out via email with an updated committee list.

FY 2016 Comprehensive Annual Financial Report (CAFR)

The CAFR for the fiscal year ended September 30, 2016 has been posted to the DCRB website. The report can be accessed under Publications and Reports.

Recent Cyber Security Issues

Over the past week, a massive global ransomware attack, called; ‘WannaCry,’ has disabled hundreds of thousands of computers in hospitals, police departments, public utilities, companies, and government offices across more than 150 countries. Ransomware is a virus that infects a computer, encrypts its files, and denies the user access until a ransom is paid to the attacker. There have been no breaches to DCRB’s systems.

Trustee Training

Trustees Janice Adams and Nathan Saunders attended the Wharton School of the University of Pennsylvania’s Investment Portfolio Concepts in Management course in Philadelphia on May 1 - 4. Also, trustees who may have missed the training last month on the District’s Open Meetings Act and the annual mandatory training on Fiduciary Principles should listen to the audio link prior to the June Board meeting. The required annual Ethics training has been rescheduled for that meeting.

Trustee Janice Adams Receives Recognition for Excellence and Philanthropy

The May/June edition of *Minority Enterprise Advocate* contains an article about Trustee Janice Adams and her company, JMA Solutions, LLC (JMA). The article provides information on Trustee Adams’ background, recounts how she built her business, and references recent awards. In 2016, JMA received the DC Chamber of Commerce “Community Impact Award” and a Washington Post “Top Work Place” Award. The article indicates that JMA is a model of excellence and philanthropy.

Contracts Audit

A project will soon be initiated to audit all active DCRB contracts. The purpose of the audit is to identify efficiencies and cost savings, to minimize risk, and to assure that vendors and contractors (and any subcontractors) have properly vetted their employees. This project will be overseen by the Audit Committee.

PIMS RFP

At the June Board meeting, DCRB’s Pension Information Management System (PIMS) oversight consultant will be providing the Board with a review of the PIMS Request For Proposal (RFP). It will also be asked to give the Board an update on the projected costs of acquiring and implementing

the PIMS, and to identify how the Board can insert cost controls that will keep the project on time and within budget.

INTERIM EXECUTIVE DIRECTOR'S REPORT

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

Budget Hearing Responses

On May 10, 2017, DCRB responded to questions D.C. Council Chairman Mendelson asked during our Budget Hearing testimony of April 11, 2017.

Classification & Compensation Study

On May 10, 2017, DCRB's Executive Leadership Team and project working group met with the project consultants to kick-off a Classification and Compensation Study that will be completed in the fall. In addition to discussing DCRB's compensation philosophy and current practices with staff, the consultants will be seeking input from Trustees at the June Operations Committee meeting.

Benefits Overview for New FEMS Recruits

On April 27, 2017, DCRB's Benefits Department staff provided new D.C. Fire and Emergency Medical Services (FEMS) recruits with an overview of the Police/Fire Retirement Plan. The presentation, which was held at the D.C. Fire & EMS Training Academy, was very well received and will be offered to future recruits.

Spring Newsletter

DCRB's spring newsletter is being printed and will be distributed to all members beginning next week. This newsletter serves primarily as the Summary Annual Report to members of the financial health of the Teachers' and Police/Fire Retirement Plans.

Organizational Design and Metrics

DCRB has begun a project involving organizational design, goal setting and metrics to address staffing questions as the agency develops and implements the PIMS. The project will also identify metrics that will allow DCRB to make meaningful comparisons of its administrative activities to an appropriate peer group, as well as determine the cost of administration activities per Plan member.

Washington Post Article

An April 29, 2017 *Washington Post* article reported that "hundreds of DC Government employees' paychecks" were affected by an error where FICA (Social Security) withholdings were omitted. Since the District's firefighters, police officers and teachers do not participate in Social Security, our members would not have been affected. DCHR has contacted the IRS and the Social Security Administration about this issue and is working to make employees whole.

There followed a short discussion about the potential effect of coding and data entry issues on pension plan and health care participation.

INVESTMENT COMMITTEE REPORT

Committee Chair Warren presented the following motions from the May 18, 2017 Investment Committee meeting:

Motion #2: To commit up to \$40 million to Wellspring Capital Partners VI, L.P., private equity, subject to contract negotiations.

The motion was moved by Trustee Warren and properly seconded by Trustee Tippett. The motion was approved (9-0, with one abstention). (*See Tally #2*)

Motion #3: To accept the proposed changes to the Investment Committee Charter as amended.

The motion was moved by Trustee Warren and properly seconded by Trustee Tippett. The motion was approved (9-0, with one abstention). (*See Tally #3*)

Motion #4: To enter into a one year contract with Zeno Consulting Group subject to the same terms and conditions, and to launch a search for a transaction cost consultant before the end of the calendar year.

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

OPERATIONS COMMITTEE REPORT

Committee Chair Collins indicated that there is no report, since the Operations Committee did not meet this month. She stated that there will be a meeting in June to discuss the results of the Actuarial Experience Study.

BENEFITS COMMITTEE REPORT

Committee Chair Smith stated that the Benefits Committee did not meet in April and highlighted the following activities:

Annual Estimated Benefit Statement Project

Estimated Benefit statements were mailed to approximately 1,700 active FEMS Plan members last month. One issue involving service dates caused a delay in sending out approximately 300 statements. Benefits Department staff met with DCHR to discuss this issue with a special project team that is developing a standard operating procedures manual for District-wide retirement data.

Disability Income Review Project

In April, the Benefits Department began its 2016 Annual Disability Earned Income Verification Project. Under the District of Columbia Police Officers and Firefighters' Retirement Plan, disability annuitants under the age of 50 are subject to annual earned income reporting for the prior calendar year to determine if their annuity should be terminated, reduced or reinstated.

Term Vested Project Update

DCRB is continuing to work with US Treasury's Office of DC Pensions to complete a project for locating terminated vested Plan participants. The purpose of this project is to: 1) identify former members who terminated employment prior to retirement eligibility, and 2) build a database to

track these members to ensure they receive either a refund of their contributions or a deferred retirement annuity.

FileNet Upgrade

This Release will update and correct the Document Type and Subtype in FileNet assigned to each document, identify when documents contain an original seal (e.g., marriage certificate), and eliminate the need to manually insert separator pages when documents are scanned.

STAR 9.2 Release

STAR Release 9.2 was successfully completed in April. This Release restored many favorable features that had been eliminated previously, and added patches, fixes and tax updates.

Committee Chair Smith then pointed out the average processing time (60, 53, and 52 days) for the months of February through April 2017, and referred Trustees to the written report for additional information and metrics.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard referred Trustees to the written report and provided information of the following:

“Diversity in Fund Management Amendment Act of 2017” (B22-0286)

The bill amends the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 to require DCRB to report annually on the affirmative steps it has taken to hire diverse fund managers. The bill was introduced on May 16, 2017, by Councilmembers McDuffie and White, and referred to the Committee of the Whole.

There followed a discussion about the standards, criteria and process currently in place when considering investment managers, and the Board’s fiduciary obligations to the members.

AUDIT COMMITTEE REPORT

Committee Chair Hankins indicated that there was no report, since there was no meeting this month. He did state, however, that there would be a meeting on June 22, 2017.

OTHER BUSINESS

None

ADJOURNMENT

Chairman Clark introduced a motion to adjourn the meeting.

Motion #5: To adjourn the meeting at 2:52 p.m.

The motion was moved by Trustee Tippett and properly seconded by Trustee Bress. The motion was approved (10–0). *(See Tally #6)*

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

Tally #1:		Date May 18, 2017			
To approve the April 20, 2017 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 May 18, 2017			
To commit up to \$40 million to Wellspring Capital Partners VI, L.P., private equity, 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 #3:			Date: May 18, 2017		
To accept the proposed changes to the Investment Committee Charter as amended.					
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: May 18, 2017		
To enter into a one year contract with Zeno Consulting Group subject to the same terms and conditions, and to launch a search for a transaction cost consultant before the end of the calendar 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.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #5:	Date: May 18, 2017
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To adjourn the meeting at 2:52 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.	√				

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