



**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**BOARD MEETING MINUTES**  
**NOVEMBER 15, 2018**  
**1:15 P.M.**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Gary W. Hankins  
Darrick O. Ross\*  
Edward C. Smith  
Michael J. Warren  
Lenda P. Washington  
Bruno Fernandes, ex officio

**DCRB STAFF PRESENT**

Erie Sampson, General Counsel  
Anthony Shelborne  
Joan Passerino  
Daniel Hernandez  
Leslie King  
Jacqueline Thomas  
Katie Schultz  
Deborah Reaves  
Johniece Harris  
Wukyanos Gebremeskel

\* arrived after roll call.

**MEMBERS NOT PRESENT**

Janice M. Adams  
Thomas N. Tippet

**OTHERS PRESENT**

Rodney Dickerson, OCFO  
Brenda Mathis, OCFO

**ROLL CALL**

Chairman Clark called the meeting to order at 1:38 p.m., and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Chairman Clark introduced a motion to approve the September 20, 2018 Board Meeting minutes.

**Motion #1:** To approve the minutes of the September 20, 2018 Board meeting.

The motion was moved by Trustee Hankins and properly seconded by Trustee Smith. The motion was approved (8-0). (See Tally #1)

## **CHAIRMAN'S COMMENTS**

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

### **Active Police Officer Trustee Election**

As noted in the September Chair's Report, an election is being held this fall for the Active Police Officer Trustee term that will begin January 28, 2019. Initial materials were sent to eligible active police officers by DCRB's new election official, Election-America, Inc., on August 31, 2018. Eligible members will have the choice of casting their ballots via paper, telephone, or on-line. Information on the winner will be presented for certification at the December 20, 2018 Board meeting.

### **Special Active Teacher Election**

After beginning a Special Election for the Active Teacher seat on the Board following Nathan Saunders' departure from DCPS in July, Election-America, Inc. mistakenly mailed the materials for the Active Teacher election in envelopes marked Police Officer election. Consequently, the election had to be restarted using the correct Teacher election envelopes. The new start date was November 7. It is expected that the results of the election will be presented to the Board for certification on January 17, 2019, and that the winner will begin serving out the remainder of the current term on January 28, 2019 (the term ends on January 27, 2021).

### **Sexual Harassment Awareness Training**

DCRB has coordinated with DCHR to provide Sexual Harassment Awareness training for Trustees and DCRB managers. The session will be held during the December Board meeting (December 20), and will be facilitated by a DCHR-provided trainer. Approximate session length will be two (2) hours.

### **Remaining Year End 2018 Activities**

Over the next several weeks, the Board will be presented with information and/or asked to take actions related to: the FY 2020 Budget; the FY 2018 Audit; the Actuarial Valuation of October 1, 2018; and the scheduled election for the active police officer trustee and the special election for the active teacher trustee. In addition, the Board will be engaged in a strategic planning process.

## **EXECUTIVE DIRECTOR'S REPORT**

On behalf of Executive Director, Sheila Morgan-Johnson, DCRB's General Counsel, Erie Sampson, referred Trustees to the written Report, and commented on the following topics:

### **Strategic Planning**

The Strategic Planning Project continues on-schedule. Ralph Smith, of Orion Development Group, returned to DCRB on September 24, 2018, for an all-day meeting with the Executive Leadership Team (ELT) which resulted in a strategy map and lists of SWOTs (strengths, weaknesses, opportunities, and threats) related to Customers, Finance, Process, and Growth and Learning. He joined DCRB again on October 31 and November 1 to work with the ELT on identifying strategic initiatives for reaching our goals, and with an Implementation Team of eight staff members on identifying appropriate metrics to measure our success in reaching those goals. He will be back again on December 6 to work with both groups in finalizing those items.

## **Benefit Statements**

Benefit Statements have been distributed to all active teachers, police officers and firefighters, except for those with data that need to be researched.

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

DCRB has been presented with the PPCC award for funding for 2018. This award, which DCRB has received for the past nine consecutive years, is for meeting professional standards for plan funding as set forth in the Public Pension Standards. Also, PPCC has presented DCRB with its first Administration Award for having met professional standards for plan administration for 2018. In addition, for the tenth consecutive year, DCRB has received the GFOA Certificate of Achievement Award for Excellence in Financial Reporting for fiscal year (FY) 2017. These awards reflect DCRB's adherence to required professional standards and maintaining best practices expected of public retirement systems.

## **Formation of an Internal Investment Committee**

An internal investment committee has been formed to review new investment commitments and recommitment opportunities that have undergone a thorough due diligence process by DCRB's investment consultant, Meketa Investment Group (Meketa) prior to consideration by the Investment Committee of the Board. Voting members of this new committee will be DCRB's Executive Director, General Counsel, and Chief Financial Officer. Investment opportunities will require their unanimous approval before advancing to the Board's Investment Committee.

## **Fall Newsletter**

The fall newsletter, which is normally distributed in mid-to-late November, may be delayed due to DCRB's need to resolve certain procurement issues.

## **INVESTMENT COMMITTEE REPORT**

Committee Chairman Warren indicated that the Investment Committee met earlier in the day, and he provided the following information:

### **Annual District Contribution**

DCRB received the annual contribution of \$144.6 million last month. As noted during the September meeting, the funds were allocated across public equity - 47%, fixed income - 35%, cash - 13% and private markets - 5%. These allocations followed Meketa's recommendation and took into consideration the current positioning of the Fund, the long-term strategic asset allocation policy targets, and the long-term risk and return profile.

### **Environmental, Social and Governance Standards (ESG)**

The SEC was recently urged by a group of institutional investors to initiate and develop mandatory rules for public companies to disclose high-quality, comparable, decision-useful environmental, social and governance information. The push for the rule-making is to better position investors when analyzing a company's long-term performance and risk management. Some of the signers included CalPERS, NY State Comptroller, and Treasurers from Illinois, Connecticut, and Oregon.

### **California Legislation**

California recently approved a bill requiring all California-based public companies to have at least one woman on their board of directors by the end of 2019. Additionally, companies with five-director boards must have at least two women by the end of 2021, and companies with six or more directors must have at least three women by 2021.

### **Public Pension Assets**

The Federal Reserve recently published data on public pension assets for the second quarter of 2018 and noted that assets grew to a record level of \$4.33 trillion.

### **Sudan 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 Sudan a list of all investments sold, redeemed, divested, and withdrawn from companies in the Board's portfolio who are doing business in Sudan. The letter was mailed September 29, 2018, and it was also posted to the website. DCRB did not have any direct exposure to companies located in Sudan. The Board will file a separate report on exposure to Iran in February.

### **Financial Times Acknowledgement**

The Financial Times recently profiled one of the Board's European private equity managers, Epiris. The article specifically mentioned that DCRB was part of a large group of international institutional investors. This is the first time the Board has been recognized as a major investor in a Financial Times article.

At the conclusion of his comments, Committee Chair Warren then presented the following motions:

**Motion #2:** To commit up to \$30 million to Artemis Real Estate Partners Fund III, LP, real estate fund, subject to legal review and further due diligence.

The motion was moved by Trustee Warren and properly seconded by Trustee Bress. The motion was approved (9-0). *(See Tally #2)*

**Motion #3:** To commit up to \$35 million to Homestead Capital USA Farmland Fund III, LP, natural resources, subject to legal review and further due diligence.

The motion was moved by Trustee Warren and properly seconded by Trustee Hankins. The motion was approved (8-1). *(See Tally #3)*

**Motion #4:** In recognition of the Board's continued satisfaction with the custodial services provided by The Northern Trust Company ("Northern Trust") and the benefits to the Plans and the Fund of a long-term custodial relationship with Northern Trust, recommend the Board approves an amendment to Section 18 of the Board's Master Custody Agreement with Northern Trust, dated December 1, 2015 (the "Agreement"), to: (1) extend the term of the Agreement for seven years for a total contract term of ten (10) years; and (2) to waive the annual Board renewal requirement.

The motion was moved by Trustee Warren and properly seconded by Trustee Collins. The motion was approved (9-0). *(See Tally #4)*

### **OPERATIONS COMMITTEE REPORT**

Chairman Smith reported that the Operations Committee did not meet this month, and he noted that there will be a meeting on Wednesday, December 5. At that meeting, committee members will review the proposed Operating Budget for Fiscal Year 2020. In addition, the 2018 Actuarial Valuation Report will be presented by Cavanaugh Macdonald, the Board's independent actuary, and staff will provide project updates.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins indicated that the Committee met on November 2, 2018, and again, earlier in the day. She referred Trustees to her written Report.

Chair Collins then made the following motion:

**Motion #5:** To authorize DCRB staff to pursue seeking a federal regulatory exemption of District benefit payments from the U.S. Department of the Treasury's Offset Program (TOP).

The motion was moved by Trustee Collins and properly seconded by Trustee Smith. The motion was approved (9-0). *(See Tally #5)*

Trustee Smith requested more information on the next steps that will be taken in the Disability Annual Earned Income project. A short discussion of previous steps taken commenced. Mr. Hernandez noted that more information is forthcoming and will be included in the materials at the next Benefit Committee meeting.

Trustee Smith also raised a question about the time it takes to produce an initial annuity payment. There followed an extensive discussion about the time it takes DCRB to process new retirements, the continuing reasons for these delays, and what alternatives DCRB may pursue to reduce the current processing time frame. The Benefits Committee was asked to provide information to the Board at a later date in order to answer these questions.

### **LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard indicated that the Committee did not meet this month. He provided the following information on an item of interest that had occurred since the September Board Meeting:

#### **“Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017” (B22-0468).**

The bill introduces technical amendments applicable only to members covered by the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, to: (1) recognize domestic partners as eligible survivors of police officers and firefighters; (2) clarify that 401(a) plan assets may be transferred by a member into the District of Columbia Police Officers and Fire Fighters' Retirement Fund to be used toward the purchase of prior service with the District of Columbia Fire and Emergency Medical Services Department; and (3) clarify that the Internal Revenue Code § 401(a)(17) compensation limit applies to members first covered

under the Police Officers, Firefighters, and Teachers' Plans on or after October 1, 2002. The bill was introduced on September 25, 2017 and was referred to the Committee of the Whole with comments from the Committee on Judiciary and Public Safety. The bill is currently under mayoral review with a response due by November 14, 2018.

### **AUDIT COMMITTEE REPORT**

Committee Chair Hankins indicated that the Audit Committee met on October 16, 2018, and at that meeting, there were presentations related to the 2018 audit and DCRB's business insurance policies. Trustee Hankins referred Trustees to his written Report for additional information.

### **OTHER BUSINESS**

#### **Trustee Elections**

Chair Clark referred to the items in the Board packet, including the timeline for the Active Police Officer election. He noted that ballots were mailed on November 2, the last date to vote will be December 3, and that the ballots will be tabulated by Election-America on December 7. The results will then be certified by the Board at its meeting on December 20.

He also noted that a Special Active Teacher Election began concurrent with the other election, but that the schedule has been amended, due to an error with the election materials. The new schedule began on November 7 and will be certified by the Board at its meeting on January 17, 2019. He noted that the winner of this election will serve from January 28, 2019 through the end of the current term, which will end on January 27, 2021.

#### **Next Board Meeting**

The next Board meeting will be held on Thursday, December 20, 2018 at 1:00 p.m.

#### **Council of Institutional Investors (CII) Conference**

Trustee Collins noted that the CII Conference will be held in Washington, DC on March 4-6, 2019. She encouraged other Trustees to attend.

### **ADJOURNMENT**

Chairman Clark introduced a motion to adjourn the meeting.

**Motion #6:** To adjourn the meeting at 2:25 p.m.

The motion was moved by Trustee Bress and properly seconded by Trustee Hankins. The motion was approved (9-0). (*See Tally #6*)

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

Tally #1:		Date: November 15, 2018			
To approve the minutes of the September 20, 2018 Board meeting.					
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.					√
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #2:		Date: November 15, 2018			
To commit up to \$30 million to Artemis Real Estate Partners Fund III, LP, 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	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #3:		Date: November 15, 2018			
To commit up to \$35 million to Homestead Capital USA Farmland Fund III, LP, natural resources, 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	√				
Bress, Joseph M.	√				
Collins, Mary A.		√			
Hankins, Gary W.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #4:		Date: November 15, 2018			
In recognition of the Board’s continued satisfaction with the custodial services provided by The Northern Trust Company (“Northern Trust”) and the benefits to the Plans and the Fund of a long-term custodial relationship with Northern Trust, recommend the Board approves an amendment to Section 18 of the Board’s Master Custody Agreement with Northern Trust, dated December 1, 2015 (the “Agreement”), to: (1) extend the term of the Agreement for seven years for a total contract term of ten (10) years; and (2) to waive the annual Board renewal requirement.					
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.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				



Tally #5:			Date: November 15, 2018		
To authorize DCRB staff to pursue seeking a federal regulatory exemption of District benefit payments from the U.S. Department of the Treasury's Offset Program (TOP).					
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.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #6:			Date: November 15, 2018		
To adjourn the meeting at 2:25 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.	√				
Smith, Edward C.	√				
Tippett, Thomas N.					√
Warren, Michael J.	√				
Washington, Lenda P.	√				