



**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**BOARD MEETING MINUTES**  
**SEPTEMBER 20, 2018**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Janice M. Adams  
Lyle M. Blanchard  
Joseph M. Bress (by phone)  
Mary A. Collins  
Gary W. Hankins  
Darrick O. Ross  
Edward C. Smith  
Thomas N. Tippet  
Michael J. Warren  
Bruno Fernandes, ex officio

**DCRB STAFF PRESENT**

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

**MEMBERS NOT PRESENT**

Lenda P. Washington

**ROLL CALL**

Chairman Clark called the meeting to order at 3:54 p.m., and Ms. Katie Schultz called the roll.

**APPROVAL OF MINUTES**

Chairman Clark introduced a motion to approve the June 21, 2018 Board Meeting minutes.

**Motion #1:** To approve the minutes of the June 21, 2018 Board meeting.

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

**CHAIRMAN'S COMMENTS**

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

**Welcome to New Ex Officio Trustee**

First, I want to welcome Bruno Fernandes to the Board, as our ex officio Trustee representing the District's Office of the Chief Financial Officer (OCFO). Bruno joined OCFO on August 20,

2018, as its Deputy Chief Financial Officer/Treasurer, Jeffrey Barnette's former position. Mr. Fernandes indicated that he previously served as Vice President-Treasurer at ICF International of Fairfax, Virginia and, before that, worked in senior financial positions with Communications Satellite Corporation and Intelsat.

### **District Credit Rating Upgraded**

On July 3, 2018, the District's Chief Financial Officer, Jeffrey DeWitt, announced that Standard & Poor's and Fitch bond rating services upgraded the District's general obligation bond rating from AA to AA+. Later that month, on July 12, 2018, Moody's Investors Service upgraded the District's general obligation rating to Aaa from Aa1, stating that "the upgrade reflects continued strengthening of the District's economy, finances and overall credit profile." Moody's also stated that "the District has exemplary fiscal governance, and its updated four-year financial plan is its strongest ever." They further noted that "The District already has among the lowest pension liabilities of any large city and has pre-funded its other postretirement benefits (OPEB) liability, which affords it significant financial flexibility."

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

As noted at the June Board meeting, an election will be 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. This year's election will permit eligible members to cast their ballots via paper, telephone, or on-line. The winner will be certified at the December Board meeting.

### **Special Active Teacher Election**

Due to Nathan Saunders' departure from DCPS in July, DCRB will hold a special election, concurrent with the Active Police Officer election, to fill the now-vacant Active Teacher seat on the Board. The winner of that special election will also be certified at the December Board meeting and will serve through January 27, 2021, the end of the current term. The Board thanks Nathan for his service on the Board since 2013.

### **Meeting With Chairman Mendelson**

The Board's Chairman and the three Council-appointed Trustees will soon schedule a meeting with Council Chairman Mendelson to bring him up-to-date on the Board's accomplishments for fiscal year 2018.

### **End of Fiscal Year (FY) 2018**

With FY 2018 ending this month, Trustees were reminded to timely submit their timesheets, travel reimbursement requests, travel reports, and any other materials needed to close out this year. Any such documents should be submitted by October 15, 2018.

### **Overview of Year End 2018 Activities**

As in the past, the fourth quarter of the calendar year is very busy with both routine activities and actions related to special projects. Over the coming quarter, 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; the scheduled election for the Active Police Officer Trustee; and a special election for the Active Teacher Trustee. In addition, the Board will be engaged in a strategic planning process and with reassessing DCRB's IT function.

### **Sexual Harassment Awareness Training for Trustees**

Trustees were reminded that sexual harassment awareness training will be scheduled prior to the Board meeting on November 20, 2018.

### **INVESTMENT COMMITTEE REPORT**

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

#### **New Member of the Committee**

Chairman Warren welcomed the newest Board member, Bruno Fernandes, indicating that he was appointed as the District's new Deputy CFO and Treasurer on August 20, 2018. Before joining the District, Mr. Fernandes was the Vice President and Treasurer of ICF International, a global consulting and technology services company. Prior to ICF, Mr. Fernandes led the global treasury operations for Computer Sciences Corporation (CSC), and held treasury and risk management leadership roles at Intelsat and Sunrise Senior Living. He has 25 years of Finance and Treasury experience, which also includes serving on Boards of several organizations. Mr. Fernandes holds a master's degree from the University of Maryland and a bachelor's degree in Finance from George Mason University. He maintains a Certified Treasury Professional designation and is an active member of the Association of Financial Professionals.

#### **Brookings Institution Panel**

Last week was the 10<sup>th</sup> anniversary of the collapse of Lehman Brothers. There were several events, roundtables and articles related to the topic. One specific panel last Wednesday at the Brookings Institution included former Fed Chairman, Ben Bernanke, and former Treasury Secretaries Henry Paulson and Tim Geithner. As indicated in the attached article, all three noted that the reforms enacted post-2008 may hamper the ability of regulators to control a future market crisis. Stating the obvious, Secretary Paulson noted that the only true defense against a crisis is a strong economy.

#### **Higher Interest Rates**

As reported in the last Investment Committee meeting, the Federal Reserve continues to signal a need for higher interest rates. The next Federal Open Market Committee (FOMC) meeting will take place on September 25-26, 2018, and it is expected that the federal funds rate will be increased from 2.0% to 2.25%. Such an increase in short term interest rates may lead to an even flatter yield curve.

#### **Carlyle Annual Investor Conference**

Last week, Carlyle held their annual investor conference in Washington, DC. The event was well attended by investors from around the world. Staff was able to participate in some of the general sessions, as well as the LPAC meetings for Carlyle Realty Partners Funds VII and VIII. The performance feedback during the LPAC meetings was very positive and those funds continue to meet or exceed expectations.

#### **Council of Institutional Investors' Annual Conference**

The Council of Institutional Investors (CII) Annual Conference will be held in Boston on October 24-26, 2018. The CII website has specifics on the event topics and registration information.

Trustee Warren then made the following motions:

**Motion #2:** To commit up to \$50 million to Palladium Equity Partners V, LP, 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 with one recusal (9-0). *(See Tally #2)*

Trustee Warren recused himself from the vote since he had met the chairman of Palladium several years ago.

**Motion #3:** To commit up to \$35 million to TCV X, LP, 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 (10-0). *(See Tally #3)*

**Motion #4:** To approve the revised Board Delegation of Authority for Investments to the Executive Director.

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

### **OPERATIONS COMMITTEE REPORT**

Committee Chair Smith reported that because the Operations Committee did not meet this month, there was no report.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins indicated that there was no Benefits Committee meeting this month, and she referred Trustees to the written Benefits Committee Report.

### **LEGISLATIVE COMMITTEE REPORT**

Committee Chair Blanchard indicated that the Committee did not meet this month, and he referred Trustees to the written Legislative Committee Report.

### **AUDIT COMMITTEE REPORT**

Committee Chair Hankins indicated that the Audit Committee met earlier in the day, and presented the following motions:

**Motion #5:** To accept the presentation and findings of the comprehensive information technology and information security audit conducted by NGEN, LLC.

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

**Motion #6:** To conduct a forensic audit related to IT expenses, equipment and software.

The motion was moved by Trustee Hankins and properly seconded by Trustee Collins. The motion was approved (10-0). *(See Tally #6)*

## **EXECUTIVE DIRECTOR'S REPORT**

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

### **Strategic Planning**

The Strategic Planning Project began on August 22, 2018, with one-on-one meetings between our Orion consultant, Ralph Smith, and ELT members and key DCRB staff. Those individual meetings were followed by system mapping sessions on August 23 and focus group meetings on Aug. 24. During those three days, all DCRB staff participated in one or more of the individual or group meetings. On September 24, 2018, Ralph will be back for an all-day meeting with the ELT to review DCRB's mission, vision, and values statements, and to draft updated strategic goals. We will be contacting Trustees shortly to schedule a meeting with Ralph to discuss DCRB's strategic direction.

### **DCRB Internal Audit Function**

An Internal Auditor position description has been drafted and will be posted to DCRB's website in the coming few weeks. To assure the independence of the position, it will report to the Legal Department. It is expected that the position will be filled before the end of the year.

### **DCRB Procurement Function**

DCRB has had a Procurement Manager position posted on its website since February of this year. With the departures of the Sr. Contracts Specialist last month, and the contractor who was assisting her last week, DCRB has no internal staff available to assist with procurement matters. To keep that unit functioning, an MOU with the District's Office of Contracts and Procurement is being drafted to temporarily outsource our procurement requirements to them until DCRB is able to either re-staff the unit or to make appropriate decisions on an alternate type of operation.

### **Benefits Statements**

Benefits Statements remain on target for distribution to active members this fall.

### **Meeting With Treasury**

Treasury's ODCP Director and I had our quarterly meeting on August 10, 2018, where we discussed current benefits administration and IT matters/issues.

### **All-Hands Meeting and Staff Appreciation Day Celebration**

DCRB's Executive Leadership Team (ELT) will sponsor our annual Staff Appreciation Day celebration on October 26, 2018. Preceding the celebration, there will be an all-hands meeting where staff will be provided with an overview of FY 2018 accomplishments, on-going projects, and plans for FY 2019.

### **Social Media**

DCRB's Director, Stakeholder Communication and Outreach, Joan Passerino, noted that the Communications Unit is in the process of studying how DCRB might use social media as an additional channel to reach members and to serve them more efficiently and effectively. Part of that study will be to determine best practices followed by other retirement systems of DCRB's size.

### **Conflict of Interest Policy**

DCRB's Conflict of Interest Policy is being reviewed. That policy, which was last updated in 2006, will be presented to the Board for its approval later this year.

### **OTHER BUSINESS**

**Motion #7:** To convene the meeting in closed session to discuss personnel matters pursuant to D.C. Code § 2-575(b)(10), related to the discussion of the employment, promotion, performance evaluation, compensation, discipline, demotion, removal or resignation of DCRB staff.

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

**Motion #8:** To return to open session.

The motion was moved by Trustee Hankins and properly seconded by Trustee Smith. The motion was approved (10-0). (*See Tally #8*)

### **ADJOURNMENT**

Chairman Clark introduced a motion to adjourn the meeting.

**Motion #9:** To adjourn the meeting at 4:56 p.m.

The motion was moved by Trustee Smith and properly seconded by Trustee Collins. The motion was approved (10-0). (*See Tally #9*)

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

Tally #1:		Date: September 20, 2018			
To approve the June 21, 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.	√				
Smith, Edward C.			√		
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

Tally #2:		Date: September 20, 2018			
To commit up to \$50 million to Palladium Equity Partners V, LP, 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	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.				√	
Washington, Lenda P.					√

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

Tally #3:			Date: September 20, 2018		
To commit up to \$35 million to TCV X, LP, 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	√				
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: September 20, 2018		
To approve the revised Board Delegation of Authority for Investments to the Executive Director.					
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.					√



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

Tally #5:		Date: September 20, 2018			
To accept the presentation and findings of the comprehensive information technology and information security audit conducted by NGEN, LLC.					
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: September 20, 2018			
To conduct a forensic audit related to IT expenses, equipment and software.					
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.					√

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

Tally #7:			Date: September 20, 2018		
To convene the meeting in closed session to discuss personnel matters pursuant to D.C. Code § 2-575(b)(10), related to the discussion of the employment, promotion, performance evaluation, compensation, discipline, demotion, removal or resignation of DCRB staff.					
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 #8:			Date: September 20, 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.	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.					√

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

Tally #9:			Date: September 20, 2018		
To adjourn the meeting at 4:56 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.					√