



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
JANUARY 21, 2016
1:00 P.M.

MEMBERS PRESENT

Joseph M. Bress, Chairman
Barbara Davis Blum
Joseph W. Clark (by phone)
Mary A. Collins (by phone)
Gary W. Hankins
Darrick Ross
Nathan A. Saunders (by phone)
Edward C. Smith (by phone)
Thomas N. Tippet
Michael J. Warren

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Johnetta Bond
Peter Dewar
Anthony Shelborne
Joan Passerino
Leslie King
Daniel Hernandez
Tahir Kazmi
Michaela Burnette
Jason Todd
Ortencia Nichols
Deborah Reaves
Florence Jones
Johniece Harris
Denice McSears
Wukyanos Gebremeskel

MEMBERS NOT PRESENT

Lyle M. Blanchard
Lenda P. Washington
Jeffrey Barnette, ex officio

OTHERS PRESENT

Fred Duball, Hewlett-Packard
James Kelly, Morneau Shepell

ROLL CALL

Chairman Bress called the meeting to order at 1:25 p.m. and Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Bress introduced a motion to approve the December 17, 2015 Board meeting minutes.

Motion #1: To approve the December 17, 2015 Board meeting minutes.

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

CHAIRMAN'S COMMENTS

Chairman Bress commented on the following topics:

Board Officer Elections

Pursuant to Board Rules, the election of officers will be held at the February Board meeting. This year, in accordance with Rule amendments approved by the Board at its November meeting, the positions of Parliamentarian and Sergeant-at-Arms were eliminated, a position of Vice-Chair/Secretary was created, and the trustee elected to the Treasurer position will also serve as Chair of the Audit Committee.

Expiring Board Terms

My Board appointment, and that of Trustee Barbara Blum, will be expiring effective January 27, 2016. You may remember that Trustee Michael Warren's term with the Board ended on January 27, 2015. In accordance with Board rules, his term will continue until he or another person is appointed.

Fossil Fuels Letter

On January 6, 2016, a letter was sent to DC Divest responding to their letter of January 4 requesting an opportunity to address the Board regarding fossil fuel issues. In accordance with the Board's policy regarding such inquiries, their request was denied based, as we have responded previously, on "the Board's need to remain independent of political issues and our longstanding practice of not meeting with individuals or groups who seek to lobby the Board with a partisan or advocacy agenda, pro or con any investment issue."

Actuarial Certification Letter for the FY 2017 District Contribution

On January 11, 2016, DCRB sent a letter to Mayor Bowser and Council Chairman Mendelson certifying the Actuarially Determined Contribution (ADC) required by the District for the Teachers' Retirement Fund (\$56,781,000) and the Police Officers and Fire Fighters' Retirement Fund (\$145,631,000) for fiscal year 2017. The total contribution for FY 2017 is \$202,412,000. A copy of the letter is attached for your information.

EXECUTIVE DIRECTOR'S REPORT

Mr. Eric Stanchfield commented on the following topics:

ICMA Recordkeeping Changes and Savings

In June 2015, the District selected ICMA-RC (DCRB's 401(a) Plan Administrator) to administer the District's 401(a) Plan and its 457 Deferred Compensation Plan. In response to DCRB's request to join the District's agreement with them, DCRB and ICMA-RC executed an amendment to our 2009 ICMA-RC agreement, which has resulted in an average savings of 89.5 basis points (bps) across all investment choices. We greatly appreciate the efforts of the City Treasurer's Office in facilitating these changes.

DCRB Newsletter - Police/Fire Edition

A newsletter specifically for District police officers and firefighter Plan members has been drafted and is scheduled to be distributed toward the end of this month. The newsletter announces Tom Tippet's reelection to the Board, and contains articles of particular interest to police officers and firefighters. This is similar to the Teachers' Edition that was published last summer.

Performance Oversight Hearing

The District Council's Committee of the Whole has tentatively scheduled a performance oversight hearing for DCRB on Tuesday, March 8, 2016 at 10:30 a.m.

Roundtable on Certified Business Enterprise Requirements

On January 3, 2016, DCRB received notice of the Committee on Business, Consumer and Regulatory Affairs' (the "Committee") annual Public Roundtable on compliance with the FY 2016 requirements of the Certified Business Enterprise Development and Assistance Amendment Act of 2014 (the "CBE Act"). Although DCRB has met the goals assigned by the Department of Small and Local Business in each of the last several years, since we believe that our status as the administrator of a trust, and our fiduciary mandate, exempt us from the provisions of the CBE Act, to resolve this ongoing issue, we are drafting a letter to the Director of the Committee stating our position on this matter.

INVESTMENT COMMITTEE REPORT

Investment Committee Chair Blum presented the following motions proposed by the Investment Committee, which met earlier in the day:

Motion #2: To ratify the Board motion of May 21, 2015, to retain Northern Trust Company, as the Board's master custodial bank.

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

Motion #3: To ratify the Board motion of July 17, 2014, to retain Beach Point Capital Management, LP as the Board's bank loan manager.

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

OPERATIONS COMMITTEE REPORT

Chairman Bress indicated that there is no report, since the Committee did not meet this month.

BENEFITS COMMITTEE REPORT

Benefits Committee Chair Smith indicated that the Committee met on December 17, 2015, and provided the following Report:

Health Benefits Open Enrollment

DCRB's Benefits Department processed over 1,200 Open Enrollment changes for the Federal Employees' Health Benefit (FEHB) Program and the District Employees' Health Benefit (DCEHB) Program. This unusually large number of changes was due primarily to the inclusion of an additional federal health care option, Self Plus One, for 2016. Even though the new electronic feed to the carriers was successful, there were technical difficulties that impacted approximately 360 annuitants for the January 1, 2016 payroll. Those annuitants were quickly notified of the issue and advised that missed January premiums would be deducted with February premiums from their February 1, 2016 annuity payment.

Federal Employees Group Life Insurance (FEGLI) Increase

Effective January 1, 2016, FEGLI premium rates for post-retirement life insurance increased. The premium rate changes will be reflected in annuitants' February 2016 payment. The new FEGLI premium rates can be found on the FEGLI web site (www.opm.gov/insure/life).

Tax Form 1099-R

1099-R Forms for calendar year 2015 were mailed to annuitants in mid-January. This year, for those members receiving a disability annuity, the distribution code identified in Box 7 reflects code 3 (disability income) versus code 7 (normal distribution).

Military Buyback Post-1956 Compliance Project

Plan members are eligible to use military service as creditable service. However, for Police Officer and Firefighter Plan members, if the member is eligible for Social Security benefits, post-1956 military service must be purchased for that service to be retained. If members do not make that purchase, when they reach full Social Security retirement age, their annuity must be adjusted by removing the military service credit. Approximately 175 police officer and firefighter annuitants, who had their post-1956 military service included in their retirement calculation, are now reaching Social Security's full retirement age and were sent information explaining this requirement.

LEGISLATIVE COMMITTEE REPORT

Chairman Bress indicated that there was no report, since there was no meeting this month.

AUDIT COMMITTEE REPORT

The Audit Committee met on January 19, 2016. Committee Chair Hankins provided the following Report, which reflects the highlights of that meeting:

DCRB's independent external auditor, Clifton Larson Allen, gave an unmodified "clean" opinion that the financial statements conform to Generally Accepted Accounting Principles (GAAP).

In their report, Clifton Larson Allen indicated that: 1) No material weaknesses were identified, 2) no material findings associated with compliance or other matters were identified, and 3) one significant deficiency was identified related to the validation of census data. In response to the deficiency, management provided the auditor with details on how the process will be improved next year.

Motion 4: To approve the FY 2015 Audit and Preliminary Annual Financial Statements.

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

OTHER BUSINESS

None

ADJOURNMENT

Motion #5: Chairman Bress introduced a motion to adjourn the meeting at 2:09 p.m.

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

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

Tally #1:		Date: January 21, 2016			
To approve the December 17, 2015 Board meeting minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle					√
Blum, Barbara Davis	√				
Clark, Joseph W.	√				
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: January 21, 2016			
To ratify the Board motion of May 21, 2015, to retain Northern Trust Company, as the Board's master custodial bank.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle					√
Blum, Barbara Davis	√				
Clark, Joseph W.	√				
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: January 21, 2016			
To ratify the Board motion of July 17, 2014, to retain Beach Point Capital Management, LP as the Board's bank loan manager.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle					√
Blum, Barbara Davis	√				
Clark, Joseph W.	√				
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: January 21, 2016			
To approve the FY 2015 Audit and Preliminary Annual Financial Statements.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle					√
Blum, Barbara Davis	√				
Clark, Joseph W.	√				
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: January 21, 2016			
To adjourn the meeting at 2:09 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle					√
Blum, Barbara Davis	√				
Clark, Joseph W.	√				
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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