



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
OCTOBER 17, 2013
1:00 PM

MEMBERS PRESENT

Joseph M. Bress, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Diana K. Bulger
Gary W. Hankins
Edward C. Smith*
Thomas N. Tippett

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson
Sheila Morgan-Johnson
Thomas Anderson
Daniel Hernandez
Corinne Koch
Leslie King
Peter Dewar
Deborah Reaves
Patrick Sahn
Susan Scrapper
Yolanda Smith*
Katie Schultz
Michael Xanthopoulos
Nina Bridgers
Robin Chester*

MEMBERS NOT PRESENT

Judith C. Marcus
Darrick O. Ross
Nathan Saunders
Michael Warren
Jeffrey Barnette, ex-officio

OTHERS PRESENT

Hazel Bradford, Pension and Investments

*Not present at roll call.

ROLL CALL

Chairman Bress called the meeting to order at 1:36 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Mr. Tippett made the following motion, which was seconded by Ms. Blum:

Motion #1: To approve the September 19, 2013, Board meeting minutes.

A voice vote was called and the motion was approved 7-0. (See Tally #1)

CHAIRMAN'S COMMENTS

Chairman Bress updated the Board on the following items:

- Retired Teachers' Election: There are eight candidates.
- New Retired Police Trustee: Mr. Bress welcomed Gary W. Hankins to the Board.
- Former Trustee Recognition: Chairman Bress presented a resolution from the Board to Sheila Bunn in honor of her father, the late James E. Bunn, who served as a Trustee from January 28, 1991 to January 27, 1995, and from March 20, 2012, through August 1, 2013.

EXECUTIVE DIRECTOR'S REPORT

Mr. Stanchfield updated the Board on the following items:

- The Federal Shutdown: Although DCRB declared itself exempt from the shutdown, the Mayor declared all District agencies as essential and exempt. DCRB continued to operate as normal.
- Benefit Error Projects: DCRB and Treasury met on October 3, 2013, to discuss items such as the 80% maximum codification error and the COLA look back error. DCRB will have more discussion on these topics at future Benefits Committee meetings. Treasury informed DCRB that the STAR system contract was re-bid and that DCRB's cost will probably drop by about 20%.
- NIRS Meeting: DCRB hosted the National Institute for Retirement Security (NIRS) Visionary Circle meeting with about 35 pension systems participating. Some attendees were CALSTRS (California State Teachers' Retirement System), Colorado PERA (Public Employees' Retirement Association), and Minnesota Teachers' Retirement Association.
- Office Move: DCRB is now located on the 4th floor until March 1, 2014 (estimated completion date of the 2nd floor renovations). Beginning in November, Board meetings will be held on the mezzanine level of the building, but Committee meetings will be held on the 4th floor.
- Staffing Announcements: Dennis Morgan has accepted the position as the Lead Member Services representative in Benefits, Johniece Harris and Nicole Holmes have been selected as Retirement Services specialists effective October 1, and Rabinai Carson, has now become a Human Resources Legal Compliance Specialist.
- Employee Development: On September 23 and October 2, staff training was conducted as one-day courses on business writing for professionals taught by professional trainers from DCHR. DCRB is going to offer future courses on Microsoft Office, Word, Excel, and Outlook for all staff.
- News Article: The Board package includes an article about Moody's pension adjustment measures for 50 largest U.S. local governments which describes the amount of liability that cities pay into their pension plans.

GENERAL COUNSEL'S REPORT

There was no written report.

INVESTMENT COMMITTEE REPORT

Ms. Blum, Investments Committee Chair, presented three motions:

Motion #2: To commit up to \$15 million to a Real Estate manager subject to further due diligence and contract negotiations.

The motion was seconded by Mr. Tippet.

A voice vote was called and the motion was approved 7-0. (See Tally #2)

Motion #3: To approve an addition to the Real Assets & Private Equity Forward Calendar.

The motion was seconded by Mr. Tippet.

A voice vote was called and the motion was approved 7-0. (See Tally #3)

Motion #4: To approve the selection of the Board's Bank Loan Manager, subject to due diligence and contract negotiations.

The motion was seconded by Mr. Tippet.

A voice vote was called and the motion was approved 5-2. (See Tally #4)

OPERATIONS COMMITTEE REPORT

No written report was presented from the Operations Committee.

- Chairman Bress did remind Trustees that their Fiduciary Liability Insurance checks are due. Checks should be given to Yolanda Smith or Deborah Reaves.

BENEFITS COMMITTEE REPORT

Mr. Smith, Benefits Committee Chair, updated the Board on the following items:

- Business Process Re-Engineering Project: Training sessions for the business process re-engineering project have concluded and implementation of the new organizational structure has begun. Internal candidates have been selected to fill roles, and interviews are continuing for open positions. A Retirement Services Manager has been selected who is expected to begin on November 12, 2013.
- Members' Satisfaction Surveys: A new survey format was introduced in July. The updated survey has expanded the questions asked and the categories of individuals receiving the survey. Additionally, survey responses can now be made on-line via the DCRB web site.
- Rulemaking: Mr. Smith presented two rulemaking motions, which were seconded by Mr. Tippet:

Motion #5: The Board approve the proposed rule for the Teachers' Retirement Plan to clarify the tax treatment of the Teacher Plan contributions:

Pre-Tax Contributions. Mandatory contributions under D.C. Official Code 38-2021.01(c)(1) (2001) by District of Columbia Public School (DCPS) system employees who participate in the District of Columbia Teachers' Retirement Plan (Teachers' Plan) and who are in a salary class position ET 15 are picked up by the DCPS system as described in section 414(h)(2) of the Internal Revenue Code and are treated as pre-tax contributions for tax purposes.

Post-Tax Contributions. Mandatory contributions under D.C. Code 38-2021.01(c)(1) (2001) by DCPS system employees who participate in the Teachers' Plan and who are in a salary class position ET 1 – 14 are not picked up by the DCPS system as described in section 414(h)(2) of the Internal Revenue Code and are treated as post-tax contributions for tax purposes.

A voice vote was called and the motion was approved 7-0. (See Tally #5)

Ms. Sampson explained that last year's Teachers' Plan amendment states that all employee contributions to the Plan are treated as pre-tax. However, after the amendment, DCRB learned that employees classified as ET 1 - 14 have their contributions treated as post-tax.

Motion #6: The Board approve the proposed amendment to DCRB's annual income review rules to clarify the annual income reviews apply to police officer and firefighter disability annuitants who are under age 50 as of December 31 of any calendar year, and to teacher disability annuitants who are under the eligibility requirements for voluntary retirement as of December 31 of any calendar year:

Annual Income Review for Teacher Disability Annuitants. Any teacher disability annuitant who retired under D.C. Code § 38-2021.04(a) and who is under the eligibility requirements for voluntary retirement as defined in D.C. Official Code § 38-2021.03 must file annually with DCRB a notarized statement of employment and earnings and any additional information as requested by DCRB to verify employment income beginning for the first calendar year after retirement up to and including the last calendar year in which the annuitant is under the eligibility requirements for voluntary retirement as of December 31.

Annual Income Review for Police Officer and Firefighter Disability Annuitants Under Age 50. Any police officer or firefighter annuitant who was hired on or after February 15, 1980, retired under D.C. Code § 5-709 or § 5-710, and who is under age fifty (50), must file annually with DCRB a notarized statement of employment and earnings and any additional information as requested by DCRB to verify employment income beginning for the first calendar year after retirement up to and including the last calendar year in which the annuitant is under age 50 as of December 31.

A voice vote was called and the motion was approved 7-0. (See Tally #6)

- COLA Lookback Error and 80% Maximum Benefit Codification Error: The Treasury Department's Office of D.C. Pensions (ODCP) will soon begin a project to review annuitants who incorrectly received the Lookback COLA (or "double COLA"). The projected fiscal impact is approximately \$8.4M in overpayments. It is anticipated that future discussions will discuss how benefit overpayment correction and recoupment will be addressed. It is

estimated that approximately 200 Federal and 400 District retirees will be affected by the 80% maximum benefit codification error. More information will be forthcoming as work on this project begins.

LEGISLATIVE COMMITTEE REPORT

Lyle M. Blanchard, the Legislative Committee Chair, reported on three pieces of legislation in front of the Committee of the Whole:

- B20-481, the Fossil Fuel Divestment Act of 2013; B20-440, the Retired District Employee Annuity Amendment Act of 2013; and B20-433, the Police and Firemen’s Retirement and Relief Board Amendment Act of 2013. All three bills are scheduled for public hearing at 10:30 a.m. DCRB anticipates there will be testimony on its behalf for the Fossil Fuel Divestment Act. DCRB will conduct further due diligence through its investment advisors about the impact of the Fossil Fuel Divestment proposed legislation on its investments.
- Mr. Blanchard also noted Mayor's Order, 2013-179, the District of Columbia Police and Firemen’s Retirement and Relief Board (PFRRB), which appointed two members of the Fire Department to PFRRB.

OTHER BUSINESS

No other business was discussed.

ADJOURNMENT

Motion #7: Mr. Tippett moved to adjourn the meeting at 1:59 p.m., which was seconded by Ms. Blum.

A voice vote was called and the motion was approved 7-0. (See Tally #7)

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

Tally #1		Date: October 17, 2013			
To approve the September 19, 2013 Board meeting minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #2		Date: October 17, 2013			
To commit up to \$15 million to a Real Estate manager subject to further due diligence and contract negotiations.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				

Tally #3		Date: October 17, 2013			
To approve an addition to the Real Assets & Private Equity Forward Calendar.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				

Tally #4		Date: October 17, 2013			
To approve the selection of the Board's Bank Loan Manager, subject to due diligence and contract negotiations.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis		√			
Bress, Joseph M.	√				
Bulger, Diana K.		√			
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				

Tally #5		Date: October 17, 2013			
The Board approve the proposal for the Teachers' Retirement Plan to clarify the tax treatment of the Teacher Plan and contributions .					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				

Tally #6		Date: October 17, 2013			
The Board approves the proposed amendment to DCRB's annual income review rules to clarify the annual income reviews apply to police officer and firefighter disability annuitants who are under age 50 as of December 31 of any calendar year, and to teacher disability annuitants who are under the eligibility requirements for voluntary retirement as of December 31 of any calendar year.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				

Tally #7			Date: October 17, 2013		
To adjourn the meeting at 1:59 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Hankins, Gary W.	√				
Marcus, Judith C.					√
Ross, Darrick O.					√
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				