



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
SEPTEMBER 17, 2014
1:00 PM

MEMBERS PRESENT

Joseph M. Bress, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Joseph Clark
Mary Collins
Gary Hankins
Nathan A. Saunders
Edward C. Smith
Michael Warren
Lenda P. Washington

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Johnetta Bond
Peter Dewar
Joan Passerino
Anthony Shelborne
Leslie King
Daniel Hernandez
Camille Castro
Deborah Reaves
Johniece Harris
Wukyanos Gebremeskel

MEMBERS NOT PRESENT

Darrick O. Ross
Thomas N. Tippet
Jeffrey Barnette, ex-officio

ROLL CALL

Chairman Bress called the meeting to order at 2:00 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Bress introduced the motion to approve the July 17, 2014 Board meeting minutes. The motion was moved and properly seconded.

Motion #1: To approve the July 17, 2014 Board meeting minutes.

The motion was approved 8-0, with two abstentions. (*See Tally #1*)

CHAIRMAN'S COMMENTS

Fiduciary Training: Fiduciary training will be provided to Trustees and staff, from 10 a.m. to 11:30 a.m., prior to the Board meeting on Thursday, October 16, 2014.

Ethics Training: Darrin Sobin, Director of Government Ethics with the District's Board of Ethics and Government Accountability, will provide ethics training for Trustees before the October Board meeting (from 11:30 a.m. to 12:30 p.m.) following the Fiduciary training.

Trustee Compensation: Trustees should submit monthly timesheets to Bonnie Rivers at bonnie.rivers@dc.gov or DCRB.accounts@dc.gov within 60 days of the end of a month.

OPEB Advisory Committee: The District will establish an Other Post-Employment Benefits (OPEB) Advisory Committee to advise its Office of the Chief Financial Officer regarding administration of the OPEB Fund. The Mayor will appoint a representative from DCRB to the Committee.

DCRB Staff: Joan Passerino is welcomed back to DCRB as its new Director, Stakeholder Communication and Outreach. Joan will be responsible for all internal and external communication needs of the agency, as well as outreach to DCRB stakeholders.

DCRB Portal: The Board Portal Project will provide iPad training to Trustees in October and November. The training in October will cover device proficiency, and in November will cover Board Portal training.

DCRB Trustee: The Board's recognition of Diana Bulger's service to the Board will be presented at the October Board meeting.

EXECUTIVE DIRECTOR'S REPORT HIGHLIGHTS

Mr. Stanchfield presented the following information to the Board:

Data Reclamation Project: The Data Reclamation Project involves reviewing and reclaiming 4,559 active member service records and transmitting future member activity, including service and contribution histories, to DCRB on a bi-weekly schedule. To date 89% of the records have been reclaimed, with MPD at 100% (1,768 of 1,768), DCPS at 94% (2,113 of 2,265), and FEMS at 36% (190 of 526). It is expected that all records originally identified at the start of the project will be audited and reclaimed by the end of calendar year 2014. This project will ultimately result in a significant reduction in the time it currently takes to start benefit payments for new retirees.

Pension System Feasibility Study: The Pension System Feasibility and Requirements Study has begun with Linea Solutions performing interviews with key agency staff to better understand DCRB's requirements and future initiatives. Some of the topics include service, age and average pay calculations, and health care provisions. This phase is expected to continue until February 2015.

Legal Issues: *Joseph G. O'Rourke vs. DCRB* (CA No. 2014 003772B): On September 8, 2014, the D.C. Superior Court dismissed Mr. O'Rourke's lawsuit against DCRB claiming he was entitled to longevity pay in his retirement calculation. Mr. O'Rourke was hired as a lateral law enforcement officer (LLEO) in 2001 and retired in 2010. Because he did not purchase any of his prior lateral service and did not retire with the required 25 years of service, he was not entitled to

use his longevity pay in his retirement annuity. The court expressly stated that LLEO hires are treated as “new hires” under the Plan and receive no retirement credit for their lateral service unless they purchase the service under the terms of the Plan.

Cheryl Rivera vs. DCRB (No. 14-SP-117): On September 11, 2014, the D.C. Court of Appeals determined that the D.C. Spouse Equity Act of 1988 does not require the Mayor to accept posthumous qualified domestic relations orders (QDROs). DCRB rejected a QDRO that was submitted by a former spouse after a member’s death which included a spousal survivor annuity that was not provided for in the underlying divorce documents.

Treasury MOU: A Memorandum of Understanding (MOU) between DCRB and the U.S. Department of the Treasury’s Office of DC Pensions (ODCP) for FY 2015 has been drafted and forwarded to ODCP’s Director. It is expected that the MOU will be signed by the end of this month.

New Trustee Orientation: New Trustees Joseph Clark, Mary Collins, Gary Hankins, Nathan Saunders, and Lenda Penn Washington received Trustee Orientation Training on August 19, 2014.

DCRB Staff Changes:

- **Shalanda Brown** – Ms. Brown joined DCRB on July 27, 2014, as a Member Service Representative in the Benefits Department. Ms. Brown previously worked for the District’s Health Benefit Exchange Authority.
- **Peter Dewar** officially moved into a new position as Chief Technology Officer on August 11, 2014. Peter will continue to lead DCRB’s Information Technology Department, while serving in an expanded leadership role, reporting to the Executive Director, as a member of the Executive Leadership Team.
- **Daniel Hernandez** moved into a new position as Director of Special Benefits Projects on August 11, 2014 within the Benefits Department, reporting directly to Johnetta Bond. Daniel will focus on supporting the needs of the Benefits group related to key Benefit-project initiatives, while working closely with IT with the implementation of the pension modernization program.
- **Steven VanRees** will be leaving DCRB effective September 24, 2014.

Certificate of Achievement in Public Plan Policy (CAPPP) Training: DCRB will be offering the two-part CAPPP training to Trustees and Staff this fall. The CAPPP Part I training will be held on Monday, September 29 and Tuesday, September 30 and Part II will be held on Monday, October 27 and Tuesday, October 28.

Staff Appreciation: The Executive Leadership Team held its annual Staff Appreciation Day on the roof top of the IBEW building on July 25, 2014.

INVESTMENT COMMITTEE REPORT

Presentations at the Investment Committee meeting were made by Meketa, Cliffwater, and the Investment Staff.

Investment Committee Chair, Barbara Blum, presented the Board with the following 6 motions:

Motion #2: To terminate the Investment Manager that was approved in the Investment Committee meeting.

The motion was moved and properly seconded. *(See Tally #2)*

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

The motion was moved and properly seconded. *(See Tally #3)*

Motion #4: To commit up to \$25 million to Advent Latin America Private Equity VI LP, private equity, subject to contract negotiations.

The motion was moved and properly seconded. *(See Tally #4)*

Motion #5: To commit up to \$20 million to Harrison Street Real Estate Partners V, LLC, real estate, subject to contract negotiations

The motion was moved and properly seconded. *(See Tally #5)*

Motion #6: To commit up to \$20 million to Quantum Energy Partners VI, LP, energy, subject to contract negotiations.

The motion was moved and properly seconded. *(See Tally #6)*

Motion #7: To commit up to \$20 million to Centerbridge Capital Partners III, LP, private equity, subject to contract negotiations.

The motion was moved and properly seconded. *(See Tally #7)*

OPERATIONS COMMITTEE REPORT

The Operations Committee's Vice Chair, Mary Collins, reported the following:

- The Operations Committee met July 9, 2014, and will meet again in October to review the updated travel policy and pending contract actions.

- Aon Risk Services Inc., DCRB's insurance broker, will conduct a competitive process on behalf of DCRB to select an insurance carrier to provide fiduciary liability insurance. The Board renews its fiduciary liability policy on an annual basis. The policy, which has no material changes this year, is due to be renewed on November 1, 2014 and will continue in effect through October 31, 2015. Trustees should pay their individual \$25 waiver of recourse fee via check or money order payable to: Aon Risk Services.
- The Active Police Officer election is underway and proceeding on schedule. Candidate nominations are due to the Election Official by 5:00 p.m. on Wednesday, September 17, 2014. The results of the election are anticipated to be certified at the November 2014 Board meeting.

BENEFITS COMMITTEE REPORT

Benefits Committee Chair, Edward Smith, provided the following items:

District of Columbia Public Schools (DCPS) Refunds and Retirements: On September 2, 2014, the DCRB Benefits Department received a final list of 176 DCPS employees who accepted the Declaration of Intent (DINR) Application bonus and either resigned or retired at the end of the 2014 school year. Over the past two months, Benefits staff has received 71 requests for refunds and 55 retirement applications from DCPS.

Resolution 20-482 MPD Union Increase. Tier I Retired Police Impact: Active Tier I MPD officers received a 4% pay increase, effective and retroactive to April 7, 2013. This increase also impacted approximately 500 Tier 1 annuitants, who received both the equalization increase and the retroactive payments with their August 1, 2014 benefit payments. In addition, MPD nonunion police officers have since been afforded an additional 1% increase (Resolution 20-485), which requires an extra equalization increase to be paid.

Tier II/III Retired Police Impact: The annuities of approximately 116 Police annuitants who retired after April 7, 2013 are being recalculated. Due to STAR limitations, these recalculations require manual input of new average salaries, which increases the monthly workload of the benefits staff. The Benefits Department is using overtime to assure that the increases will be processed in time for the November 3, 2014 benefit payment.

Resolution 20-588 Fire Union Increase: The following pay increases for Fire Department personnel are:

- 3% increase, effective April 8, 2012
- 3.5% increase, effective April 7, 2013
- 3.5% increase, effective April 6, 2014

Again, due to STAR limitations, benefits staff will be required to manually input data to recalculate annuities for 109 Fire annuitants who retired after April 8, 2012.

Teachers Voluntary Contribution Project: The benefits staff completed refunds to 11 teachers of their voluntary pension contributions made under the supplemental annuity provision of the Teachers’ Plan which was repealed in 2012.

2009 EMS Supervisors Transfer– Purchase of Service Project: DCRB met with the Interim DC Fire Chief, Eugene Jones, on August 24, 2014, to update him on issues related to retirement for previously transferred EMS Supervisors who became participants of the Police Officers and Firefighters’ Retirement Plan. These participants may purchase their prior EMS service to receive an increased retirement benefit. DCRB is in the process of calculating the purchase costs for these members and creating a process to assist the members in transferring funds from their 401(a) and 457 retirement accounts to offset the cost.

LEGISLATIVE COMMITTEE REPORT

The Committee Chair, Lyle Blanchard reported on the following:

“Other Post-Employment Benefits Fund Amendment Act of 2014” (A20-421): This act subjects the District’s Other Post-Employment Benefits Fund (“OPEB Fund”) to similar fiduciary requirements applicable to the Teachers, Police Officers and Firefighters’ Retirement Funds and also creates an advisory committee that includes one DCRB trustee or one of its professional staff members to advise the District’s Office of the Chief Financial Officer in administration of the OPEB Fund. The act is pending congressional approval.

“Firefighter Retirement While Under Disciplinary Investigation Amendment Act of 2014” (B20-890): This legislation, referred to the Committee on the Judiciary and Public Safety, would add conditional retirement procedures for a member of Fire and Emergency Medical Services who retires during a disciplinary investigation.

Mr. Blanchard presented the following motion to the Board:

Motion #8: That the Board approves the following Legislative Committee Charter:

CHARTER DISTRICT OF COLUMBIA RETIREMENT BOARD LEGISLATIVE COMMITTEE

INTRODUCTION

The Legislative Committee has been established to assist the Board in fulfilling its fiduciary oversight responsibilities by reviewing and providing input and recommendations on proposed legislation.

AUTHORITY

To recommend, review, and assess key legislative initiatives for the Board.

COMPOSITION

The Committee shall be composed of a minimum of three (3) members. All members shall be appointed by the Chairperson of the Board.

MEETINGS

The Committee will generally meet on an as-needed basis as determined by the Committee Chairperson in consultation with the Chair of the Board.

RESPONSIBILITIES

The Legislative Committee shall be responsible for the following matters and shall report these matters to the Board for its action:

1. Monitor and report on testimony before the Council and the Congress;
2. Monitor and report on negotiations and deliberations with the District's executive and legislative branches and with the Congress on matters involving the Board and its responsibilities;
3. Perform all other duties assigned to it by the Board which involve relationships between DCRB and other governmental bodies.
4. Monitor and report on national and local events that could require DCRB to take public positions on pending or future legislation.
5. Oversee the orientation process for new Trustees with respect to materials related to legislative matters.
6. Identify the need for, and recommend to the Board, positions on proposed legislation.
7. Review the Legislative Committee Charter every two years or as deemed necessary by the Board.

The motion was moved and properly seconded. (*See Tally #8*)

AUDIT COMMITTEE REPORT

The Audit Committee Chair, Mr. Hankins, informed the Board that there is no report this month. He announced that there will be an Audit Committee meeting in October.

OTHER BUSINESS

In response to Councilmember's Vincent Orange's request for information regarding the status, through second quarter 2014, of DCRB's Small Business Enterprise (SBE) expenditure goals, DCRB confirmed the amount that Councilmember Orange stated in his request, and advised him that DCRB exceeded its annual SBE goals during third quarter 2014.

ADJOURNMENT

Motion #9: Chairman Bress introduced a motion to adjourn the meeting at 2:50 p.m.

The motion was moved and properly seconded. A vote was called and the motion was approved. (*See Tally #9*)

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

Tally #1		Date: September 17, 2014			
To approve the minutes of the July 17, 2014 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: September 17, 2014			
To terminate the Investment Manager that was approved in the Investment Committee meeting.					
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: September 17, 2014		
To approve the additions to the Real Assets & Private Equity Forward Calendar.					
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: September 17, 2014		
To commit up to \$25 million to Advent Latin America Private Equity VI LP, private equity, subject to contract negotiations.					
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: September 17, 2014			
To commit up to \$20 million to Harrison Street Real Estate Partners V, LLC, real estate, subject to contract negotiations.					
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 #6		Date: September 17, 2014			
To commit up to \$20 million to Quantum Energy Partners VI, LP, energy, subject to contract negotiations.					
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 #7		Date: September 17, 2014			
To commit up to \$25 million to Centerbridge Capital Partners III, LP, private equity, subject to contract negotiations.					
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 #8		Date: September 17, 2014			
That the Board approve the Legislative Committee Charter.					
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 #9			Date: September 17, 2014		
To adjourn the meeting at 2:50pm.					
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.	√				