



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
JANUARY 19, 2012
10:00 AM

MEMBERS PRESENT

Michael J. Warren, Chairman
Lyle M. Blanchard*
Joseph M. Bress
Deborah Hensley*
Judith C. Marcus
Darrick O. Ross
Edward C. Smith*
George R. Suter
Thomas N. Tippett
Lasana Mack, Ex-Officio

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Joan Passerino
Tom Anderson
Daniel Hernandez
Michael Williamson
Peter Dewar*
Vernon Valentine
Gurvinder Shergill
Corinne Koch
Deborah Reaves
Katie Schultz
Yolanda Smith
Denice McSears

MEMBERS NOT PRESENT

Barbara Davis Blum
Diana K. Bulger**
Joseph W. Clark

*Not present at Roll Call

**Participated by telephone but could not vote

ROLL CALL

Chairman Warren called the meeting to order at 10:30 a.m. Mrs. Deborah Reaves called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the December 15, 2011, Board meeting minutes. *A voice vote was called and the motion was approved 7-0. (See Tally #1)*

CHAIRMAN'S COMMENTS

Mr. Warren noted that DCRB is fully-funded and is one of the best funded retirement funds in the country. He encouraged all Trustees to attend as many committee meetings as possible because the Board is making a shift to drive more issues in committees.

GENERAL COUNSEL REPORT

Ms. Sampson, the General Counsel, read the General Counsel's Report, including the following items:

- Litigation Update: Rivera v. The District of Columbia Retirement Board and The U.S. Department of the Treasury: These cases have been consolidated in the U.S. District Court. Answers to the complaints are due February 10, 2012. The Groom Law Group will represent DCRB. Treasury is represented by the U.S. Department of Justice.

BENEFITS COMMITTEE REPORT

Mr. Suter, Benefits Committee Chair, updated the Board on the following activities:

- Systems Project Status Report: DCRB is preparing to move ahead with the acquisition and implementation of a new retirement calculation system, and the project team has recommended that beginning the business process reengineering activities prior to the system implementation would facilitate that implementation. This would also reduce processing time appreciably prior to the installation. A proposal was provided detailing some background information, as well as the steps and expected outcomes of the project.
- Mr. Michael Williamson presented the following information on this project: The project team is focusing five or six of the key agency processes with retirement as the most important. Mr. Williamson noted that Michigan and Ohio have done similar work. He noted that the project is projected to take no more than 24 months to complete.

Mr. Suter made the following motion, which was seconded by Ms. Hensley:

Motion #2: That the Board approve the preparation and issuance of an RFP to solicit a vendor to assist the Projects and Benefits staff in reengineering benefits administration processes and procedures to increase efficiencies and reduce the time needed to calculate benefits. *A voice vote was called and the motion was approved 9-0. (See Tally #2)*

- Post-retirement Health Care Coverage Changes: As a result of the statutory changes related to post-retirement health care, seven retirees were advised that they were no longer eligible for District health care coverage. After considerable discussion among DCHR, DCPS-HR, and DCRB staff, DCPS provided affected retirees with forms for Temporary Continuation of Coverage (TCC) to allow them to continue their coverage directly with their respective health carriers;
- Plan Compliance Matters: Amendments to maintain the tax qualified status of both the Teachers' and the Police Officers' and Firefighters' Plans under federal law were approved by the Board last month. DCRB and the Office of the Chief Financial Officer (OCFO) will present the legislative amendments to DC Council. DCRB staff met with DCPS to discuss coding errors and a correction process;
- Retirement Distribution Withholding Emergency Act of 2011: This legislation became applicable January 1, 2012, and requires DCRB to impose a mandatory District withholding tax of 8.95% - the top rate- on any pension distribution made to District residents from any of the District's retirement plans, including the District of Columbia's Police Officers and Firefighters' and Teachers' Retirement Plans;
- COLA Rates will be announced in late February or early March.

INVESTMENT COMMITTEE REPORT

Ms. Blum, Investment Committee Chair, updated the Board on the following items:

- Fund Performance: The Fund returned 3.7% for the previous quarter and 0.4% for the year. The value of the Fund is about \$4.7 billion. The domestic equity composite underperformed. The Fund is doing fairly well in a choppy market;
- Investment Committee Meeting: A meeting of the Investment Committee will be held on February 16, 2012;
- Sands: The three-year performance was 30.5% over the past three years and 5.7% for the five year.

There were no action items to be brought before the Board by this committee.

OPERATIONS COMMITTEE REPORT

In the absence of Operations Committee Chair Mr. Clark, Ms. Marcus read the Operations Committee Report, including the following items:

- Actuarial Report: The final actuarial certification letter was sent to Mayor Vincent Gray's office, the DC Council, and a copy was sent to the Office of Budget and Planning. The actuarial certification will be published in the District's FY 2011 Comprehensive Annual Financial Report;
- Officer Elections: At the February Board meeting, members of the Board will elect, by secret ballot, Board officers for a one year term;
- Audited Financial Statements: The auditors, Clifton Gunderson, will present the results of the fiscal year 2011 audit. The audit report was issued December 21, 2011, with an unqualified ("clean") audit opinion for fiscal year 2011;
- Retired Firefighter Election: True Ballot Incorporated counted ballots on November 16, 2011, and it was announced that Mr. Tippett was the winner. Per Section 4008.7 of the Board's Election Rules, a full count of the Retired Firefighter election, as confirmed by True Ballot Incorporated, was distributed at the meeting;
- Letter to Mayor Gray: A letter regarding District 2012 contributions, which was sent to Mayor Gray on December 29, 2011, was provided;
- Presentation by Mr. Owen Ward of Clifton Gunderson LLP and Mr. Ostroski, DCRB Controller: Mr. Ward noted that the audit report was issued on December 21, 2011, with an unqualified ("clean") audit opinion for the September 30, 2011 financial statements. Clifton Gunderson also issued a separate report on internal controls. A management letter was issued that included comments issued during the audit that were not considered significant material weaknesses. A standard letter was also issued stating that there were no unusual communications between DCRB management and the auditors. It also states that there were no difficulties encountered with management.

Mr. Warren made the following motion, which was seconded by Ms. Hensley:

Motion #3: To enter into Executive Session pursuant to D.C. Code §2-575(b)(11) to discuss financial information (11:15 a.m.). *A voice vote was called and the motion was approved 9-0. (See Tally #3)*

A motion was made by Mr. Bress, which was properly seconded:

Motion #4: To exit Executive Session at 11:40 a.m. *A voice vote was called and the motion was approved 9-0. (See Tally #4)*

LEGISLATIVE REPORT

The Legislative Report was given by Mr. Blanchard, Chair of the Legislative Committee. The items covered included:

- A19-265, “Retirement Distribution Withholding Emergency Act of 2011”
- B19-627, “Retirement Distribution Withholding Temporary Act of 2011”
Introduced December 20, 2011, by Councilmember Jack Evans, the emergency and temporary legislation impose a mandatory District withholding tax of 8.95% on any pension distribution made to District residents beginning January 1, 2012, from any of the District’s retirement plans, including the District of Columbia’s Police Officers and Firefighters’ and Teachers’ Retirement Plans, that is subject to federal withholding tax. The emergency legislation expires March 21, 2012. The temporary legislation passed January 4, 2012, and is subject to approval by the Mayor and Congress. A discussion of this legislation between trustees and DCRB staff followed.

No action items were recommended by the Committee.

EXECUTIVE DIRECTOR REPORT

Mr. Stanchfield updated the Board on the following items:

- Board Elections: Board of Trustees Elections will be held at February’s Board meeting. Current office holders are: Michael Warren – Chairman of the Board; Judith Marcus – Parliamentarian of the Board; Diana Bulger – Sergeant at Arms of the Board; Lyle Blanchard – Treasurer of the Board; and Joseph Bress – Secretary of the Board;
- Member Terms: The following member terms have expired or are nearing expiration: Barbara Blum, Mayoral Appointee – Term expires 1/27/12; Joseph Bress, Mayoral Appointee – Term expires 1/27/12; and Joseph Clark, Mayoral Appointee – Term expired 1/27/11;
- Projection Study: DCRB is discussing with Cavanaugh Macdonald the future conduction of a 50-year projection study. This study, last completed in 2006, will project cash flow and benefit payments;
- GFOA Award: DCRB again received the Government Finance Officer Association’s “Certificate of Achievement for Excellence in Financial Reporting” for Fiscal Year Ended September 30, 2010. Mr. Stanchfield congratulated the Financial Department and Sebastian Podesta for their work on this project;
- New Website: DCRB launched the new public facing website on December 21, 2011, with the assistance of the District’s Office of Chief Technology Officer. It is still located at <http://dcrb.dc.gov>. No DCRB funds were spent on the development of this site. The new website content management system, Drupal, is being constantly updated to provide sites with additional functionality;
- Change Management System: Mr. Dewar explained the implementation of a change management system that will allow DCRB to manage applications, servers, devices, and

workstations. This will allow DCRB to control and secure these technologies, and this system should ensure maximum use time by minimizing unscheduled outages. Also, it will bring more staff into the decision-making process;

- DCRB Technology Improvements: The IT department is implementing a change management system that will manage the risk associated with modifications to the IT environment at DCRB. This system will monitor and control change requests. This also helps DCRB meet Federal Information Processing Standards (FIPS 140-2) and National Institute of Standards and Technology (NIS 853) industry standards;
- DCRB New Staff: Wukyanos Gebremeskel has joined DCRB as an Applications/Database Administrator. He comes to DCRB with a strong technical background working with many of the same platforms that DCRB currently utilizes and plans to acquire in the future. As a Database Administrator, he will assist in supporting DCRB's application infrastructure, including developing, implementing, securing, and maintaining scalable databases;
- Trustee iPads: The IT department will be issuing a few iPads to Trustees following the meeting, with a scheduled roll-out to follow. A new version of the iPad is coming out in Spring 2012, so DCRB will be waiting to purchase the newest model. The goal is to reduce the amount of paper used by the Board during meetings by transmitting these documents electronically. A draft of an iPad and electronic device use policy is being drafted;
- DCRB Job Openings: DCRB is currently recruiting for Retirement Services Manager and Project Manager.

OTHER BUSINESS

Chairman Warren made the following motion, which was properly seconded by Ms. Marcus:

Motion #5: To enter into Executive Session pursuant to D.C. Code §2-575(b)(2) "to discuss, establish, or instruct the public body's staff or negotiating agents concerning the material terms of an employment contract," at 12:00 p.m. *A voice vote was called and the motion was unanimously approved. (See Tally #5)*

The following motion was made and was properly seconded:

Motion #6: To exit Executive Session at 12:45 p.m. *A voice vote was called and the motion was unanimously approved. (See Tally #6)*

There was no further business to be brought before the Board.

ADJOURNMENT

Motion #7: Ms. Hensley moved to adjourn the meeting at 12:50 p.m. The motion was seconded by Mr. Bress. *A voice vote was called and the motion was approved unanimously. (See Tally #7)*

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

Tally #1		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.					√
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #2		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #3		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Mr. Suter left the meeting during Executive Session.					

Tally #4		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #5		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #6		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #7		Date: January 19, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√
Tippett, Thomas N.	√				
Warren, Michael J.	√				