



**DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
JULY 18, 2013
12:30 PM**

MEMBERS PRESENT

Lyle M. Blanchard, Chairman
Barbara Davis Blum
Joseph M. Bress* (on phone)
Diana K. Bulger
Judith C. Marcus
Darrick O. Ross
Nathan Saunders
Edward C. Smith
Thomas N. Tippet
Jeffrey Barnette, ex-officio

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Sheila Morgan-Johnson
Joan Passerino
Thomas Anderson
Daniel Hernandez
Erie Sampson
Corinne Koch
Patrick Sahn
Leslie King
Michael Xanthopoulos
Sebastian Podesta
Deborah Reaves
Katie Schultz
Florence Jones
Yolanda Smith
Nina Bridgers
Steven Van Rees

MEMBERS NOT PRESENT

James E. Bunn
Michael Warren

OTHERS PRESENT

Brenda Mathis, OCFO

ROLL CALL

In the absence of Chairman Bress, Acting Chairman Blanchard called the meeting to order at 12:35 p.m. Ms. Florence Jones called the roll.

Mr. Steven Van Rees, a procurement contractor working at DCRB, was introduced.

Mr. Bress, who called into the meeting by telephone, was not officially able to vote since he was not physically in attendance at the meeting.

APPROVAL OF MINUTES

Mr. Blanchard made the following motion, which was seconded by Mr. Smith:

Motion #1: To approve the June 18, 2013 Board meeting minutes.

A voice vote was called and the motion was approved 6-0, with two abstentions. (See Tally #1)

EXECUTIVE DIRECTOR'S REPORT

Mr. Stanchfield updated the Board on the following items:

- Harvard Kennedy School Executive Education: Mr. Stanchfield gave a summary of this three-week training program he attended at the Board's approval;
- Department of Treasury Reconciliation of District Benefits Payments: On June 20, 2013, the Department of Treasury sent a letter and the Auditor's Report to the District's Chief Financial Officer, Natwar Gandhi, to notify him of the amount due from the District to Treasury. The final amount due to Treasury's D.C. Federal Pension Fund for the reconciliation of District Benefit Payments is \$30,893,813.90, of which \$9,390,563.37 relates to police officer and firefighter benefits and \$21,503,250.53 relates to teacher benefits. The terms of payment, as stated in the Letter of Agreement dated August 30, 2012, require that payment be made not later than one year after the completion of the Treasury Auditor's Report. Accordingly, the payment due date is on or before June 20, 2014;
- National Articles: The following items were discussed: "The National Council on Teacher Retirement Federal Update" and "The Funding of State and Local Pensions: 2012-2016" by Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, Center for Retirement Research at Boston College;
- Defense of Marriage Act Supreme Court Ruling Impact: On June 26, 2013, the Supreme Court ruled that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional (not recognizing same-sex couples as married for Federal law purposes). For Federal benefits purposes, married same-sex couples will now be treated the same as married opposite-sex couples for purposes of Federal laws such as the Federal Frozen Plans, FEGLI and FEHB, and the Internal Revenue Code. Some of the impacts were discussed. It was noted that future guidance by the Federal government will address any retroactivity;
- Office Lease: The office lease has been signed. On July 3rd, the architects presented preliminary plans for the 2nd floor to the Executive Director. DCRB is currently validating space needs and the architects are going to modify the plans based on feedback. The recommendation is for a partial move to the 4th floor at the end of August, and to assist in this activity, DCRB is developing a Request for Proposal for a Project Manager specializing in office moves;
- DCRB Human Resources: Job Posting - DCRB is currently recruiting for a Retirement Services Manager since Ms. Kande Hooten accepted the Quality, Compliance & Projects Manager position;
- Employee Development: Congratulations to DCRB's Contract Specialist, Yolanda Smith, on her completion of the Universal Public Procurement Certification Council's (UPPCC) designation of Certified Professional Public Buyer (CPPB). Ms. Smith successfully fulfilled the necessary application requirements and passed the May 2013 examination;
- Customer Service Training: On June 25th and 26th, Benefit staff members completed a one-day training session on customer care, which was taught by professional trainers from DCHR. This is the first of many training sessions that will occur as part of the Benefits Department implementation of the Business Processing Reengineering (BPR) recommendations.

GENERAL COUNSEL'S REPORT

Ms. Erie Sampson, General Counsel, presented her written report to the Board but did not read it into the record.

INVESTMENT COMMITTEE REPORT

Ms. Blum, Investment Committee Chair, presented her report to the Board, and the following items were discussed:

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

Motion #2: To change the investment vehicle for the Board's cash accounts from STIF to GSTIF, effective August 1, 2013.

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

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

Motion #3: To adopt the proposed Asset Allocation Policy presented by Meketa.

A voice vote was called and the motion was approved 8-0. (See Tally #3)

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

Motion #4: To conduct a search for a dedicated specialist bank loan manager.

A voice vote was called and the motion was approved 8-0. (See Tally #4)

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

Motion #5: To commit up to €15 million to CVC European Equity Partners Fund VI, a private equity fund, subject to contract negotiations.

A voice vote was called and the motion was approved 8-0. (See Tally #5)

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

Motion #6: To commit up to \$20 million to Sentinel Partners V, LP, a private equity fund, subject to contract negotiations.

A voice vote was called and the motion was approved 8-0. (See Tally #6)

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

Motion #7: To approve additions to the Real Assets & Private Equity Forward Calendar.

A voice vote was called and the motion was approved 8-0. (See Tally #7)

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

Motion #8: To retain Meketa Investment Group as the Board's general investment consultant for an additional 2 year period, effective August 1, 2013, subject to contract renegotiations.

A voice vote was called and the motion was approved 8-0. (See Tally #8)

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

Motion #9: To amend the Board's quorum rule (7 DCMR Sec. 1511) to authorize a majority of members actually serving on the Board to constitute a quorum for conducting official Board business when there are vacant trustee positions.

A voice vote was called and the motion was approved 7-0 with one abstention. (See Tally #9)

Mr. Blanchard made the following motion, which was seconded by Mr. Smith:

Motion #10: To authorize the Board's Investment Committee Chair to accompany the CIO and Investment Staff on a due diligence visit to Sands Capital Management.

A voice vote was called and the motion was approved 7-0 with one abstention. (See Tally #10)

Discussion: Trustees inquired as to where Sands is located, and it was noted that Sands is in Arlington, VA.

It was noted that Mr. Bress, participating by phone, voiced his support for all motions.

OPERATIONS COMMITTEE REPORT

Mr. Ross presented the Operations Committee report to the Board, and the following items were discussed:

- External Auditor: Mr. Anderson asked that the Board move into closed session before discussing this topic.

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

Motion #11: To enter closed session to discuss contract negotiations pursuant to D.C. Code § 2-575(b)(2).

A voice vote was called and the motion was approved 8-0. (See Tally #11)

Mr. Blanchard made a motion, which was seconded by Mr. Tippett:

Motion #12: To exit closed session.

A voice vote was called and the motion was approved 8-0. (See Tally #12)

Mr. Blanchard made the following motion, which was seconded by Mr. Smith:

Motion #13: To delegate authority to the Executive Director to finalize contract negotiations with CliftonLarsonAllen and execute a contract for auditing services.

A voice vote was called and the motion was approved 8-0. (See Tally #13)

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

Motion #14: To authorize the Executive Director to execute contracts, subject to final contract negotiations, with the following law firms:

- For Fiduciary Counsel: Groom Law Group *and* Morgan, Lewis & Bockius, LLP.
- For Investment Counsel: Morgan, Lewis & Bockius, LLP *and* Edwards Wildman.
- For Tax and Benefits Administration Counsel: Groom Law Group.
- For Securities and Litigation Counsel: Kessler Topaz Meltzer Check, LLP.

A voice vote was called and the motion was approved 7-1 (Mr. Tippettt opposed for the record). (See Tally #14)

BENEFITS COMMITTEE REPORT

Mr. Smith, Benefits Committee Vice Chair, reported on the following items:

- Business Process Reengineering (BPR): On June 4th, the Benefits Department held an “all hands” meeting to review the BPR progress to date and other miscellaneous Department items. Customer Care training for Benefits Staff was held by the District’s Workforce Development Administration staff in late June, and the Benefits Department is considering a part II Customer Care training session to be held in the fall. Also, after receiving approval of the position descriptions for the reorganized Benefits Department structure, a position posting was released for the Quality, Compliance, and Projects Manager. DCRB’s Retirement Services Manager, Kande Hooten, was selected to fill this role, and a position posting to backfill the Retirement Services Manger position will be released. With regard to the placement of individual staff members in the new structure, the Benefits Department anticipates individual meetings and placements will occur in August. When the BPR project began in October 2012, the contract completion date was scheduled to end in early June 2013. The Benefits Department has secured a “no cost” extension to the existing contract, which has approximately \$36,000 remaining and additional work to be done under the contract. The most recent project Timeline and Scorecard were distributed;
- Summary Plan Descriptions: SPD’s have been mailed to all members (both active and retired) and the remaining booklets are being shipped to DCRB. The Benefits Department will send a supply of booklets to its partnering agencies for their use and for distribution to new hires. Extras will also be sent to the Police and Firefighters’ Retirement and Relief Board, the Office of Pay and Retirement Services, the union offices, and to Treasury.

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

LEGISLATIVE COMMITTEE REPORT

Ms. Bulger, Legislative Committee Vice Chair, presented the committee report. The following item was presented to the Board:

- Hearing: B20-09, “Emergency Medical Services Amendment Act of 2013”: This proposed legislation would clarify the Mayor’s ability to transfer a civilian, single-role emergency medical service providers into the District of Columbia Police Officers and Firefighters’ Retirement Plan and to establish an advisory paramedic review board. However, no similar proposed amendments to the Police Officers’ and Firefighters’ Retirement Plan have been introduced to allow this group to participate in the Plan and receive any prior service credit. It was noted that this legislation was introduced in 2012 as B19-773, “Emergency Medical Services Amendment Act of 2012.” The law proposed to be amended is not in effect because it is subject to funding and no funding has been made available. The hearing was held by Mr. Tommy Wells, Chairperson of the Committee on the Judiciary and Public Safety, on July 11, 2013. Mr. Smith noted that he testified at the hearing in his role as Union President, and he emphasized the fact that DCRB needs to be consulted.

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

OTHER BUSINESS

- Mr. Stanchfield noted that Mr. Suter would have liked to come to the Board meeting to receive his plaque, but he has not able to do so. A small group from the Board and staff will visit him to present the plaque.
- Election Rules discussions were held and Mr. Blanchard made the following motion, which was seconded by Mr. Smith:

Motion #15: To amend the Board’s Election Rule 401.6 to repeal the quorum requirement for the Board to permit electronic balloting.

A voice vote was called and the motion was approved 8-0. (See Tally #15) Mr. Bress, participating by phone, voiced his support.

Election Rule 401.6 will read: “If electronic balloting is used, the election official shall conduct balloting in a manner that is consistent with the principles and objectives enumerated above for paper balloting, including safeguards to protect the authenticity and secrecy of the individual ballots.”

Discussion: Mr. Saunders voiced his support of this process because he believes that this would reduce expenses and allow more people to participate. Mr. Smith clarified that web voting may be an option in the future, as it is offered by several vendors, but DCRB currently only uses telephone and paper ballot voting.

- Mr. Barnette noted that there has been a change in leadership at the CFO’s office. Mr. Tony Pampa has left, and Mr. Bert Molina is currently the interim Deputy CFO.

ADJOURNMENT

Motion #16: Mr. Blanchard moved to adjourn the meeting at 10:00 a.m. Ms. Bulger seconded the motion.

A voice vote was called and the motion was approved 8-0. (See Tally #16)

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

Tally #1			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan			√		
Smith, Edward C.			√		
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #2			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #3		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #4		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #5		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #6		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #7		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #8		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #9			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.			√		
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #10			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis			√		
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #11		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #12		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #13		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #14		Date: July 18, 2013			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.		√			
Warren, Michael J.					√

Tally #15			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan					√
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Tally #16			Date: July 18, 2013		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.	√				
Bunn, James E.					√
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√