



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
MAY 17, 2012
12:00 PM

MEMBERS PRESENT

Joseph M. Bress, Secretary
Lyle M. Blanchard
Barbara Davis Blum
Joseph M. Bress
James E. Bunn
Deborah Hensley
Lasana Mack, Ex-Officio
Darrick O. Ross
Edward C. Smith
George R. Suter

DCRB STAFF PRESENT

Sheila Morgan-Johnson, Acting Exec. Director
Erie Sampson, General Counsel
Tom Anderson
Joan Passerino
Daniel Hernandez
Peter Dewar
Corinne Koch
Leslie King
Donnie Bryant
Sebastian Podesta
Deborah Reaves
Katie Schultz
Rabinai Carson
Denice McSears
Yolanda Smith

MEMBERS NOT PRESENT

Michael J. Warren, Chairman
Diana K. Bulger
Judith C. Marcus
Thomas N. Tippet

OTHERS PRESENT

Mr. Bryce Haws, Linea Solutions
Mr. Peter Jansen, CBRE
Mr. Michael McShea, CBRE
Mr. Akio Tagawa, Linea Solutions
Mr. Robert Taylor, State Street

ROLL CALL

In the absence of Chairman Warren, Mr. Bress served as Chairman for this meeting. Mr. Bress called the meeting to order at 12:05 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the April 19, 2012 Board meeting minutes.

A voice vote was called and the motion was approved 8-0. (See Tally #1)

CHAIRMAN'S COMMENTS

Mr. Bress updated the Board on the following items:

- iPad's were distributed to all Board members with the exception of Mr. Tippet and Mr. Mack. DCRB's IT team is working to ensure the portals needed to distribute the materials

for these meetings are working and soon the Board members will receive these documents electronically.

- DCRB is still working to access active member data related to retirement. Mr. Bunn has volunteered to facilitate a meeting with his contact in the Mayor's office.
- Committee assignments were made and Board members received their letters. It is the Chairman's expectations of the committee chairs to schedule meetings and activities for the remainder of the year so that members will have advanced notice to fit these commitments into their schedules.
- DCRB's IT Strategy Plan was requested by Councilmember Bowser. Mr. Bress explained that the IT team would be developing this over the next few months.

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

Motion #2: To move to the Operations Committee report out of order.

A voice vote was called, and the motion was approved 8-0. (See Tally #2)

Without any objection, Mr. Bress continued the meeting out of order to allow the Operation Committee's report to be discussed.

OPERATIONS COMMITTEE REPORT

DCRB Lease Extension Proposal:

Yolanda Smith, Contract Specialist, provided an introduction and overview of the lease proposals and renewal process. Out of three proposals received, CB Richard Ellis (CBRE) was the firm selected. CBRE's representatives Michael B. McShea, Executive Vice President, and Peter Jansen, Sr. Production Analyst, presented the results of the negotiations with the landlord, Akridge.

CBRE presented the final negotiated terms from the proposed DCRB lease extension. *This presentation is redacted pursuant to D.C. Code §§2-575(b)(2) and 1-909.05(f).*

Mr. Bress made the following motion, which was properly seconded by Mr. Suter.

Motion #3: To approve the negotiated lease extension proposal that CBRE is proposing.

A voice vote was called, and the motion was approved 6-0 with two abstentions. (See Tally #3)

Ms. Blum requested that the record show that she felt DCRB should have never moved into class A space (although now that DCRB is here she feels it is prudent to remain).

Mr. Bress continued with the Operations Committee agenda, moving to Mr. Hernandez's presentation of IT resources for DCRB Intranet.

Request to Solicit for IT Resources for Intranet:

Daniel Hernandez, Director of Policy and Program Development and Evaluation, presented the request to acquire IT resources to build DCRB's Intranet.

- This request is to release an RFP for the implementation of an Intranet site leveraging the existing SharePoint and Project Server software being used by DCRB. The Intranet will serve as a communication tool and a repository for all agency forms and documents. It can be accessed externally through a secured site only by staff and Trustees. Benefits from this project will further automate and expedite communications and directs specific messages to all staff at one time.

Mr. Bress reiterated if the solicitation comes back at \$100,000 or below, then the request does not require Board approval.

Mr. Bress made the following motion, which was properly seconded:

Motion #4: To approve the preparation and issuance of an RFP to solicit a vendor to assist in developing a SharePoint based Intranet. *A voice vote was called and the motion was approved 7-0. (See Tally #4)*

Long-term and Short-term Disability:

DCRB staff released a Request for Quotations (RFQ) for long-term and short-term disability plan packages. Daniel Hernandez, Director of Policy and Program Development and Evaluation, and Vernon Valentine, Human Resources Manager, discussed the process and outcome of evaluating the proposals. Upon further discussion of the Committee, the team was asked to provide follow-up on several questions regarding coverage and varied approaches to implementing a supplemental disability plan. At the request of the Committee, the team will provide an update at the next Operations Committee meeting.

Procurement and Acquisition Report:

- DCRB procurement staff provided a report of all agency contracts entered into within the Executive Director’s authority of \$100,000 and below on a quarterly basis.
- An outline of the quarterly Contracts Report was included in the materials to Board members.

EXECUTIVE DIRECTOR REPORT

In the absence of the Executive Director, Mr. Stanchfield, Ms. Morgan-Johnson, Acting Executive Director, Mr. Hernandez and Ms. Passerino updated the Board on the following items:

- **D.C. Council Testimony:** On Friday, April 20th, the Committee on the Judiciary held its Fiscal Year 2013 Budget Hearing for the District of Columbia Police Officers and Firefighters’ Retirement Plan. Trustee Blanchard and senior staff testified on behalf of DCRB. The requested follow-up items are: historical Entry Age Normal information; ideas for DC interagency cooperation; updated Summary Plan Descriptions; and comparative data on local area benefits. The Judiciary Committee report also referenced a recommendation for a prospective cap on the maximum salary against which benefits are calculated for employees under the retirement system.

On Wednesday, April 25th, the Committee on Government Operations held DCRB’s Fiscal Year 2013 Budget Hearing. Trustee Bulger and senior staff testified on behalf of DCRB. Trustee Blanchard was also in attendance. The requested follow-up items are: an IT Strategic Plan and contribution history information, including adjustments;

- **Final Reconciliation of Investment and Administrative Expenses:** The Office of DC Pensions (ODCP), DCRB, and OCFO reviewed the historic investment data and the administrative expenses through December 31, 2009. All entities agreed that no reimbursements were required for the final reconciliation of investments and administrative expenses incurred through December 31, 2009. To document this conclusion, a letter of agreement was executed by ODCP, DCRB, and OCFO.
- **Member Services Call Metrics:** The Members Services Center now has a flat screen monitor to assist staff and management in monitoring call activity. Statistics such as the number of dropped calls, the average call time, the number of calls in queue, and the number of calls per day/staff member are displayed. The new statistics will be reported in a quarterly Benefits Report.
- **Teachers, 100+ Refunds for DCPS:** DCRB expects a large number of refunds due to teacher “excessing.” There are also reports that teachers with good evaluations and 20 years of service who lose their jobs in the annual “excessing” process are eligible for early retirement with full benefits. Ms. Passerino mentioned the provision is similar to the retirement options act but requires legislation and proper funding. Mr. Mack asked if this provision in the teacher’s contract was determined without an actuary, legislation or DCRB review. Ms. Sampson, DCRB General Counsel, responded that DCRB sent over suggested proposed legislation to DCPS’s General Counsel over one year ago. DCRB cannot implement the contract provision until the Teachers’ Plan is properly amended.

GENERAL COUNSEL REPORT

No General Counsel Report was provided.

INVESTMENT COMMITTEE REPORT

Investment Committee Chair Barbara Blum updated the Board on the following topics:

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

Motion #5: To approve the May 14, 2012, Alternative Investment Manager Governance Policy. *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. Suter:

Motion #6: To approve the Board’s Private Real Assets Annual Capital Commitment Budget:

- (1) Private Real Estate - target of \$40 million, range of \$0 to \$60 million, with a target of 2 to 4 investments with an investment range of \$10 to \$20 million per investment.
- (2) Private Infrastructure/Opportunistic - target of \$20 million, range of \$0 to \$40 million, with a target of 0 to 4 investments with an investment range of \$0 to \$20 million per investment.
- (3) Private Energy - target of \$15 million, range of \$0 to \$30 million, with a target of 0 to 3 investments with an investment range of \$10 to \$15 million per investment.

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

BENEFITS COMMITTEE REPORT

Mr. Suter updated the Board on the following committee items:

Business Process Reengineering

The RFP for Business Process Reengineering was released on March 14, 2012 and responses were received from four firms by the April 13th due date. The RFP evaluation panel members (Peter Dewar, Daniel Hernandez, Corinne Koch, Joan Passerino, and Michael Williamson) each reviewed the responses, separately scored the proposals, and met on April 17, 2012 to discuss the results.

Mr. Akio Tagawa, President, and Bryce Haws, Director of Strategy and Development, of Linea Solutions presented an overview of their background working in the public pension arena. Mr. Tagawa, a District resident, provided an overview of the firm, which was founded in 1999. The firm focuses on pension and health and welfare plans; provides solution based strategic operations; and plays a significant role in organizational change management. Linea assesses processes; suggests opportunities for change, reengineering, and policy compliance; and points out high risk deficiencies. Linea does not design software or resell software.

Mr. Smith asked for the estimated timeline to complete the project. Mr. Tagawa responded that the goal stated in the RFP is to re-engineer seven of DCRB's main processes which should take about 12 months. Mr. Smith then asked what the end goal is. Mr. Tagawa responded Linea will implement some of these changes while training key stakeholders and staff members to implement the remainder of the changes. Ms. Hensley asked how this fits into the larger picture of improving our business processes. Ms. Passerino responded by saying that a chart in their presentation materials explains all the components it will take to implement DCRB's own system. This is one of those components. Mr. Haws responded by explaining that DCRB can choose which process to start with; there is no specific order to follow. The components of DCRB's larger picture are: imaging, processes, data reclamation and software. Linea will approach this work in two steps: (i) work with key stakeholders so that all are on the same plan for the next number of years; and (ii) set up a training program to continue to monitor these processes.

After the presentation, a discussion followed. *This discussion is redacted pursuant to D.C. Code §§2-575(b)(2), (11) and 1-909.05(f).*

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

Motion #7: *This motion is redacted pursuant to D.C. Code §§2-575(b)(2), (11) and 1-909.05(f). A voice vote was called and the motion approved 8-0. (See Tally #7)*

LEGISLATIVE COMMITTEE REPORT

The Chair of the Legislative Committee, Mr. Blanchard, updated the Board on the following items:

The “Fiscal Year 2013 Budget Support Act of 2012” (B19-743)

Councilmember Phil Mendelson, Chair of the Committee on the Judiciary, proposed amending the act to include the “District of Columbia Retirement Board Actuarial Method Amendment Act

of 2012,” which would change the funding method used for determining the District of Columbia’s annual required contribution to the Police Officers and Firefighters’ and Teachers’ Retirement Funds from the aggregate cost method to the entry age normal method, applicable beginning October 1, 2013.

The “Emergency Medical Services Amendment Act of 2012” (B19-773)

Councilmember Phil Mendelson introduced this proposed legislation to clarify that the Mayor has the authority to allow civilian, single-role emergency medical service providers to participate in the District of Columbia Police Officers and Firefighters’ Retirement Plan. However, the proposed legislation does not include an amendment to the Plan to allow this group to participate in the Plan.

Mr. Blanchard commented that he did ask Councilmembers Mendelson and Bowser if they could include DCRB in future meetings.

OTHER BUSINESS

The next Board meeting will be held on June 21, 2012.

ADJOURNMENT

Motion #8: Mr. Bress moved to adjourn the meeting at 2:44 p.m. The motion was seconded by Ms. Hensley.

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

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

Tally #1		Date: May 17, 2012			
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #2		Date: May 17, 2012			
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #3			Date: May 17, 2012		
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.			√		
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #4			Date: May 17, 2012		
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√ (out of the room)
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #5		Date: May 17, 2012			
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #6		Date: May 17, 2012			
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #7			Date: May 17, 2012		
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√

Tally #8			Date: May 17, 2012		
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.	√				
Hensley, Deborah	√				
Marcus, Judith C.					√
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.					√
Warren, Michael J.					√