



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
NOVEMBER 20, 2014
2:30 P.M.

MEMBERS PRESENT

Joseph M. Bress, Chairman
Lyle M. Blanchard
Joseph Clark
Mary Collins
Gary Hankins
Nathan A. Saunders
Thomas N. Tippet
Lenda P. Washington

DCRB STAFF PRESENT

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

MEMBERS NOT PRESENT

Edward C. Smith
Darrick O. Ross
Barbara Davis Blum
Michael J. Warren
Jeffrey Barnette, ex officio

ROLL CALL

Chairman Bress called the meeting to order at 2:30 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Bress introduced the motion to approve the October 16, 2014 Board meeting minutes. The motion was moved by Trustee Hankins and seconded by Trustee Washington.

Motion #1: To approve the October 16, 2014 Board meeting minutes.

The motion was approved 8-0. (*See Tally #1*)

Chairman Bress noted that in the interest of time, the Board would open with the Benefits Committee Report and conclude with the Chairman's comments.

BENEFITS COMMITTEE REPORT

Benefits Committee Vice-Chair, Nathan Saunders, reported the following highlights:

80% Maximum Benefit/COLA Lookback Update

The U.S. Department of the Treasury's Office of DC Pensions (ODCP) last met with the Benefits Committee in October 2013 to discuss the Federal Lookback COLA and Max 80 error projects. ODCP's Director Nancy Ostrowski returned November 20, 2014 to provide the Benefits Committee with an update on these projects as well as other errors discovered when researching these two projects.

ODCP is authorized under the Balanced Budget Act of 1997 (BBA) to provide certain benefit payments under the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (the "Plans"). Since September 2005 through a Memorandum of Understanding with Treasury, DCRB has served as the interim benefits administrator for the Plans.

The Director provided the following background on the two issues: The Lookback COLA issue impacts approximately 414 retired D.C. police officers, firefighters, and teachers. Between 1980 and 1997, retirees with a March 1 or September 1 benefit commencement date received two COLAs when they were only entitled to one COLA. This has resulted in Federal benefit overpayments to members totaling \$7,710,765. The Federal Max 80 issue is based on a publication error in the D.C. Code from 1980 through 2010 which impacts approximately 103 retired D.C. police officers and firefighters. This error resulted in Federal benefit overpayments totaling \$3,430,920. Additionally, when researching the Federal Max 80 and Lookback COLA errors, Treasury discovered other errors in the affected populations' benefit calculations totaling \$3,003,435.

Treasury's position is that it can only make benefit payments specifically authorized by the statute-at-large. Treasury's interpretation of the BBA is that Treasury is required to make prospective benefit changes to correct for the benefit overpayment issues. The Director communicated that Treasury does not have flexibility to do anything other than to make benefit changes prospectively. Treasury has not made a decision on collecting past overpayments but will have a decision by January 2015.

Treasury will notify affected Federal annuitants in January 2015 regarding prospective benefit changes. Treasury will open a call center on January 21, 2015. Treasury plans to correct benefits prospectively for Federal annuitants effective with the March 2, 2015 benefit payment. Treasury estimates that the maximum benefit reduction is \$1,745/month and the average benefit reduction is \$107/month. Treasury will also correct the 100 underpayments identified during the projects. The estimated maximum increase due to underpayments is \$504/month.

Benefit payment changes will be effective March 2, 2015. However, affected individuals will have 60 days from the receipt of the January benefit change letter to request reconsideration of

the benefit calculation from Treasury, and subsequently the right to an administrative appeal in accordance with ODCP's Federal Regulations.

The Director communicated that, to the extent these issues affect Federal funds, Treasury consults with the Board but the final decision for overpayments and future payment changes affecting the Federal population resides with Treasury.

After a lengthy discussion that included comments on the Board's fiduciary obligation, equity, fairness, and the cost of alternate courses of action, the Benefits Committee's Vice-Chair, Nathan Saunders, introduced and moved the following motions:

Motion #2: Subject to DCRB's independent verification of data, it is the sense of the Board that it would be imprudent for DCRB to take any action to recover or reduce any payments from District retirees impacted by the 30-year D.C. Code Max 80 publication error.

The Motion was seconded by Trustee Collins. The motion was approved 7-0, with one no-vote recusal. (*See Tally #2*)

Motion #3: The Board adopts the updated DCRB policy guidelines for correcting benefit overpayment/underpayment errors and delegate to the Executive Director the authority and discretion to implement the policy.

The motion was seconded by Trustee Hankins. The motion was approved 8-0. (*See Tally #3*)

OPERATIONS COMMITTEE REPORT

There was no Operations Committee meeting this month. Vice-Chair Mary Collins presented the following highlights:

Active Police Election

Vice-Chair, Mary Collins, introduced a motion to confirm the following results of the 2014 Active Police Officer Election.

Active Police Officer Trustee	Telephone Vote	Paper Vote	Total Votes
Darrick O. Ross	92	179	271
Lewis John Douglass, Jr.	28	48	76
Winston F. McGill	7	16	23
Kamau Green	2	5	7

Motion #4: To certify the results of the 2014 Active Police Officer Election.

The motion was moved and properly seconded by Trustee Hankins. The motion was approved 8-0. (*See Tally #4*)

EXECUTIVE DIRECTOR'S REPORT HIGHLIGHTS

Mr. Stanchfield presented the following highlights to the Board:

Total FY 2015 District Pension Contribution

The District's total FY 2015 contribution to the Funds of \$142,943,000 (\$39,513,000 for the Teachers' Plan and \$103,430,000 for the Police/Fire Plan) was received on October 24, 2014.

Fall 2014 Newsletter

The fall 2014 DCRB newsletter was scheduled to be mailed to participants (actives and retirees, plus survivors) beginning Friday, November 14. As in past years, articles in this edition cover year-end Benefits Department activities (e.g., tax information, open enrollment, and any changes to the health care programs), Medicare, fiscal year-end 2014 investment results, an update on the Data Reclamation project, and recent changes on the Board.

Public Pension Coordinating Council Funding Award

For the fifth year in a row, DCRB has received the Public Pension Coordinating Council's Recognition Award for Funding, which acknowledges a system's meeting professional standards for plan funding as set forth in the Public Pension Standards.

District Holiday Gifts, Parties, Décor Policy

DCRB's Legal Department distributed the District's Holiday Gifts, Parties, and Décor Policy to staff this week in advance of the upcoming holiday season.

DCRB Staffing Change

Mr. Stanchfield announced that **Neda Bolourian** joined DCRB's Procurement Department as a Contract Administrator on November 18, 2014. Ms. Bolourian's recent experience includes working in the legal department of a financial services firm, where she focused on contract matters.

Bridge Contract for Enterprise Architectural Services

Mr. Stanchfield indicated that this motion would normally be presented to the Board through the Operations Committee, but since that Committee had already presented its Report, he asked Peter Dewar, DCRB's Chief Technology Officer to introduce the following motion:

Motion #5: To authorize the Executive Director to enter into a sixty (60) day contract with Tony Phan for Enterprise Architectural services not to exceed \$53,200.

The motion was moved and properly seconded by Trustee Washington. The motion was approved 8-0. (*See Tally #5*)

INVESTMENT COMMITTEE REPORT

There was no Investment Committee Meeting this month.

CHAIRMAN'S COMMENTS

Chairman Bress reported the following highlights:

Fiduciary Liability Insurance

Trustees are reminded to submit their \$25 for a recourse waiver.

Fossil Fuel Divestment Act of 2013 (B20-481)

Chairman Bress updated the Board on the Fund's direct exposure to 3 of the 200 largest Fossil Fuel companies, representing an aggregate value of \$8.2 million and 0.13% of the total Fund market value.

Next Board Meeting

Mr. Bress stated that the next Board meeting is scheduled for Thursday, December 18, 2014

LEGISLATIVE COMMITTEE REPORT

The Committee Chair, Lyle Blanchard reported on the following:

B20-890, "Firefighter Retirement While Under Disciplinary Investigation Amendment Act of 2014"

The D.C. Council's Committee on Judiciary and Public Safety's mark-up of the bill strikes the bill's language which would violate the D.C. Police Officers and Firefighters' Retirement Plan's (the "Plan") anti-alienation provisions, and replaces it with language consistent with the terms of the Plan. Additionally, the bill's Committee Report includes a conforming amendment for the "Police Retirement While Under Disciplinary Investigation" law (D.C. Code § 5-805) to strike and replace language that violates the Plan's anti-alienation provisions.

AUDIT COMMITTEE REPORT

There was no Audit Committee meeting this month.

OTHER BUSINESS

No other business was discussed.

ADJOURNMENT

Motion #6: Chairman Bress introduced a motion to adjourn the meeting at 3:09 p.m.

The motion was moved by Trustee Collins and seconded by Trustee Gary Hankins. The motion was approved 8-0. (*See Tally #6*)

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

Tally #1		Date: November 20, 2014			
To approve the minutes of the October 16, 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: November 20, 2014			
Subject to DCRB's independent verification of data, it is the sense of the Board that it would be imprudent for DCRB to take any action to recover or reduce any payments from District retirees impacted by the 30-year D.C. Code Max 80 publication error.					
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: November 20, 2014			
The Board adopts the updated DCRB policy guidelines for correcting benefit overpayment/underpayment errors and delegate to the Executive Director authority and discretion to implement the policy.					
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: November 20, 2014			
To certify the results of the 2014 Active Police Officers Election					
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: November 20, 2014			
To authorize the Executive Director to enter into a sixty (60) day contract with Tony Phan for Enterprise Architectural services not to exceed \$53,200.					
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: November 20, 2014			
To adjourn the meeting at 3:09 p.m.					
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.	√				