



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
JANUARY 22, 2015
1:15 P.M.

MEMBERS PRESENT

Joseph M. Bress, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Joseph W. Clark
Mary A. Collins
Darrick O. Ross
Nathan A. Saunders
Edward C. Smith
Thomas N. Tippet
Michael J. Warren
Lenda P. Washington

DCRB STAFF PRESENT

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

MEMBERS NOT PRESENT

Gary W. Hankins
Jeffrey Barnette, ex officio

OTHERS PRESENT

Jennifer O'Dell, Laborers International
Union of North America

ROLL CALL

Chairman Bress called the meeting to order at 1:15 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Bress introduced a motion to approve the December 18, 2014 Board meeting minutes.

There was a discussion regarding the Board Rules related to electronic participation. Mr. Saunders questioned as to whether the minutes should reflect remote participation as being present. Past practice has been that trustees may participate electronically. However, that participation has routinely been indicated on the minutes as not present but participating via telephone. Chairman Bress indicated that he has charged the Operations Committee with reviewing the subject of remote participation and its effect on voting and meeting attendance.

Following the above discussion, the motion was moved by Trustee Blanchard and seconded by Trustee Smith.

Motion #1: To approve the December 18, 2014 Board meeting minutes.

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

CHAIRMAN’S COMMENTS

Chairman Bress reported the following highlights:

April Board Meeting

Chairman Bress reminded the Trustees that there would be no April Board meeting, since the third Thursday in April falls on the District’s Emancipation Day holiday.

Trustee Acknowledgement Form

Chairman Bress also reminded Trustees that they all need to sign an Acknowledgement Form affirming their full compliance with District law (D.C. Official Code § 1-744) related to serving in a fiduciary position and the fiduciary responsibilities set forth in the D.C. Code.

Board Officer Elections 2015

Chairman Bress indicated that pursuant to Board Rules, the election of officers of the Board will be held during the February 2015 meeting. These positions include: Chairman, Secretary, Treasurer, Parliamentarian, and Sergeant-at-Arms.

INVESTMENT COMMITTEE REPORT

The Investment Committee Chair, Ms. Blum, stated that the Investment Committee met earlier in the day, and she presented the following motions for the Board’s consideration:

Motion #2: To approve the revised Governance Policy for Alternative Investments that was adopted January 22, 2015, as amended.

The motion was moved and properly seconded by Trustee Saunders. The motion was approved 11-0. (*See Tally #2*)

Motion #3: To approve the Private Assets Annual Capital Budget:

- (1) Private Equity – target of \$180 million, range of \$150 - \$210 million, with a target of 5 – 7 commitments with an average commitment size of \$30 million.
- (2) Private Real Estate – target of \$75 million, range of \$0 - \$100 million, with a target of 2 – 4 investments with an investment range of \$20 - \$30 million per investment.
- (3) Private Infrastructure/Opportunistic – target of \$40 million, range of \$0 - \$60 million, with a target of 0 – 3 investments with an investment range of \$20 - \$30 million per investment.
- (4) Private Energy – target of \$40 million, range of \$0 - \$75 million, with a target of 0 -3 investments with an investment range of \$20 - \$30 million per investment.

The motion was moved and properly seconded by Trustee Clark. The motion was approved 11 – 0. (*See Tally #3*)

Motion #4: To approve the Investment Policy Statement for Real Assets.

The motion was moved and properly seconded by Trustee Warren. The motion was approved 11 – 0. (*See Tally #4*)

EXECUTIVE DIRECTOR’S REPORT

Mr. Eric Stanchfield presented the following highlights to the Board:

Max 80 and Lookback COLA

On December 31, 2014, the U.S. Department of the Treasury's Office of DC Pensions (ODCP) provided DCRB with a letter outlining their decisions regarding the corrections related to the 80% maximum benefit, Lookback COLA, and other errors that occurred from 1980 through 2010. As noted, ODCP plans to provide affected annuitants with an explanatory letter around January 21st, advising them of what happened, what will happen, and when. Essentially, Treasury has decided to fully correct all benefits prospectively and underpayments retroactively, waive the collection of past overpayments attributable to systemic errors, and seek to collect past overpayments attributable to ordinary errors. All corrections will be reflected in the March 2015 annuity payments.

O'Rourke vs. DCRB

On January 12, 2015, DCRB responded to Joseph O'Rourke's Appeal in the D.C. Court of Appeals. Mr. O'Rourke sued to have longevity pay included in his retirement calculation, even though he retired with 8 years rather than the required 25 years of active service and had not purchased his prior service. The D.C. Superior Court dismissed Mr. O'Rourke's lawsuit and he is now appealing this decision.

Contract Legislation

Proposed legislation was introduced in the D.C. Council on January 6, 2015 that would amend the D.C. Home Rule Act and the Procurement Practices Reform Act of 2011, exempting DCRB contracts from Council review. Details are included in the Legislative Committee Report.

OPERATIONS COMMITTEE REPORT

The Operations Committee Chair, Mr. Ross, stated that the committee did not meet this month and that there is no report for January. Mr. Ross reminded the Board that the new Trustee Travel Policy, which was approved at the December Board meeting, is included with the Board materials.

BENEFITS COMMITTEE REPORT

The Benefits Committee Chair, Mr. Smith, stated that the committee did not meet this month. Mr. Smith provided the following highlights from the Benefits Department activities:

Max 80/Lookback COLA Letters and Calls

The Treasury Department will send letters to affected annuitants around January 21st and a call center will become operational that same day to handle any inquiries.

1099R Forms For Benefits Received During 2014

On January 15, 2015, the Treasury Department's Bureau of Fiscal Services mailed 1099R Forms to annuitants, reflecting their pension benefits for tax year 2014.

LEGISLATIVE COMMITTEE REPORT

The Legislative Committee Chair, Mr. Blanchard, stated that the committee did not meet this month. Mr. Blanchard reported the following:

B21-0014, "Council Contract Review Repeal Act of 2015"

This legislation would amend the District of Columbia Home Rule Act (D.C. Code § 1-204.51)

by repealing the requirement that contracts in excess of \$1 million during a 12-month period, as well as multi-year contracts, be subject to D.C. Council review. A conforming amendment would be made to the Procurement Practices Reform Act of 2011 (“PPRA”) (D.C. Code § 2-352.02). Thus, consistent with its fiduciary duties, the District of Columbia Retirement Board, which is exempt from the PPRA except for the D.C. Council review requirement (D.C. Code § 2-351.05(c)), would not be required to submit its contracts to the D.C. Council.

A discussion follows regarding DCRB’s fiduciary responsibilities and the potential effect of the February 2014 “Procurement Practices Reform Exemption Amendment Act of 2014” on those obligations. The Trustees also discussed possibly meeting with the Mayor and the Council Chairman to address these issues.

AUDIT COMMITTEE REPORT

In Audit Committee Chairman Hankins’ absence, Ms. Washington introduced DCRB’s auditors, CliftonLarsonAllen, who provided information on the Fiscal Year (FY) 2014 audit that was previously presented at the Audit Committee’s January 20, 2015 meeting.

The auditors indicated that they have completed the FY 2014 audit and provided DCRB with an unmodified (clean) opinion. They indicated that they detected no material weaknesses, and that DCRB has made considerable progress on the one significant deficiency related to census data received from other agencies, which has been an issue over the past few years. There were no material findings associated with compliance or other matters. The auditors also noted that the Plans’ funded status is excellent, and that DCRB has one of the lowest discount rates in the country. Finally, the auditors indicated that next year, in accordance with GASB 67 and 68, the net pension liability will be reflected on the District’s financial statements.

Motion #5: To approve the FY 2014 Audit and the Annual Financial Statements.

The motion was moved and properly seconded by Trustee Blum. The motion was approved 10 – 0. (*See Tally #5*)

ADJOURNMENT

Motion #6: Chairman Bress introduced a motion to adjourn the meeting at 2:38 p.m.

The motion was properly moved and seconded by Trustee Collins. The motion was approved 10 – 0. (*See Tally #6*)

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

Tally #1:		Date: January 22, 2015			
To approve the December 18, 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: January 22, 2015			
To approve the revised Governance Policy for Alternative Investments that was adopted January 22, 2015, as amended.					
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.	√				

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

Tally #3		Date: January 22, 2015			
To approve the Private Assets Annual Capital Budget:					
(1) <u>Private Equity</u> – target of \$180 million, range of \$150-\$210 million, with a target of 5 – 7 commitments with an average commitment size of \$30 million.					
(2) <u>Private Real Estate</u> – target of \$75 million, range of \$0 - \$100 million, with a target of 2 – 4 investments with an investment range of \$20 - \$30 million per investment.					
(3) <u>Private Infrastructure/Opportunistic</u> – target of \$40 million, range of \$0 - \$60 million, with a target of 0 – 3 investments with an investment range of \$20 - \$30 million per investment.					
(4) <u>Private Energy</u> – target of \$40 million, range of \$0 - \$75 million, with a target of 0 -3 investments with an investment range of \$20 - \$30 million per investment.					
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: January 22, 2015			
To approve the Investment Policy Statement for Real Assets.					
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.	√				

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

Tally #5		Date: January 22, 2015			
To approve the FY 2014 Audit and the Annual Financial Statements.					
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: January 22, 2015			
To adjourn the meeting at 2:38 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.	√				