



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
JULY 17, 2014
1:00 PM

MEMBERS PRESENT

Joseph M. Bress
Lyle M. Blanchard
Barbara Davis Blum
Joseph W. Clark
Gary Hankins
Darrick O. Ross
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
Daniel Hernandez
Anthony Shelborne
Peter Dewar
Leslie King
Steven VanRees
Michael Xanthopoulos
Camille Castro
Deborah Reaves
Wukyanos Gebremeskel
Johniece Harris
Nina Bridgers

MEMBERS NOT PRESENT

Mary A. Collins
Edward C. Smith
Michael J. Warren (via telephone)
Jeffrey Barnette, Ex-Officio

OTHERS PRESENT

Hazel Bradford, Pensions and Investments
Sylvia Williams, Mobomo

ROLL CALL

Chairman Bress called the meeting to order at 1:20 pm. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Chairman Bress introduced the motion to approve the June 19, 2014, Board meeting minutes. The motion was moved by Mr. Ross, and seconded by Mr. Clark.

Motion #1: To approve the June 19, 2014, Board meeting minutes.

The motion was approved 7-0, with two abstentions. *(See Tally #1)*

CHAIRMAN'S COMMENTS

Election of Board Officer: Parliamentarian – Ms. Blum nominated Ms. Washington for the position of Parliamentarian and Mr. Clark seconded the motion. Ms. Washington declined the

nomination and then instead nominated Mr. Clark. This action was seconded by Ms. Blum and the nomination was accepted by Mr. Clark. Mr. Saunders moved the following motion:

Motion #2: To close the nomination process for position of Parliamentarian.

Mr. Hankins seconded the motion and the motion was approved unanimously 9-0. *(See Tally #2)*

The secret ballots were distributed and the results were 9-0 in favor of Mr. Clark as the Board's Parliamentarian.

Chairman Bress informed the Board that DCRB has responded to Chairman Phil Mendelson's office's request for information regarding Trustees' compensation, dating back to the last three years. Chairman Bress reminded the Board to submit their timesheets monthly so that accurate reporting can occur.

Chairman Bress reminded the Board that both the Investment Committee and the Board meetings for September 18, 2014, will be rescheduled for Wednesday, September 17, 2014.

EXECUTIVE DIRECTOR'S REPORT HIGHLIGHTS

Mr. Stanchfield presented the following information to the Board:

- Joseph G. O'Rourke vs. DCRB (CA No. 2014 003772B): Retired member with eight years of service under the Police Officers and Firefighters' Retirement Plan sued DCRB on June 25, 2014, requesting longevity pay be used in his retirement calculation.
- DCRB has initiated the process of securing a vendor to assist with our office signage needs including the installation of privacy film for glass offices, elevator and entrance branding, and employee nameplates.
- **New Staff: Anjanette Fauntleroy** - Ms. Fauntleroy joined DCRB on June 16th as a Retirement Specialist in the Benefits Department. Ms. Fauntleroy previously worked for the DC Office of Pay and Retirement Services, Accenture, and Washington Gas.

INVESTMENT COMMITTEE REPORT

The Investment Committee Chair, Ms. Blum, presented the Board with the following nine motions:

Motion #3: To approve the Investment Committee Charter.

Mr. Tippett seconded the motion and the motion was approved unanimously 9-0. *(See Tally #3)*

Motion #4: To select an International Developed Market Equity Manager as presented to the Investment Committee.

Mr. Tippett seconded the motion and the motion was approved unanimously 9-0. *(See Tally #4)*

Motion #5: To approve the additions to the Real Assets & Private Equity Forward Calendar.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #5)*

Motion #6: To commit \$25 million to Kelso Investment Associates IX, LP, private equity, subject to contract negotiations.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #6)*

Motion #7: To increase the Board's previously approved capital commitments to CVC Capital Partners VI from €15 million to €20 million, subject to contract negotiations.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #7)*

Motion #8: To extend Cliffwater's Real Asset Consulting Agreement to April 8, 2015, under the same terms and conditions as the existing Agreement.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #8)*

Motion #9: To authorize staff to release a RFP for alternative investment consulting services.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #9)*

Motion #10: To select a new bank loan manager as presented to the Investment Committee.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #10)*

Motion #11: To ratify the Board motion of March 20, 2014, to terminate investment in the PIMCO StockPlus portfolio.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. *(See Tally #11)*

OPERATIONS COMMITTEE REPORT

The Operations Committee met in July and the Committee Chair, Darrick Ross, presented the following report:

Retirement Modernization Program – Peter Dewar, Director of Information Technology, has identified a need to initiate new projects in addition to continuing several projects which requires funding beyond September 30, 2014, when current Program funds expire. The projects that are allocated under the requested Program extension into FY 2015 include the Master Data Management project, the completion of the Data Reclamation project, the Pension Consulting and Oversight acquisition and the issuance of a Request for Proposal (RFP) for the Pension Information Management System.

Pursuant to the Board's Procurement Rules ("Rules"), staff will issue competitive RFPs for projects that are part of the Retirement Modernization Program ("Program"). In compliance with the Rules as of October 2012, contracts up to \$250,000 for goods and services procured

using the Federal and District of Columbia Supply Schedules and contracts not using these sources up to \$100,000 can be approved by the Executive Director. However, for projects that are part of the Program, the Executive Director is authorized to approve all contracts awarded regardless of the amount provided that in sum, they do not exceed \$3,400,000.

Mr. Ross moved the following motion:

Motion #12: To authorize the Executive Director to expend up to \$3,400,000 on Phase IV (FY15) of the DCRB Retirement Modernization Program with quarterly reporting to the Board.

Mr. Clark seconded the motion and the motion was approved unanimously 9-0. (*See Tally #12*)

Mr. Ross moved the following motion:

Motion #13: To approve the Operations Committee Charter.

Mr. Tippet seconded the motion and the motion was approved unanimously 9-0. (*See Tally #13*)

BENEFITS COMMITTEE REPORT

The Benefits Committee met in July and the Benefits Committee Vice-Chair, Mr. Saunders, presented the Board with the following report

- **DCPS School Year Teacher Retirements** - DCRB Benefits Department has received a list of approximately 65 DCPS employees who have been approved for retirement under the Teachers' Retirement Plan. Approximately 45 (70%) of those listed have a retirement date of 6/30/2014. DCRB Benefits Department, in conjunction with DCPS HR, DCPS Payroll, and the OCFO/OPRS, are working together to have these annuitants on the STAR payroll by August 1, but no later than September 1.
- **Equalization Increases for Tier 1 Retired Police & Firefighter Annuitants** - DCRB Benefits Department received Resolution 20-482, which provided the MPD Police Service union pay schedules with a 4% increase, effective April 7, 2013. We have approximately 500 Tier 1 annuitants who will receive both the increased annuity payment and retroactive payments in their August 1, 2014 check. We have approximately 140 MPD annuitants who retired after April 2013 who require recalculations. We have scheduled these increases for September 2014.
- **CSRS/FERS Issue** - Neither the Teachers' Retirement Plan nor the Police Officers and Firefighters' Retirement Plan expressly permit the purchase of Federal Employees Retirement System (FERS) service as "government service." The interpretation and practice under both Plans has been to only allow the purchase of Civil Service Retirement System (CSRS) service, which is supported by the legislative history of the Plans.

Mr. Saunders moved the following motion:

Motion #14: To authorize DCRB staff to review the issue of amending the Plans to allow for the purchase of FERS service at full actuarial cost.

Ms. Blum seconded the motion and the motion was approved unanimously 9-0. *(See Tally #14)*

Mr. Saunders moved the following motion:

Motion #15: To authorize DCRB staff to review Plan design issues regarding the Plans' annual earned income review provisions and suggest amendments to those provisions to bring them up to date and aligned with best practices.

Mr. Hankins seconded the motion and the motion was approved unanimously 9-0. *(See Tally #15)*

Mr. Saunders moved the following motion:

Motion #16: To approve the Benefits Committee Charter.

Mr. Hankins seconded the motion and the motion was approved unanimously 9-0. *(See Tally #16)*

LEGISLATIVE COMMITTEE REPORT

There was no written report this month, but Mr. Blanchard provided the following updates:

The next DC Council legislative meeting is scheduled for September 23rd. The Board of Ethics and Governmental Accountability (BEGA) is researching the topic of whether any Board member should be registered as a lobbyist. Mr. Stanchfield said BEGA will be onsite in September for Board member ethics training.

Discussion between members explored the future activities of the Legislative Committee. Mr. Saunders mentioned that the Legislative Committee could assist in addressing future challenges related to any reduction of pension benefits proposals that are introduced. Chairman Bress agreed and indicated that states are looking closely at pension and health benefits financial impacts because of GASB reporting requirements. Mr. Anderson reported that GASB 68 and OPEB reporting will impact the future financial reports and other states will be impacted since large liabilities will now be shown on the organization's balance sheet.

AUDIT COMMITTEE REPORT

Mr. Hankins informed the Board that there is no Audit Committee report this month.

OTHER BUSINESS

Contract Log – Ms. Washington inquired about the number of contractors on the list. Chairman Bress indicated that many contracts are under the Executive Director's authority. Mr. Stanchfield mentioned no IT infrastructure was here at DCRB a few years ago and many

contractors are being used to build IT capacity (e.g., Retirement Modernization Program and shifting of Treasury duties). These projects were approved some time ago.

Conference Listing – Ms. Blum inquired about how the list is compiled and if it is comprehensive. Ms. Reaves and other staff indicated that they receive information from a variety of sources and that Trustees can recommend events to add to the conference listing. Staff will review whether more information should be added to the list. Mr. Stanchfield reminded members that the CAPPP (Certificate of Achievement in Public Pension Policy) training will occur in September and October at DCRB.

ADJOURNMENT

Motion #17: Chairman Bress introduced the motion to adjourn the meeting at 2:10 p.m.

The motion was moved by Mr. Tippett and properly seconded.

A vote was called and the motion was approved 9-0. (*See Tally #17*)

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

Tally #1		Date: July 17, 2014			
To approve the June 19, 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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #2		Date: July 17, 2014			
To close the nomination process for position of Parliamentarian.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #3		Date: July 17, 2014			
To approve the Investment Committee Charter.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #4		Date: July 17, 2014			
To select an International Developed Market Equity Manager.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #5		Date: July 17, 2014			
To approve additions to the Real Assets & Private Equity Forward Calendar.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #6		Date: July 17, 2014			
To commit \$25 million to Kelso Investment Associates IX, LP.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #7		Date: July 17, 2014			
To increase the Board's previously approved capital commitments to CVC Capital Partners VI from €15 million to €20 million.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #8		Date: July 17, 2014			
To extend Cliffwater's Real Asset Consulting Agreement to April 8, 2015.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #9		Date: July 17, 2014			
To authorize staff to release a RFP for alternative investment consulting services.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #10		Date: July 17, 2014			
To select a new bank loan manager as presented to the Investment Committee.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #11		Date: July 17, 2014			
To ratify the Board motion of March 20, 2014, to terminate investment in the PIMCO StockPlus portfolio.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #12		Date: July 17, 2014			
To authorize the Executive Director to expend up to \$3,400,000 on Phase IV (FY15) of the DCRB Retirement Modernization Program.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #13		Date: July 17, 2014			
To approve the Operation Committee Charter.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #14		Date: July 17, 2014			
To authorize staff to review the issue of amending the Plans to allow for the purchase of FERS service at full actuarial cost.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #15		Date: July 17, 2014			
To authorize DCRB staff to review Plan design issues regarding the Plans' annual earned income review provisions and suggest amendments to those provisions to bring them up to date and aligned with best practices.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #16		Date: July 17, 2014			
To approve the Benefits Committee Charter.					
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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√

Tally #17		Date: July 17, 2014			
To adjourn the Board meeting at 1:46 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.	√				
Washington, Lenda P.	√				
Warren, Michael J.					√