

**OPEN BOARD MEETING MINUTES
DECEMBER 18, 2008 -- 12:00 P.M.**

MEMBERS PRESENT

BRIAN K. LEE, CHAIRMAN
BARBARA DAVIS BLUM
DIANA K. BULGER
JOSEPH W. CLARK
MARY A. COLLINS
JUDITH C. MARCUS
DARRICK O. ROSS
GEORGE R. SUTER
THOMAS N. TIPPETT
MICHAEL J. WARREN

DCRB STAFF PRESENT

ERIC STANCHFIELD, EXECUTIVE DIRECTOR
ERIE SAMPSON
THOMAS ANDERSON
SHEILA MORGAN-JOHNSON
JOAN PASSERINO
DALE WALKER
LESLIE KING
DEBORAH REAVES
YOLANDA SMITH

MEMBERS NOT PRESENT

LYLE M. BLANCHARD
JOSEPH M. BRESS
LASANA K. MACK, EX-OFFICIO

OTHERS PRESENT

BRIAN HERSEY, WATSON WYATT

ROLL CALL

Chairman Lee called the meeting to order at 1:25 p.m. Ms. Deborah Reaves called the roll.

CHAIRMAN'S COMMENTS

Chairman Lee deferred to Mr. Eric Stanchfield for comments. Mr. Stanchfield announced the passing of a former DCRB Trustee, Martha Fisher Rogers. Ms. Rogers was a retired teacher trustee, who served on the Board from January 28, 1991 through January 27, 1998.

APPROVAL OF MINUTES

Chairman Lee made a motion to approve the November 13, 2008, Open Board Meeting minutes. The motion was moved and seconded.

Motion #1: To approve the November 13, 2008, Open Board Meeting minutes.

A voice vote was called and the motion was approved 10-0. (See Tally #1)

[The meeting was moved out of order.]

OPERATIONS COMMITTEE REPORT

Ms. Judith Marcus, Committee Chair, stated there were two items that would be addressed: the FY 2010 Budget and the Actuarial Valuation report.

Mr. Dale Walker, DCRB Chief Financial Officer, presented a brief summary of the FY 2010 Budget. It was noted that Mr. Stanchfield would provide input. Chairman Lee and Mr. Stanchfield discussed highlighted budget category items in detail. Ms. Blum and Ms. Marcus commended staff on preparation of the Budget. Chairman Lee made the following motion:

Motion #2: To approve the FY 2010 DCRB Operating Budget.

A voice vote was called and the motion was approved 9-0. (See Tally #2)

Mr. Greg Stump of EFI Actuaries made his presentation via telephone on the 2010 actuarial valuation report and FY 2010 District Contributions. The slide presentation was distributed to the Trustees. Mr. Stump explained data and answered questions from Chairman Lee, Mr. Tippett, Ms. Collins, Ms. Marcus and Mr. Stanchfield regarding specific topics such as the valuation date, 3-year vs. 5-year smoothing, changes in contribution rates, recommended assumption, impact of assumption changes, and the contribution history. Mr. Stump stated he did not provide an actuarial certification due to the need for further discussion of the rates.

Mr. Stump discussed the contributions to individual groups; specifically the \$0 contribution to the Teachers' Plan. Mr. Tippett asked if the assumptions were changed, would it have an effect on the Teachers' contribution. Mr. Stanchfield commented that the slides addressed Ms. Collins' request for an explanation of the Teachers' contribution rate.

Mr. Stump concluded his report on the actuarial valuation with recommended assumption changes of 7.25% rate of return and 4.5% CPI. Mr. Stump stated he is required by standards of practice to disclose recommendations when the contribution numbers are certified.

Chairman Lee opened up the meeting for discussion. Mr. Tippett stated that in the original congressional legislation, Congress set the rate of return at 7%. He strongly recommended DCRB return to the conservative mandate of 7% rate of return and a 5% inflation rate. Chairman Lee agreed that the Board should be conservative in this turbulent market. Mr. Stanchfield addressed Ms. Blum's question regarding the consequences of missing the assumption rate.

Mr. Stump addressed Mr. Tippett's question regarding the result of using the entry age normal funding method. A discussion followed regarding DCRB's request to change the funding method. (NOTE: A letter to former Councilwoman Schwartz was submitted on July 3, 2008.)

Ms. Marcus stated that the Board had earlier decided to use the June 30 date and that the change is needed to have a final report on the actuarial valuation and the required District of Columbia contribution available by the December board meeting.

Motion #3: To change the actuarial assumed rate of return to 7% and an inflation rate of 5%.

A voice vote was called and the motion was approved 9-0. (See Tally #3)

Ms. Erie Sampson addressed questions from Ms. Collins and provided an update on the Teacher Correction Issue. Ms. Sampson summarized meeting discussions with the City and discussions with Mr. Stump and DCRB Staff regarding a long-term liability and an amortization schedule. She also stated that DCRB needs to get back to the District regarding this matter. Ms. Collins questioned Mr. Stump about the payment of interest and what rate would be paid. Chairman Lee stated that Mr. Stanchfield has been given the authority to enter into agreement and this discussion is an informational discussion. Ms. Collins requested written documentation on this matter by the next Board meeting.

Ms. Judith Marcus made the following motions:

Motion #4: To certify the election results of the retired police officers naming Mr. George Suter as the retired firefighter representative.

A voice vote was called and the motion was approved 9-0. (See Tally #4)

Motion #5: To certify the election results of the active teacher naming Ms. Deborah Hensley as the active teacher representative.

A voice vote was called and the motion was approved 9-0. (See Tally #5)

Motion #6: To certify the election results of the active firefighter naming Mr. Edward Smith as the active firefighter representative.

A voice vote was called and the motion was approved 9-0. (See Tally #6)

INVESTMENT COMMITTEE REPORT

Ms. Blum, Committee Chair, made the following motions:

Motion #7: To select Blackrock Financial Management as the Board's core plus fixed income manager, subject to a further due diligence visit by the Investment Committee Chair, Investment Consultant, Chief Investment Officer, and General Counsel, as well as contract negotiations.

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

Motion #8: To extend the Board's agreement with its custodial bank, State Street Bank and Trust Company, for a period of up to two additional years under the same terms and conditions as per the existing agreement.

A voice vote was called and the motion was approved 9-0. (See Tally #8)

LEGISLATIVE COMMITTEE REPORT COMMITTEE REPORT

A committee report was provided.

Chairman Lee noted the letter to Chairman Gray, regarding proposed legislation B17-0768, "Paramedic and Emergency Medical Technician Transfer Amendment Act of 2008". Chairman Lee discussed the status of this legislation.

No action items were recommended by the Committee.

STRATEGIC PLANNING COMMITTEE REPORT

There was no report presented.

No action items were recommended by the Committee.

BENEFITS COMMITTEE REPORT

Ms. Collins, Committee Chair, and Ms. Passerino provided an update on the Teachers' Plan Correction Project, FERS legislation and the completion of the Scanning Project.

Ms. Collins requested the status of the implementation regarding participants of the Teacher's Retirement Fund being able to contribute an additional amount up to 10% (DC Code § 38-2021.01(b)). A question and answer exchange ensued. Chairman Lee directed the General Counsel to review the statute and provide a legal opinion regarding this matter.

No action items were recommended by the Committee.

OTHER BUSINESS

Chairman Lee announced that the new trustee, Mr. Joseph Bress, was sworn in on December 9, 2008, and noted he was invited to this meeting.

He made the following motion:

Motion #9: To authorize Ms. Judith Marcus to speak at the Global Asset Allocation Summit on February 1-2, 2009, in Carlsbad, CA. Conference sponsor is Opal Financial Group. Pursuant to the Board rules, Board action is required because the sponsor will incur the cost of lodging for two nights.

A voice vote was called and the motion was approved 8-0. (See Tally #9)

ADJOURNMENT

Motion #10: Chairman Lee moved to adjourn the meeting at 3:20 p.m.

A voice vote was called and the motion was approved 8-0. (See Tally #10)

**DISTRICT OF COLUMBIA RETIREMENT BOARD
RECORD OF OFFICIAL BOARD COMMITTEE ACTION**

| TALLY #1 | | | DATE: 12/18/08 | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To approve the November 13, 2008, Open Board Meeting Minutes. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #2 | | | DATE: 12/18/08 | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To approve the FY 2010 DCRB Operating Budget. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. * | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #4 | | | DATE: 12/18/08 | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To certify the results of the Retired Police Officer election results naming Mr. George Suter as the retired police officer representative. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #5 | | DATE: 12/18/08 | | | |
|--|------------|------------------------|-----------------------------|----------------------------|---------------|
| To certify the election results of the active teacher naming Ms. Deborah Hensley as the active teacher representative. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. * | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #6 | | DATE: 12/18/08 | | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To certify the election results of the active firefighter naming Mr. Edward Smith as the active firefighter representative. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. * | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #7 | | DATE: 12/18/08 | | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To select Blackrock Financial Management as the Board's core plus fixed income manager, subject to a further due diligence visit by the Investment Committee Chair, Investment Consultant, Chief Investment Officer, and General Counsel, as well as contract negotiations. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #8 | | DATE: 12/18/08 | | | |
|---|------------|------------------------|-----------------------------|----------------------------|---------------|
| To extend the Board's agreement with its custodial bank, State Street Bank and Trust Company, for a period of up to two additional years under the same terms and conditions as per the existing agreement. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | ✓ | | | | |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY #9 | | DATE: 12/18/08 | | | |
|--|------------|------------------------|-----------------------------|----------------------------|---------------|
| To authorize Ms. Judith Marcus to speak at the Global Asset Allocation Summit on February 1-2, 2009, in Carlsbad, CA. Conference sponsor is Opal Financial Group. Pursuant to the Board rules, Board action is required because the sponsor will incur the cost of lodging for two nights. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. * | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | | | | | ✓ |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |

| TALLY#10 | | DATE: 12/18/08 | | | |
|-------------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| To adjourn the meeting. | | | | | |
| MEMBERS | AYE | NAY/ OPPOSE | NO VOTE/ ABSTAIN | NO VOTE/ RECUSE | ABSENT |
| LEE, BRIAN K. | ✓ | | | | |
| BLANCHARD, LYLE M. * | | | | | ✓ |
| BLUM, BARBARA DAVIS | ✓ | | | | |
| BRESS, JOSEPH M. | | | | | ✓ |
| BULGER, DIANA K. | | | | | ✓ |
| CLARK, JOSEPH W. | ✓ | | | | |
| COLLINS, MARY A. | ✓ | | | | |
| MARCUS, JUDITH C. | ✓ | | | | |
| ROSS, DARRICK O. | ✓ | | | | |
| SUTER, GEORGE R. | ✓ | | | | |
| TIPPETT, THOMAS N. | ✓ | | | | |
| WARREN, MICHAEL J. | | | | | ✓ |