

APPROVED
BOARD MEETING MINUTES
MARCH 17, 2011
(CORRECTED: APRIL 22, 2011)
1:00 P.M.

MEMBERS PRESENT

MICHAEL J. WARREN, CHAIRMAN
BARBARA DAVIS BLUM
JOSEPH M. BRESS
JOSEPH W. CLARK
DEBORAH HENSLEY
EDWARD C. SMITH
GEORGE R. SUTER
THOMAS N. TIPPETT*
LASANA MACK, EX-OFFICIO

DCRB STAFF PRESENT

ERIC STANCHFIELD, EXECUTIVE DIRECTOR
ERIE SAMPSON, GENERAL COUNSEL
SHEILA MORGAN-JOHNSON
JOAN PASSERINO
THOMAS ANDERSON
DANIEL HERNANDEZ
MICHAEL WILLIAMSON*
LESLIE KING*
JASON OSTROSKI
DONNIE BRYANT
PETER DEWAR
SUE SCRAPPER
SUE WASHINGTON
MICHAELA BURNETT
FERDINAND FRIMPONG
DEBORAH REAVES
KATIE SCHULTZ
FLORENCE JONES*
DENICE MCSEARS

MEMBERS NOT PRESENT

LYLE M. BLANCHARD**
DIANA K. BULGER
JUDITH C. MARCUS
DARRICK O. ROSS

OTHERS PRESENT

BRENDA MATHIS, OCFO
LEON WECHSLER, L.R. Wechsler, Ltd.
PETER COLE, L.R. Wechsler, Ltd.
WILLIE GREENE, LOOP CAPITAL MARKETS

*NOT PRESENT AT ROLL CALL

**PHONED IN TO MEETING

ROLL CALL

Chairman Warren called the meeting to order at 1:11 p.m. Ms. Deborah Reaves called the roll.

CHAIRMAN'S COMMENTS

Chairman Warren stated that he is excited to be the Chairman of the Board for the coming year. He noted that Board members must continue to work outside of Board meetings to promote the interests of the Plan participants. He stated that the current committee assignments would be kept in place until further notice and solicited feedback from the other Trustees. He noted that he would like to make the role of the Vice Chair more active with regards to the activities of the committee between meetings. Chairman Warren noted that the Board would continue to focus

on best practices. He also asked the Board to spend more time working with key stakeholders in the District of Columbia. Finally, he distributed a graph that had been printed in *The Washington Post*. A discussion about *The Washington Post* article and issues related to using risk-free market value liability funding calculations followed. Mr. Mack noted that he has discussed DCRB's funding assumptions with the District of Columbia Council, and the information he shared was received positively.

Mr. Bress made a note that he is working on a contract with Governor Andrew Cuomo of New York to negotiate with the public sector unions for management. He has been doing this since the beginning of March, and he works with a co-negotiator who is employed by Rothschild. Mr. Bress made note that DCRB is not involved with Rothschild in any manner.

APPROVAL OF MINUTES

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

Motion #1: To approve the February 17, 2011, Board meeting minutes. A voice vote was called and the motion was approved 8-0. (See Tally #1)

GENERAL COUNSEL REPORT

Ms. Sampson reminded the Trustees to complete their financial disclosure forms.

INVESTMENT COMMITTEE REPORT

The Investment Committee Chair, Ms. Blum, updated the Board on the following activities:

- Meketa Report on Japan Following the Earthquake: The MSCI EAFE index is down 8.5% for March 2011. It was impacted not only by Japan but also by the political events taking place in the Middle East and Africa. Japan's Nikkei index fell 10.6%. Less than 7% of U.S. exports go to Japan, and this is less than 1% of the U.S. economy. With regards to DCRB, the Fund has about 3.5% of its assets in Japanese stock. Approximately 17% of the Board's international equity aggregate is invested in Japanese stocks. The markets are volatile, and they will continue to be volatile. The Board holds no real estate in Japan. Ms. Blum noted that she sees this incident as the end of nuclear energy, and she would like the Board to watch energy stocks.
- Total Fund Value: \$4.651 billion.

OPERATIONS COMMITTEE REPORT

The Operations Committee Chair, Mr. Clark updated the Board on various activities.

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

Motion #2: To authorize the Executive Director to enter into a contract with RSM McGladrey, Inc. for the procurement, implementation, management, and support of an independent financial management system in the amount not-to-exceed \$336,827. A voice vote was called and the motion was approved 8-0. (See Tally #2)

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

Motion #3: To authorize the Executive Director to release an RFP for Legal Services. A voice vote was called and the motion was approved 8-0. (See Tally #3)

BENEFITS COMMITTEE REPORT

Mr. Suter, Benefits Committee Chair, updated the Board on the following activities:

- Pension Protection and Sustainability Amendment Act of 2011(B19-77): Introduced by D.C. Councilmember David Catania, this bill applies to both the Police Officers' and Firefighters' Plan and the Teachers' Plan. It seeks to reduce the District's pension-related costs through changes to retiree cost-of-living-adjustments.
- STAR Split-Benefits Reconciliation Project: On January 14, 2011, DCRB and the District submitted a joint letter to Treasury formally requesting a 90-day extension of the comment period related to the proposed Split Benefit Regulations that were published in the Federal Register on November 22, 2010. On January 21, 2011, Treasury granted that extension, and on March 3, 2011, Treasury provided DCRB with information on the methodology used as well as the financial impact on DCRB (\$30,732,402) of the reconciliation. Now that DCRB has the data requested, the project team will prepare a response, which is due by April 21, 2011.
- Benefits System Projects Update: After being hired by the Board in November, L.R. Wechsler Ltd. (LRWL) reviewed the draft RFP, spent several weeks meeting with staff, and their analysis resulted in the following recommendations:
 - 1) Communications: identify and educate stakeholders about DCRB, its mission and its goals, and obtain their commitment to support DCRB's project.
 - 2) Imaging (Phase II): integrate imaging into DCRB's operations, continue to improve data housed in FileNet, train staff on all aspects of the technology, develop standards, and apply the standards going forward and to the existing database.
 - 3) Data Reclamation: put this project on hold until gaining commitments and support from the stakeholders.

Mr. Suter made the following motion, which was seconded by Mr. Tippet:

Motion #4: That the Board amend DCRB's contract with LRWL to authorize LRWL to provide technical consulting and oversight of improvements to DCRB's current imaging system. The estimated cost for this contract amendment is not to exceed \$140,000. A voice vote was called and the motion was approved 8-0. (See Tally #4)

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

Motion #5: To enter into Executive Session at 2 p.m. (D.C. Code §§ 2-534(a), 1-909.05(e), (f)). A voice vote was called and the motion was approved 8-0. (See Tally #5)

The following motion was made and properly seconded:

Motion #6: To exit Executive Session and return to regular Open Session at 2:35 p.m. A

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

LEGISLATIVE COMMITTEE REPORT

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

- The Committee on Government Operations and the Environment will hold a public hearing on Bill 19-77, Pension Protection and Sustainability Amendment Act of 2011 on April 4, 2011 at 1 p.m.
- Agency Budget Hearing before the Committee on Government Operations and the Environment: The hearing on the Fiscal Year 2012 Budget is scheduled for April 12.

EXECUTIVE DIRECTOR REPORT

Mr. Stanchfield provided updates on the following:

- Performance Testimony: DCRB testified before Councilmember Mary Cheh on March 8, 2011.
- Split-Benefit Reconciliation: Mr. Stanchfield noted that Mr. Mack and OCFO can be very helpful during this process, and DCRB would like to minimize the amount of money spent. The amount of money under dispute could be as much as \$30 million.
- DCRB Website: OCTO is undergoing technical issues with the web content hosting infrastructure and is not currently launching any sites.
- FY 2012 Budget Hearing is scheduled for April 12, 2011.
- FY 2010 CAFR: Mr. Podesta is currently working on this document.
- Employee Training: DCRB Senior staff will use staff feedback in future organizational planning, including improving internal communication.

ADJOURNMENT

Motion #7: Chairman Warren moved to adjourn the meeting at 2:48 p.m. The motion was seconded by Mr. Bress. A voice vote was called and the motion was approved 8-0. (See Tally #7)

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

TALLY #1		DATE: MARCH 17, 2011			
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				
**PHONED IN TO MEETING					

TALLY #2		DATE: MARCH 17, 2011			
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				

TALLY #3			DATE: MARCH 17, 2011		
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				

TALLY #4			DATE: MARCH 17, 2011		
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				

TALLY #5			DATE: MARCH 17, 2011		
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				

TALLY #6			DATE: MARCH 17, 2011		
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				

TALLY #7			DATE: MARCH 17, 2011		
MEMBERS	AYE	NAY/ OPPOSE	NO VOTE/ ABSTAIN	NO VOTE/ RECUSE	ABSENT
ROSS, DARRICK O.					√
BLANCHARD, LYLE M.					√**
BLUM, BARBARA DAVIS	√				
BRESS, JOSEPH M.	√				
BULGER, DIANA K.					√
CLARK, JOSEPH W.	√				
HENSLEY, DEBORAH	√				
MARCUS, JUDITH C.					√
SMITH, EDWARD C.	√				
SUTER, GEORGE R.	√				
TIPPETT, THOMAS N.	√				
WARREN, MICHAEL J.	√				