



**DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING MINUTES
SEPTEMBER 28, 2011
12:30 PM**

MEMBERS PRESENT

Michael J. Warren, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Joseph M. Bress *
Deborah Hensley
Judith C. Marcus
Darrick O. Ross
Edward C. Smith
Thomas N. Tippet

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Joan Passerino
Tom Anderson
Daniel Hernandez
Michael Williamson
Jason Ostroski
Peter Dewar
Leslie King
Deborah Reaves
Katie Schultz
Rabinai Carson
Denice McSears

MEMBERS NOT PRESENT

Diana K. Bulger
Joseph W. Clark
George R. Suter **
Lasana Mack, Ex-Officio

OTHERS PRESENT

Brenda Mathis, OCFO
Aneish Arora, Meketa Investment Group

*Not present at Roll Call
**Participated via phone.

ROLL CALL

Chairman Warren called the meeting to order at 12:53 p.m. Ms. Reaves called the roll.

APPROVAL OF MINUTES

Mr. Warren made the following motion, which was seconded by Ms. Hensley:

Motion #1: *To approve the June 21, 2011, Board meeting minutes. A voice vote was called and the motion was approved 8-0. (See Tally #1)*

CHAIRMAN'S COMMENTS

Chairman Warren updated the Board on the following items:

- He thanked the Board and DCRB staff for their hard work over the past fiscal year;
- The Chairman then presented the following motion, which was made by Mr. Tippet and was seconded by Ms. Blum:

Motion #2: *To appoint the Chairs of each standing committee to serve on an ad hoc committee to review staff personnel matters. A voice vote was called and the motion was approved 9-0. (See Tally #2)*

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

Motion #3: *To approve travel for Ms. Morgan-Johnson, Chief Investment & Operations Officer, to attend the annual ILPA Members-Only 2011 Conference in Vancouver, Canada. A voice vote was held and the motion passed 9-0. (See Tally #3)*

- Update on Procurement Legislation Exemption: DCRB senior staff members Mr. Stanchfield, Ms. Sampson, Mr. Anderson and Trustees Mr. Blanchard and Mr. Warren, met with Councilmembers Mary Cheh and Kwame Brown and presented DCRB's position on the legislation. Following the meeting, the Councilmembers agreed to pursue emergency legislation and announced that DCRB would be exempted from the District's Procurement Practices Reform Act of 2010;
- Council Oversight Update: Councilmember Muriel Bowser will now oversee DCRB instead of Councilmember Mary Cheh.

GENERAL COUNSEL REPORT

Ms. Sampson, the General Counsel, updated the Board on the following items:

- Update on the Tribune Litigation;
- Update on the DCRB Procurement Exemption (*District of Columbia Retirement Board Procurement Exemption Temporary Amendment Act of 2010 (B19-0410)*): On September 20, 2011, the DC Council consolidated DCRB's procurement exemption with another procurement exemption from the District's Procurement Practices Reform Act of 2010. Moreover, the Council approved this consolidated legislation to make the DCRB exemption permanent without holding a public hearing. It is still subject to mayoral and congressional approval.

OPERATIONS COMMITTEE REPORT

Mr. Clark, the Operations Committee Chair, was not present so Ms. Marcus read the Operations Committee Report, including the following items:

- Presentation by Mr. Dewar, Technical Specialist at DCRB: Mr. Dewar summarized the main objectives and achievements of the IT Department over the past fiscal year;
- iPads for Board Members: Mr. Stanchfield noted that iPads have been ordered and a pilot program will be launched in the next few weeks. Board members may expect that iPads will eventually replace printed Board materials in the future. The iPads will be owned and maintained by DCRB;
- New Telephone System: Mr. Dewar and Ms. Passerino explained the new phone system. They noted that the number of people available to answer phones has been expanded, and staff members will also be able to see information about who is waiting in the queue. A supervisor can also see statistics on calls taken. A future iteration of the phone system will also be able to accept keyed-in personal information to link callers to their account information;

- New Financial System: Mr. Ostroski announced that the new financial system would be launching as scheduled;
- Fiduciary Liability Insurance: Aon Risk Services Inc., DCRB's insurance broker, will conduct a competitive process on behalf of DCRB to select the insurance carrier to provide fiduciary liability insurance. There are no material changes to the policy. The Board renews its fiduciary policy on an annual basis. The policy is due to be renewed on November 1, 2011. Trustees shall pay the \$25 waiver of recourse fee via check or money order.

Ms. Marcus made the following motion, which was seconded by Ms. Hensley:

Motion #4: *To recommend a renewal of the Board's fiduciary liability insurance policy for \$10 million of coverage for a retention fee of \$110,000. A voice vote was called and the motion was approved 9-0. (See Tally #4)*

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

Motion #5: *To approve nunc pro tunc the selection of Armstrong Teasdale to represent DCRB in the civil action filed by Deutsche Bank Trust Company (and others) in the U.S. District Court for the District of Columbia involving the Tribune Company failed leveraged buyout. A voice vote was called and the motion was approved 9-0. (See Tally #5)*

INVESTMENT COMMITTEE REPORT

Ms. Blum, Investment Committee Chair, recommended 11 action items [which are redacted pursuant to D.C. Code 2-578(b) and D.C. Code §1-909.05(e) and (f) because public disclosure of the action items would jeopardize DCRB's ability to implement them or to achieve investment objectives] to be voted on by the Board.

The motion was made by Ms. Blum and seconded by Mr. Tippet.

Motion #6: *To approve the eleven motions from the Investment Committee. A voice vote was called and the motion was approved 9-0. (See Tally #6)*

BENEFITS COMMITTEE REPORT

Mr. Suter, Benefits Committee Chair, was not present in person but was participating in the meeting by phone. On behalf of Mr. Suter, Ms. Passerino updated the Board on the following activities:

- Scanning/Imaging Project: Phase II of the imaging project started in mid-April 2011, and Mr. Williamson announced that the second phase of the scanning and imaging project went live earlier in the week. This project not only strengthens the records management system (FileNet) and makes it more effective, it also places DCRB in a much better position to implement a new pension administration system. In addition, the project has greatly improved and streamlined the new document input process and it has enhanced the ability of the Retirement Analysts to retrieve information from FileNet. In the near future, the Benefits Department will also be able to generate management and administrative reports related to

the use of the system;

- **Post Retirement Health Care Coverage Changes:** Since October 1, 2009, several legislative changes have been made to District retiree health care coverage and eligibility. The final changes become effective October 1, 2011. Mr. Hernandez summarized the changes and noted that prior to October 1, 2009, the District's contribution for District retiree health care coverage was 75% of the monthly health care costs (for retirees with at least 5 years of service). However, legislation passed by the DC City Council amends the cost-sharing responsibilities for District-sponsored health plan premiums, changing the maximum District health care contribution from 75% to 72% (and 60% for covered family members). The District has changed its contribution rates and eligibility for retiree health care coverage for District employees hired as of October 1, 1987 and who retired on or after October 1, 2009. Because the total cost of the health insurance premiums is split between the DC government and annuitants, the reduction in the District's portion means the annuitants' portions will be higher. Since the annuitants' shares of health care premiums are deducted from their monthly annuity, their net monthly annuity will be lower.

Trustees and staff discussed who has the responsibility to calculate the amounts owed retroactively and who has the responsibility to inform the annuitants. It is the position of DCRB staff and the Board that the responsibility should fall with DCHR or the Mayor.

No action items were recommended by the Committee.

LEGISLATIVE COMMITTEE REPORT

Mr. Blanchard, Legislative Committee Chair, informed the Board that the following items have been introduced before the Council of the District of Columbia:

- A19-0144, "District of Columbia Retirement Board Procurement Exemption Emergency Amendment Act of 2011": This emergency legislation exempts DCRB from the District's Procurement Practices Reform Act of 2010, and it expires on November 7, 2011.
- B19-0410, "District of Columbia Retirement Board Procurement Exemption Temporary Amendment Act of 2010": Passed by the DC Council on September 20, 2011, this temporary legislation was consolidated with other legislation which would make permanent DCRB's exemption from the District's Procurement Practices Reform Act of 2010 if approved by the Mayor and Congress. There will be no need for a hearing or for DCRB to testify.
- A19-0098, "Fiscal Year 2012 Budget Support Act of 2011": This legislation: (i) prohibits special awards pay or bonuses in fiscal year 2012; (ii) requires DCRB to withhold a District tax, at the highest District income tax rate, for District residents who receive a taxable payment from the DC Teachers' Plan or DC Police Officers and Firefighters' Plan beginning January 2012 that is an eligible rollover distribution subject of the mandatory 20% federal tax withholding; and (iii) reduces the District's health care contributions from 75% to 72%, retroactive to October 1, 2009, for members in the District of Columbia Police Officers and Firefighters' Plan who are injured in the line of duty and their dependents and for dependents of member who are killed in the line of duty.

No action items were recommended by the Committee.

EXECUTIVE DIRECTOR REPORT

Mr. Stanchfield updated the Board on the following items:

- Treasury-DCRB Relationship Update: DCRB staff and the U.S. Treasury have been in discussions about aligning the strategies of each organization for the next five to seven years. The areas of governance, legal issues, and staffing are the first items the group is exploring;
- Telephone System Procurement: The new iCORE phone network has been installed in the offices of DCRB and training has been conducted with staff. The go-live date is September 30, 2011;
- Technology Updates: DCRB IT staff has implemented secure email and FTP for transmission of sensitive or personal information, which will be useful in communications with Treasury, State Street Custodial Bank, and vendors. IT staff has also implemented an inventory of the systems supported and documented by the IT architecture to create a disaster recovery plan. The Investment Research Management System (“Tamale”) has also been implemented;
- New DCRB Website: DCRB staff and OCTO are moving forward with this project following a delay due to OCTO’s technical issues. DCRB is on the priority list for launching;
- GASB 25 and 27: The Governmental Accounting Standards Board (GASB) is in the final stages of issuing new standards for pension reporting by plans and employers. These new standards will separate accounting information from actuarial funding information and will require that each pension plan compute a net pension obligation for each employer. DCRB is participating in a trial and has asked Cavanaugh Macdonald to recompute the FY 2010 financials to see how they will compare. DCRB will share these with OCFO. These new standards will apply to the FY 2013 statements;
- New Staff: Mr. Stanchfield introduced Ms. Carson who was hired in July 2011 as an administrative specialist supporting the DCRB executive team;
- White House Announcement: On September 7, 2011, Mr. Warren was announced as a member of the Board of Directors of the Private Oversees Investment Corporations. He is awaiting confirmation by the Senate.

OTHER BUSINESS

No other business to report.

ADJOURNMENT

Motion #7: *Mr. Tippet moved to adjourn the meeting at 2:45 p.m. The motion was seconded by Mr. Bress. A voice vote was called and the motion was approved 9-0. (See Tally #7)*

DISTRICT OF COLUMBIA RETIREMENT BOARD
RECORD OF OFFICIAL BOARD ACTIONS

Tally #1			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√**
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					
**Out of the room at the time of the vote					

Tally #2			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					

Tally #3			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					

Tally #4			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					

Tally #5			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					

Tally #6			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					

Tally #7			Date: September 28, 2011		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Clark, Joseph W.					√
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.	√				
Smith, Edward C.	√				
Suter, George R.					√*
Tippett, Thomas N.	√				
Warren, Michael J.	√				
*Attended via phone					