



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
JUNE 21, 2012
1:00 PM

MEMBERS PRESENT

Lyle M. Blanchard
Barbara Davis Blum
Joseph M. Bress
James E. Bunn
Deborah Hensley
Judith C. Marcus
Edward C. Smith
George R. Suter
Thomas N. Tippett

DCRB STAFF PRESENT

Sheila Morgan-Johnson
Erie Sampson, General Counsel
Joan Passerino
Daniel Hernandez
Leslie King
Joseph Curtis
Peter Dewar
Corinne Koch
Deborah Reaves
Sebastian Podesta
Rabinai Carson
Denice McSears

MEMBERS NOT PRESENT

Michael J. Warren, Chairman
Diana K. Bulger
Lasana Mack, Ex-Officio
Darrick O. Ross

OTHERS PRESENT

Robert Taylor, State Street
Brenda Mathis, OCFO
Robert Bowell, Tandem Conglomerate

ROLL CALL

In Chairman Warren's absence, Mr. Bress served as Chairman and called the meeting to order at 1:05 p.m. Ms. Deborah Reaves called the roll.

With no objections, Mr. Bress moved the meeting out of order to have the Investment Committee Report read first.

INVESTMENT COMMITTEE REPORT

Mr. Bress made the following motion, which was seconded by Mr. Smith, in accordance with D.C. Code §§ 2-575(b)(1), (2), and (11) and 1-909.05(e), to deliberate and make decisions on investments matters, the disclosure of which would jeopardize the ability of the DCRB to implement an investment decision or to achieve investment objectives. .

Motion #1: To enter into Closed Session. (1:07 p.m.) *A voice vote was called and the motion passed 9-0.*

Mr. Bress made the following motion, seconded by Ms. Hensley.

Motion #2: To end Closed Session. (1:14 p.m.) *A voice vote was called and the motion passed 9-0.*

Upon returning to Open Session, the following item was discussed:

- Due Diligence: Mr. Bunn requested additional information regarding the due diligence process. Mr. Bress recommended if the due diligence documentation included in the board package is inadequate, questions should be forwarded to the committee, staff, or others.

APPROVAL OF MINUTES

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

Motion #3: To approve the May 17, 2012 Board meeting minutes. *A voice vote was called and the motion passed 8-0 with one abstention.*

CHAIRMAN'S COMMENTS

Mr. Bress updated the Board on the following items:

Schedule for Upcoming Meetings:

- July 9th, the Operations Committee Meeting, 10:00 a.m.
- July 19th the next Board meeting, 1:00 p.m.
- TBD, Benefits Committee Meeting
- TBD, Investment Committee Meeting
- TBD, Legislative Committee Meeting

Recommended Trustee Training:

- Program for Advanced Trustee Studies: Harvard Law School (in conjunction with the National Conference on Public Employees Retirement Systems), July 30-August 1, 2012; the program will educate trustees on how to handle important issues facing public pension funds.

Trustee Retreat on Asset Allocation:

- Trustee Retreat: Hosted by Meketa Investment Group, this fall retreat is to educate and ensure that all Trustees have a substantive knowledge base to make the necessary asset allocation decisions as fiduciaries.

Operations Committee:

- Quorum Rule Change: The Operations Committee will review the concept of participating and voting by telephone or by video at its next meeting on Monday, July 9, 2012.

Other Business:

- Ex-Officio Member: Lasana Mack's last day as Treasurer for the D.C. Office of the Chief Financial Officer is June 30th. The Board recognizes his service as the ex-officio Board member.

EXECUTIVE DIRECTOR REPORT

In the absence of the Executive Director, Mr. Stanchfield, Ms. Morgan-Johnson and Mr. Peter Dewar, DCRB Director of Information Technology, reported the following items:

- **D.C. Council Responses**: Ms. Morgan-Johnson reported that DCRB prepared responses to the April budget oversight hearings conducted by Councilmembers Mendelson and Bowser in the areas of contributions, IT strategic plans, and retirement associations that can provide them with specific comparable retirement information.
- **DCRB Actuarial Method Amendment Act**: Ms. Morgan-Johnson reported that on Tuesday, June 5, 2012, the District of Columbia Council passed the Fiscal Year 2013 Budget Support

Act of 2012. This Act included language that amended the Police Officers, Firefighters, and Teachers Benefit Replacement Plan Act of 1998 by changing the actuarial funding method from Aggregate Cost to Entry Age Normal, beginning fiscal year 2013. The projection study will be held in abeyance until the staff develops a funding policy for approval by the Board.

- **Treasury MOU Regarding STAR and FileNet:** Mr. Dewar reported that a Memorandum of Understanding (MOU) for Interconnecting and Enabling Access to the System to Administer Retirement (STAR) and the FileNet Document Imaging System (FileNet) between Treasury's Office of D.C. Pensions (ODCP) and DCRB was signed on May 22nd.
- **District MOU – Data Reclamation and Future Projects:** Mr. Dewar reported that DCRB is drafting an MOU to which the D.C. Office of the Chief Technology Officer, Office of Pay and Retirement Services, Human Resources and DCRB will be parties, identifying what is required for the Data Reclamation Project and other long- range DCRB projects to be successful, as well as the roles and responsibilities of each agency.
- **L.R. Wechsler, Ltd. Contract:** Ms. Morgan-Johnson reported that L.R. Wechsler will terminate its contract with DCRB. This contract was to develop a pension information management system RFP, build project teams, and provide project oversight. A discussion followed. Ms. Sampson explained that DCRB is in the process of closing out the contract.
- **Board Room Automation:** Mr. Dewar reported that the board room automation services provided by BoardVantage and Diligent Boardbooks are being evaluated. This new automation will allow iPads or computers to access all information contained in the Board packets, thus reducing the need for paper documents and providing the ability to access additional materials. .
- **New Trustee Workroom:** Ms. Morgan-Johnson reported that the Trustee Workroom is located in the former Caucus room (adjacent to the Board room near the reception desk).
- **New DCRB Staff:** Ms. Morgan-Johnson introduced Mr. Joseph Curtis who joined the agency on June 4th in the role of Project Manager.
- **Departing DCRB Staff:** Ms. Morgan-Johnson announced that Mr. Donnie Bryant will be leaving DCRB on Thursday, June 28th. The agency has benefitted tremendously from Mr. Bryant's leadership, skills, and experience as Senior Procurement Specialist in the Office of Procurement. Ms. Morgan-Johnson also reported that Gurvinder Shergill's term appointment ended in April.

GENERAL COUNSEL REPORT

Ms. Sampson gave updates on the following matters:

Litigation

Rivera v. The District of Columbia Retirement Board and The U.S. Department of the Treasury (denial of surviving spouse annuity to former spouse): These cases have been consolidated in the U.S. District Court. Answers to the complaints have been filed by both agencies. New counsel, Raymond Dietrich, has entered an appearance for the Plaintiff.

Deutsche Bank Trust Company Americas, et al. v. Richard M. Ader, et al.: The lawsuits filed against DCRB and related defendants have been consolidated with similar Tribune cases that were filed in various states across the country and transferred as a multi-district litigation proceeding to the United States District Court in the Southern District of New York. The litigation is currently stayed. DCRB's outside legal counsel is monitoring the matter.

California State Teachers Retirement System v. Vivendi, S.A.:

This case was filed in the Commerce Tribunal in Paris on April 27, 2012. The next scheduled hearing is set for September 6.

Dennis Rubin v. DC Fire & Emergency Medical Services & DC Retirement Board: DCRB will move to dismiss itself from this proceeding.

Administrative Appeal Decisions: DCRB and ODCP issued administrative appeal decisions in four split debt cases in which the annuitants requested waiver/compromise of their debt amounts.

Legal Coordination: DCRB legal is coordinating with attorneys from the District of Columbia Human Resources, Police and Firefighters' Retirement and Relief Board, Public Schools, and Treasury's ODCP, to review DCRB's statutorily mandated benefits administration responsibilities including the administrative review of denials of initial benefit determinations and earnings verification for disabled annuitants. This issue will be presented in further detail at the next Benefits Committee meeting.

Ethics Filings: The General Counsel referred the trustees to a report listing the DCRB employees who were required to complete the DC Form 35. These employees are designated annually by the Executive Director (upon consultation with the senior staff) based on their position as one that performs policy-making, contracting, or purchasing functions, or functions in which meaningful decisions are made respecting private organizations.

OPERATIONS COMMITTEE REPORT

Ms. Rhonda O'Neal, Senior Accountant, reported on the financial statements.

Financial Statement Analysis to DCRB Board of Trustees

- As of March 31, 2012, DCRB's total net assets were approximately \$5.1 billion, which is an increase of 6% compared to the \$4.8 billion from last year at this same time period.
- Total assets of \$5.1 billion increased by 6% compared to last year. At the same time period liabilities increased by 4% as compared to last year.
- Total employee contributions increased by 2% this year as compared to last march.
- Year-to-date administrative expenses of \$8.8 million compared to \$7.6 million from last year was 71% unexpended.

BENEFITS COMMITTEE REPORT

Mr. Suter updated the Board on the following items:

- Data Reclamation Project: The MOU with OCTO, OCFO, DCHR and DCRB is in the process of being finalized.
- Business Process Reengineering: The contract with Linea Solutions is expected to be returned to DCRB June 21.
- The 2012 Annuitant Verification Project: On June 1st, payments were suspended for 5 annuitants who had not returned their annuitant verification form. These payments will resume (with retro payments) after responses are received. Mr. Tippett objected to requiring elderly members to have their annuitant verification letters notarized particularly when the Civil Service Retirement System does not require a notarized form. Mr. Bunn agreed with Mr.

Tippett and requested a motion to be made not to require notarized annuitant verification letters. A discussion ensued. Because such a motion was not on the agenda, and has not been properly vetted through the Benefits Committee, Mr. Bress referred the matter to the Benefits Committee to discuss at its next meeting.

LEGISLATIVE COMMITTEE REPORT

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

- B19-743, “Fiscal Year 2013 Budget Support Act of 2012”: This act was approved by DC Council on June 5, 2012 and will be transmitted to the Mayor for review.
- B19-801, “Public School Teachers Income Exclusion Act of 2012”: Under this proposed legislation, the annual salary received by a District of Columbia public school teacher who is a District resident would be excluded from District gross income.
- B19-799, “Pension or Other Retirement Income Exclusion from Income Tax Amendment Act of 2012”: The bill would increase the exclusion from District gross income for pension payments from \$3,000 to \$10,000 for District residents who are 62 to 64 and would add a \$20,000 pension payment exclusion for residents age 65 and older.
- B19-773, “Emergency Medical Services Amendment Act of 2012”: This legislation would clarify the Mayor’s ability to allow civilian, single-role emergency medical service providers to participate in the District of Columbia Police Officers and Firefighters’ Retirement Plan. The Committee on the Judiciary has scheduled a hearing on July 13, 2012.

OTHER BUSINESS

There was no other business to report.

ADJOURNMENT

Motion #4: Mr. Bress moved to adjourn the meeting at 2:15 p.m. The motion was seconded by Ms. Blum. *A voice vote was called and the motion was approved 9-0.*

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

Motion #1		Date: June 21, 2012			
Members	Aye (9)	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent (3)
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Motion #2		Date: June 21, 2012			
Members	Aye (9)	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent (3)
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Motion #3		Date: June 21, 2012			
Members	Aye (8)	Nay/ Oppose	No Vote/ Abstain (1)	No Vote/ Recuse	Absent (3)
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.			√		
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√

Motion #4		Date: June 21, 2012			
Members	Aye (9)	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent (3)
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.	√				
Bulger, Diana K.					√
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.					√