



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
SEPTEMBER 20, 2012
1:00 PM

MEMBERS PRESENT

Michael J. Warren, Chairman
Joseph M. Bress
Diana K. Bulger
James E. Bunn
Deborah Hensley*
Judith C. Marcus
Darrick O. Ross
Edward C. Smith
George R. Suter
Thomas N. Tippet
Jeffrey Barnette, ex-officio

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Tom Anderson
Joan Passerino
Daniel Hernandez
Kevin Green*
Peter Dewar
Corinne Koch
Leslie King
Deborah Reaves
Katie Schultz
Rabinai Carson*
Nina Bridgers

MEMBERS NOT PRESENT

Lyle M. Blanchard
Barbara Davis Blum

OTHERS PRESENT

Ms. Brenda Mathis, OCFO

*Not present at roll call.

ROLL CALL

Chairman Warren called the meeting to order at 2:00 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the July 19, 2012 Board meeting minutes. *A voice vote was called and the motion was approved 8-0 with one abstention. (See Tally #1)*

CHAIRMAN'S COMMENTS

Chairman Warren updated the Board on the following items:

- Newspaper Articles: Both the Washington Examiner (9/20/12) and the Washington Post (9/19/12) published articles about administrative expenses and the District's 457(b) Plan managed by ING. On behalf of the Office of the Chief Financial Officer (OCFO), Mr. Jeffrey Barnette gave an explanation of the articles and OCFO's response.

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

Motion #2: To move the agenda out of order. *A voice vote was called and the motion was approved 10-0. (See Tally #2)*

INVESTMENT COMMITTEE REPORT

In the absence of Ms. Barbara Blum, Investment Committee Chair, Mr. Ross updated the Board on the following topics:

- No October Investment Committee Meeting: There will be no Investment Committee meeting in October. Instead, the second part of the Actuarial Workshop will be held from 10 a.m. through 1 p.m.

Mr. Ross made the following motion, which was properly seconded.

Motion #3: To approve the Investment Policy Statement for the Absolute Return Program as presented by Cliffwater. *A voice vote was called and the motion approved 10-0. (See Tally #3)*

GENERAL COUNSEL'S REPORT

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

- Ratification of Investment Transactions: Several investment transactions were approved in executive session pursuant to D.C. Code § 1-909.05. Now that due diligence and contract negotiations have been finalized, these transactions need to be ratified by the Board in this Open Session.

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

Motion #4: To replace the investment in the SSgA All Country World Index ex U.S. Non-Lending Index Fund with a dedicated investment in the SSgA MSCI World ex U.S. Non-Lending Index Fund and the SSgA MSCI Emerging Markets Non-Lending Fund. Furthermore, to change the asset class benchmark for the developed (ex U.S.) markets component of the policy portfolio from the MSCI EAFE Index to the MSCI World ex U.S. Index. *A voice vote was called, and the motion was approved 10-0. (See Tally #4)*

Mr. Tippett made the following motion, which was seconded by Mr. Bunn:

Motion #5: To select Cliffwater as the Board's real asset consultant, for a one-year contract term, which may be extended for two additional one-year terms at the discretion of the Executive Director, and total fees for each term not to exceed \$1 Million. *A voice vote was called, and the motion was approved 10-0. (See Tally #5)*

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

Motion #6: To terminate contractual relations with Wellington for management of the REIT strategy. *A voice vote was called, and the motion was approved 10-0. (See Tally #6)*

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

Motion #7: To retain Vanguard REIT Index Fund for management of a passive REIT strategy and transfer all assets from the terminating Wellington account to the new Vanguard REIT Index Fund. *A voice vote was called, and the motion was approved 10-0. (See Tally #7)*

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

Motion #8: To terminate contractual relations and redeem from both PRISA and PRISA II Funds, in an orderly manner and transfer all proceeds to the Vanguard REIT Index Fund. *A voice vote was called, and the motion was approved 10-0. (See Tally #8)*

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

Motion #9: To approve the selection of Stone Harbor Investment Group as the emerging markets debt manager with an initial funding of approximately \$90 million. *A voice vote was called, and the motion was approved 10-0. (See Tally #9)*

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

Motion #10: To commit \$15 million to Blackstone Real Estate Partners VII, LP a private real estate fund. *A voice vote was called, and the motion was approved 10-0. (See Tally #10)*

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

Motion #11: To commit \$10 million to Riverstone Global Energy and Power V, LP, a private energy fund. *A voice vote was called, and the motion was approved 10-0. (See Tally #11)*

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

Motion #12: To commit \$10 million to Lime Rock Partners VI, LP, a private energy fund. *A voice vote was called, and the motion was approved 10-0. (See Tally #12)*

INVESTMENT COMMITTEE REPORT, CONTINUED

On behalf of the Investment Committee, Mr. Ross asked that the Board move to the Investment Committee portion of the meeting in order to present a motion during Open Session.

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

Motion #13: To conduct a search for an active domestic small cap equity manager. *A voice vote was called, and the motion was approved 10-0. (See Tally #13)*

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

Motion #14: To enter into Executive Session pursuant to D.C. Code §§ 2-575(b)(10), 1-736(c) and 1-909.05(e) to discuss a personnel matter (2:30 p.m.). *A voice vote was called, and the motion was approved 10-0. (See Tally #14)*

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

Motion #15: To exit Executive Session and return to Open Session (3:06 p.m.). *A voice vote was called, and the motion was approved 10-0. (See Tally #15)*

AD HOC COMMITTEE

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

Motion #16: That the Board approve the amended and restated Executive Director Employment Agreement. Further, subject to rulemaking, that DCRB establish and implement a 457(f) plan to which the Board may make discretionary contributions on behalf of the Executive Director in accordance with the agreement. And further, that the Chairman, with the assistance of outside legal counsel, finalize the amended and restated employment agreement to be signed by the Chairman and Board Treasurer. *A voice vote was called, and the motion was approved 10-0. (See Tally #16)*

OPERATIONS COMMITTEE:

Mr. Bress updated the Board on the following:

- Negotiations with MetLife: The DCRB short- and long-term disability plan was approved and the coverage for DCRB employees will be the same as under the District's plan. The plan will go into effect on January 1, 2013.

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

Motion #17: To approve the following proposed rule to establish a non-qualified deferred compensation plan under section 457(f) of the Internal Revenue Code for Board Staff:

**DISTRICT OF COLUMBIA RETIREMENT BOARD CLASSIFICATION AND
COMPENSATION PROGRAM REGULATIONS**

Section 1805 of Chapter 18 of the District of Columbia Retirement Board Classification and Compensation Program Regulations is amended as follows:

A new subsection 1805.5 is added to read as follows:

- 1805.5 The Retirement Board may provide a nonqualified deferred compensation plan under section 457(f) and 409A of the Internal Revenue Code (Code) for key management employees, described as follows:
- (a) The Retirement Board shall determine those employees eligible to participate in the plan.
 - (b) The plan document shall include the terms, conditions, and provisions of the plan, including the terms of any substantial risk of forfeiture for purposes of section 457(f) of the Code.
 - (c) The plan shall be a nonqualified deferred compensation plan as defined in section 457(f) of the Code and shall comply with section 409A of the Code.

A voice vote was called, and the motion was approved 10-0. (See Tally #17)

Mr. Bunn made the following motion, which was seconded by Mr. Tippett:

Motion #18: To make a lump-sum contribution to a 457(f) plan on behalf of Eric Stanchfield in

fiscal year 2012 with a surrender date of 2015. *A voice vote was called, and the motion was approved 10-0. (See Tally #18)*

BENEFITS COMMITTEE REPORT

Mr. Suter noted that the Benefits Committee met on September 6, 2012. He updated the Board on the following committee items:

- STAR System Split Benefits Reconciliation Project: On July 25, 2012, following the Final Reconciliation of Investments and Administrative Expenses, Treasury held a meeting to discuss the Verification Audit of District Benefit Payments, certain comments they received related to the District Benefit Payment Letter of Agreement, and the status of the final Split Benefits Regulations. At the meeting, Treasury indicated that they compared the benefit amounts they actually paid during the period that benefit splits were being estimated to the amount they should have been paying and the result was an overpayment by Treasury. Mr. Smith inquired about the amount of the payments. This item will be discussed at further meetings, and work is on-going;
- Teachers' Collective Bargaining Agreement Option 2 Implementation: DCRB will process the selected applicants as soon as the Teachers' Plan is amended to include the provision and the appropriate funds are transferred into the Trust. DCRB is not involved in the selection process. A discussion about the provisions agreed on between the Washington Teachers Union and DCPS followed.

There were no action items to be recommended by the committee.

LEGISLATIVE COMMITTEE REPORT

The written report was referred to which noted a public hearing scheduled for September 24, 2012 by the Committee of the Whole and the Committee on the Judiciary for B19-570, the "Equity in Survivor Benefits Amendment Act of 2012." Joan Passerino, DCRB Chief Benefits Officer, will be testifying at the request of Councilmember Mendelson.

EXECUTIVE DIRECTOR'S REPORT

Mr. Stanchfield updated the Board on the following items:

- Bill 19-570, "Equity in Survivor Benefits Amendment Act of 2012";
- DCRB Summer 2012 Newsletter: a special two-page newsletter was mailed in August. Included is a link to DCRB's first online survey on the topic of member communications;
- NASRA Issue Brief – State Hybrid Retirement Plans Part II: Shared Risk Arrangements;
- Treasury Updates: with regards to the Reconciliation, the 2012 MOU is being finalized; FY 2012 MOU Treasury Reimbursements were provided;
- DCRB Strategic Planning Sessions and 2013 Budget: Mr. Stanchfield covered the five main goals developed by DCRB Senior Staff with regards to creating a strategic plan for the agency;
- Time/Travel Sheets: Mr. Anderson noted that the fiscal year ends on September 30, 2012, and time and travel sheets must be submitted to Bonnie Rivers by October 15, 2012;
- New DCRB Staff: Mr. Kevin Green, the new Senior Procurement Specialist, introduced himself to the Board. Ms. Michelle Somerville also joined DCRB as a Retirement Analyst in the Benefits Department.

OTHER BUSINESS

Chairman Warren thanked the Board and staff. Many things are coming up in terms of the Board's strategic planning, and Mr. Warren emphasized the importance of recognizing this over the next five years or so. The next Board meeting will be held on October 18, 2012.

Ms. Marcus made a suggestion that certain committee meetings could be scheduled over the lunch hour instead of in the morning. This idea was discussed and will be considered in the future. Mr. Warren stated that this decision will rest with the Committee and Board chairs.

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

Motion #19: To authorize the Investment Committee Chair and/or Board Chair to accompany the CIO and investment staff on due diligence visits to international equity small cap candidates. *A voice vote was called and the motion was approved 10-0. (See Tally #19)*

ADJOURNMENT

Motion #20: Ms. Hensley moved to adjourn the meeting at 3:35 p.m. Mr. Smith seconded the motion. *A voice vote was called and the motion was approved 10-0. (See Tally #20)*

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

Tally #1		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #2		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #3		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #4			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #5			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				
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Tally #6		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #7		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #8		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #9			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #10			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #11		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #12		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #13		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #14			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #15			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				
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Tally #16			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #17			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #18			Date: September 20, 2012		
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent

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.	√				

Tally #19		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

Tally #20		Date: September 20, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
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.	√				

