



DISTRICT OF COLUMBIA RETIREMENT BOARD
MEETING MINUTES
APRIL 19, 2012
1:30 PM

MEMBERS PRESENT

Michael J. Warren, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Joseph M. Bress
Diana K. Bulger
James E. Bunn
Deborah Hensley
Judith C. Marcus
Darrick O. Ross
Edward C. Smith
Thomas N. Tippett

DCRB STAFF PRESENT

Erie Sampson, General Counsel
Sheila Morgan-Johnson
Tom Anderson
Joan Passerino
Daniel Hernandez
Michael Williamson
Peter Dewar
Corinne Koch
Leslie King
Donnie Bryant
Vernon Valentine
Katie Schultz
Rabinai Carson

MEMBERS NOT PRESENT

George R. Suter
Lasana Mack, Ex-Officio

OTHERS PRESENT

Brenda Mathis, OCFO

*Not present at Roll Call

ROLL CALL

Chairman Warren called the meeting to order at 1:43 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the February 16, 2012 Board meeting minutes. *A voice vote was called and the motion was approved 10-0 with one abstention. (See Tally #1)*

In order to consult with a law firm regarding a securities litigation matter, Ms. Sampson recommended that the Board enter into Executive Session pursuant to D.C. Code §2-575(4)(A).

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

Motion #2: To enter into Executive Session. *A voice vote was called and the motion was approved 11-0. (See Tally #2)*

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

Motion #3: To exit Executive Session at 2:15 p.m. *A voice vote was called, and the motion was approved 11-0. (See Tally #3)*

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

Motion #4: That the Board retain the legal services of Kessler, Topaz, Meltzer & Check, LLP to represent the Board in a securities litigation case against Vivendi, SA, et al in French courts. *A voice vote was called and the motion was approved 11-0. (See Tally #4)*

CHAIRMAN'S COMMENTS

Chairman Warren updated the Board on the following items:

- Past Year Wrap-Up and Issues Facing the Board: Mr. Warren gave an overview of recent testimony before D.C. Councilmember Mary Cheh and noted that it went well. He also noted that the Board has been an outstanding entity over the past several years, and, due to global issues, the Board will have to continue to be just as outstanding. Mr. Warren said that strategic planning will be critical, and the Board must focus on continuing education. He thanked the Board for the excellent job they did over the past year, and he extended his congratulations to all DCRB staff;
- Committee Assignments: Mr. Warren encouraged Trustees to attend as many Committee meetings as possible, and he stressed the importance of Committee assignments. He noted that he would like committees to drive Board business. He made the following committee assignments:
 - Operations: Mr. Bress (Chair) and Mr. Ross (Vice-Chair)
 - Benefits: Mr. Suter (Chair) and Mr. Smith (Vice-Chair)
 - Strategic Planning: Ms. Marcus (Chair) and Mr. Bress (Vice-Chair)
 - Legislative: Mr. Blanchard (Chair) and Ms. Bulger (Vice-Chair)
 - Fiduciary: Ms. Hensley (Chair), with Mr. Warren and Ms. Sampson
 - Investments: Ms. Blum (Chair) and Mr. Ross (Vice-Chair)
- Welcome to Mr. James E. Bunn: On behalf of the Board and staff, Mr. Warren welcomed Mr. James E. Bunn to the Board. Mr. Bunn was appointed by the Mayor to serve on the Board, and he previously served on the Board from 1991-1995. Mr. Bunn is a community activist and business owner in Ward 8. Mr. Warren noted that two of Mr. Bunn's sons serve as District of Columbia firefighters.

GENERAL COUNSEL REPORT

Ms. Sampson, the General Counsel, reported on the following items

- Trustee Financial Disclosure Forms: These forms, which are public records, are due to be filed with the D.C. Council and the Mayor no later than April 30, 2012.

INVESTMENT COMMITTEE REPORT

Investment Committee Chair Barbara Blum updated the Board on the following topics:

- Next meeting: There will be a short Investment Committee meeting before the May 17th Board meeting;
- Two committee actions: On behalf of the Investment Committee, Committee Chair Blum presented the following two committee action items:

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

Motion #5: *This motion is redacted pursuant to DC Code §§ 2-578(b), 2-575(b)(1), 1-909.05(e) and (f) because public disclosure of the Motion would jeopardize DCRB's ability to implement the Motion or to achieve the investment objective. A voice vote was called and the motion was approved 11-0. (See Tally #5)*

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

Motion #6: *This motion is redacted pursuant to DC Code §§ 2-578(b), 2-575(b)(1), 1-909.05(e) and (f) because public disclosure of the Motion would jeopardize DCRB's ability to implement the Motion or to achieve the investment objective. A voice vote called and the motion passed 8-2 with one abstention. (See Tally #6)*

OPERATIONS COMMITTEE REPORT

The Board discussed the following items from the Operations Committee Report, and Ms. Sampson provided clarification:

- **Audit Services Contracts:** The DCRB entered into a contract with Clifton Gunderson (CG) in August 2007 to perform financial audit services. On January 2, 2012, CG completed a merger with another public accounting firm name Larson Allen, which resulted in a newly formed partnership named Clifton Larson Allen (CLA). To transfer the current contract to the new partnership, DCRB and CLA entered into a novation agreement. CLA will continue to perform the obligations and series under the contract with CG. This contract is a 5-year contract, which will expire after the completion of the FY 2012 financial statement audit;
- **Oversight & Evaluation of Consultants:** Pursuant to Board Rule 1504.9(m): The Operations Committee has "oversight and periodic evaluation of the performance of the accountants, the auditor, the actuaries, and the outside general counsels(s) including oversight of any request for an increase in fees." The Board's fiduciary counsel has requested a rate increase. A discussion followed.

There were no action items recommended by this committee.

BENEFITS COMMITTEE REPORT

In the absence of Mr. Suter, the Benefits Committee Vice Chair, Mr. Smith, updated the Board on the following committee items:

- **Data Reclamation Project:** Michael Williamson and Daniel Hernandez have worked to obtain an agreement with District agencies (OCTO, OPRS, and DCHR) so that this project can proceed as a partnership with OCTO. The next steps include entering into an MOU with OCTO to fund this project via an intra-District transfer and to secure the proper resources;
- **Business Process Reengineering:** The RFP for Business Process Reengineering was released on March 12, 2012. Responses were due on April 13 and were reviewed by staff;
- **Annuitant Verification Project:** An initial letter was sent on March 1, 2012, to 201 annuitants who were selected for this year's Annuitant Verification Project. The process will be the same as that of 2011. As of March 30, 2012, responses were received from

137 annuitants, and a second reminder letter was sent to the remaining 64 annuitants on April 2. There are 35 annuitants remaining. The committee is pleased to report that no fraudulent payments were detected in the 2011 process. Ms. Passerino clarified the process and responded to questions from Trustees. Mr. Tippet requested to see copies of the annuitant verification letters sent by OPM to CSRS plan members to be sure that DCRB's letters are similar;

- Plan Amendments: The Amendments that are required to maintain the qualified status of both the Police/Fire and the Teachers' Plans under federal tax law were jointly presented by DCRB and the Office of the Chief Financial Officer to the Committee on Government Operations for legislative action on April 13, 2012;
- Reemployed Annuitants (DPM 11B-81 & 26B-6): DCHR is creating a process to monitor the rehiring by the District of Police/Fire or Teachers' Plan retirees. Under District law, certain rehired retirees are required to have their salary reduced by the amount of their annuity. A discussion followed.

There were no action items recommended by this committee.

LEGISLATIVE COMMITTEE REPORT

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

- Ms. Barbara Davis Blum was reappointed to the Board, and Mr. James E. Bunn was newly appointed to the Board;
- Testimony before DC Council: on April 20, 2012, starting at 10 a.m. will be attended by DCRB staff and Board members;
- Further testimony will be held before Councilmember Bowser on April 25, 2012;
- "Fiscal Year 2013 Budget Support Act of 2012" (B19-743): This act includes the "Bonus and Special Pay Limitation Act of 2012," which freezes employee bonuses for another fiscal year; the "Health Benefit Plan District Contribution Amendment Act of 2012," which restores the maximum District health care contribution to 75% from 72%; and the "Targeted Retirement Distribution Withholding Amendment Act of 2012," which clarifies that the mandatory 8.95% District withholding tax on pension distributions only applies to lump-sum distributions that are eligible rollover distributions and are not rolled over to another retirement plan;
- B19-731, "District of Columbia Government Employee Repayment Act of 2012": The proposed legislation would repay District employees for the four unpaid furloughed legal holidays during fiscal year 2011.

There were no action items recommended by this committee.

EXECUTIVE DIRECTOR REPORT

In the absence of the Executive Director, Mr. Stanchfield, Ms. Morgan-Johnson and Mr. Anderson updated the Board on the following items:

- Upcoming D.C. Council Testimony: Mr. Warren encouraged Board members to attend the two upcoming hearings before the D.C. Council (the Committee on the Judiciary and the Committee on Government Operations);
- DCRB Mobile Device Policy: Mr. Dewar outlined DCRB's mobile device lending program. Mr. Warren stated for the record that these devices are to be used as productivity tools and not toys. He noted that if the devices are kept for two to three years, they will enable a good deal of cost savings for DCRB and will be keeping within

best practices. Mr. Warren encouraged Trustees to use the devices for educational purposes related to Board activities;

- New Trustee Orientation: Ms. Morgan-Johnson noted that Mr. Bunn had completed the new trustee orientation. She stated that further training is available to any trustee;
- Trustee Reimbursement: Mr. Anderson informed the Board that they may now submit time sheets online to DCRB;
- Health Benefits Plan Contributions Amendment: The submitted Fiscal Year 2013 Budget Support Act of 2012, Health Benefits Plan Contribution Amendment, reverts the employee share of health care premiums to the original 25% of the total premium (last year they were increased to 28%). Treasury's STAR system will need to be reprogrammed to accommodate this change;
- DCRB 2011 CAFR: The Comprehensive Annual Financial Report (CAFR) is now available on DCRB's website;
- DCRB Employee News: Mr. Jason Ostroski, Ms. LaNae Morrow, and Mr. Michael Williamson have left or will be leaving DCRB. Mr. Warren also extended thanks to Mr. Joseph Clark, former DCRB Trustee, for his service to the Board;
- Executive Director's Recovery Update: Mr. Stanchfield is recovering and hopes to be able to attend the next Board meeting.

OTHER BUSINESS

The next Board meeting will be held on May 17, 2012.

ADJOURNMENT

Motion #7: Mr. Tippett moved to adjourn the meeting at 3:17 p.m. The motion was seconded by Ms. Bulger. *A voice vote was called and the motion was approved 11-0. (See Tally #7)*

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

Tally #1		Date: April 19, 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: April 19, 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: April 19, 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: April 19, 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: April 19, 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 #6		Date: April 19, 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.	√				

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.	√				