

**BOARD MEETING MINUTES
DECEMBER 16, 2010**

MEMBERS PRESENT

DARRICK O. ROSS, CHAIRMAN
LYLE M. BLANCHARD
BARBARA DAVIS BLUM
JOSEPH M. BRESS
JOSEPH W. CLARK
DEBORAH HENSLEY
JUDITH C. MARCUS
EDWARD C. SMITH

MEMBERS NOT PRESENT

DIANA K. BULGER
GEORGE E. SUTER
THOMAS N. TIPPETT
MICHAEL J. WARREN
LASANA MACK, EX-OFFICIO

DCRB STAFF PRESENT

ERIC STANCHFIELD, EXECUTIVE DIRECTOR
ERIE SAMPSON, GENERAL COUNSEL
SHEILA MORGAN-JOHNSON
JOAN PASSERINO
THOMAS ANDERSON
JOHN NEWLIN
GURVINDER SHERGILL
LESLIE KING
JASON OSTROSKI
PATRICK SAHM
DONNIE BRYANT
PETER DEWAR
SUE SCRAPPER
SUSAN WASHINGTON
SEBASTIAN PODESTA
DEBORAH REAVES
KATIE SCHULTZ
YOLANDA SMITH
DENICE MCSEARS

OTHERS PRESENT

CHRIS ADE, J.P. MORGAN
RODERIC E. NORMAN, J.P. MORGAN
TOM CAVANAUGH, CAVANAUGH MACDONALD
ED KOEBEL, CAVANAUGH MACDONALD

ROLL CALL

Chairman Ross called the meeting to order at 12:58 p.m. Ms. Deborah Reaves called the roll.

APPROVAL OF MINUTES

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

Motion #1: To approve the November 18, 2010, Board meeting minutes. The motion was approved by a voice vote of 8-0. (See Motion #1)

GENERAL COUNSEL REPORT

Ms. Sampson, the General Counsel, reported on the following activities:

- Codification Error: The U.S. Department of the Treasury's Office of D.C. Pensions (ODCP) concurs with the District's codification counsel's conclusion that a codification error occurred in D.C. Code §5-712(c).

- B18-477, DCRB Actuarial Method Amendment Act of 2010: This proposed bill is still tabled. DCRB will work with Council staff for the bill to be reconsidered in 2011.
- New Legislation: The Council recently enacted several bills to foster greater transparency in government.
- Review of Plans: A law firm will be hired to perform a tax-qualified review of the Plans.

INVESTMENT COMMITTEE REPORT

The Investment Committee Chair, Ms. Blum, made the following motion, which was seconded by Mr. Blanchard:

Motion #2: To rescind the redemption request from PRISA I and to maintain the redemption request from PRISA II. The motion was approved by a voice vote of 8-0. (See Motion #2)

OPERATIONS COMMITTEE REPORT

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

- CAFR Award: On behalf of DCRB, Mr. Sebastian Podesta has been awarded the Certificate of Achievement for Excellence in Financial Reporting for DCRB's annual financial report for a second consecutive year.
- PPCC Award: DCRB has been awarded the Public Pension Coordinating Council (PPCC) award for a second consecutive year. DCRB was among the few public systems that received the PPCC award.
- Presentation by Cavanaugh MacDonald: DCRB's actuarial firm, Cavanaugh MacDonald, presented to the Board the Actuarial Valuations of the Plans as of October 1, 2010 for FY 2012.
- Presentation of FY 2012 Budget Highlights: Mr. Podesta noted that the FY 2012 Agency Budget will be presented to the Operations Committee next month and subsequently will be reviewed by the Board.
- Presentation on Independent Financial System: Mr. Ostroski gave a presentation on DCRB's plan to adopt an independent financial system.
- 2010 Active Police Officer Election: Mr. Clark thanked Ms. Yolanda Smith, aided by True Ballot Inc., for supervising the election. Mr. Clark announced the reelection of Darrick Ross as the Active Police Officer representative to the Board of Trustees.

Mr. Clark made the following two motions, which were seconded by Ms. Hensley:

Motion #3: The Board adopted the DCRB Employee Supplemental Retirement Plan (the "Plan") for DCRB staff on December 17, 2009. The Plan's adoption agreement requires that employer contributions and participant contributions be made quarterly to the Plan's trust. DCRB is now able to transmit contributions on a bi-weekly schedule. Therefore, the Board amends the Plan's adoption agreement to provide that employer contributions and participant contributions shall be contributed to the Trust on a bi-weekly payment schedule. The motion was approved by a voice vote of 8-0. (See Motion #3)

Motion #4: To adopt the certified District Contribution for FY 2012 in the amount of \$116.7 million plus \$3 million for the Teachers' correction error. The motion was approved by a voice

vote of 8-0. (See Motion #4)

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

Motion #5: To authorize the Executive Director to release an RFP to procure an independent financial system. The motion was approved by a voice vote of 8-0. (See Motion #5)

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

Motion #6: To certify the election of the active police officer results for Darrick O. Ross. The motion was approved by a voice vote of 8-0. (See Motion #6)

BENEFITS COMMITTEE REPORT

In the absence of Mr. Suter, Benefits Committee Chair, the Trustees referred to the written report.

LEGISLATIVE COMMITTEE REPORT

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

- District Council Legislative Cycle: The Council is on a two-year legislative cycle. As a result, any legislation that has been announced but not approved within this cycle dies and must be reintroduced in the next cycle.

EXECUTIVE DIRECTOR REPORT

Mr. Stanchfield provided updates on the following:

- Supplemental Budget Support Act of 2011: A few items that may affect DCRB employees include reducing health care premiums paid by the District and a mandatory four-day holiday furlough.
- D.C. Pensions Split Benefit Regulations: Treasury published these regulations in November 2010, and DCRB has until January 21, 2011, to comment.
- DCRB Newsletter: The newsletter went out to all retired and active members.
- DCRB Website: In partnership with the District's Office of Chief Technology Officer, DCRB is planning to launch a redesigned website in January.
- FY12 Budget: The FY12 Budget is in its final stages of review.
- FY10 Audit: The independent auditors, Clifton Gunderson, are currently working to complete the FY2010 financial statement audit.
- Recruitment Efforts: DCRB is re-advertising for the Deputy Chief Benefits Officer.
- Employee Training: PRM consulting began staff training in October.

OTHER BUSINESS

Chairman Ross noted that the next Investment Committee Meeting will be held on Friday, January 28, 2011, at 10 a.m., and the next Board Meeting will be held on the same day at 1 p.m.

ADJOURNMENT

Motion #7: Chairman Ross moved to adjourn the meeting at 2:57 p.m. The motion was seconded by Ms. Hensley. The motion was approved by a voice vote of 6-0. (See Motion #7)

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

| MOTION #1 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| 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. | | | | | √ |

| MOTION #2 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| 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. | | | | | √ |

| MOTION #3 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| 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. | | | | | √ |

| MOTION #4 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| 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. | | | | | √ |

| MOTION #5 | | | DATE: DECEMBER 16, 2010 | | |
|------------------|--|--|-------------------------|--|--|
|------------------|--|--|-------------------------|--|--|

| 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. | | | | | √ |

| MOTION #6 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|-----------------------------|----------------------------|---------------|
| 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. | | | | | √ |

| MOTION #7 | | | DATE: DECEMBER 16, 2010 | | |
|---------------------|------------|------------------------|--------------------------------|----------------------------|---------------|
| 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. | | | | | √ |