



**OPEN SESSION**  
**NOTICE OF REGULAR BOARD MEETING**  
**JOSEPH BRESS, CHAIRMAN**

**AGENDA -- REVISED**  
**THURSDAY, OCTOBER 16, 2014**  
**1:00 PM**

1:00 PM **ROLL CALL**

**APPROVAL OF BOARD MEETING MINUTES FOR SEPTEMBER 17, 2014 [TAB 1]**

**CHAIRMAN'S COMMENTS [TAB 2]**

**EXECUTIVE DIRECTOR'S REPORT [TAB 2]**

**INVESTMENT COMMITTEE REPORT**

**OPERATIONS COMMITTEE REPORT [TAB 3]**

➤ **PROPOSED ACTION ITEMS**

**PRESENTATION: DILIGENT BOARDBOOKS**

**BENEFITS COMMITTEE REPORT [TAB 4]**

**LEGISLATIVE COMMITTEE REPORT [TAB 4]**

**AUDIT COMMITTEE REPORT [TAB 4]**

**OTHER BUSINESS [TAB 5]**

- GFOA NEWS RELEASE, 9/22/14 – DCRB AWARDED CAFR
- PRESS RELEASE: MAYOR GRAY WELCOMES DISTRICT'S BOND RATING
- ARTICLES OF INTEREST: NASRA RESPONSE TO MOODY'S REPORT

2:30 PM **ADJOURNMENT**

**ADDITIONAL MEETING MATERIALS**

- CONFERENCES & MEETINGS LISTING
- TRAINING AND TRAVEL REPORT



**EXECUTIVE DIRECTOR REPORT**  
**October 16, 2014**

Executive Updates	Update
<b>Board Portal Project</b>	The purpose of the Board Portal Project is to transition from hard copy (paper) Board materials to mostly digital documents. The project team has reviewed vendor proposals and demonstrations, and will submit a recommendation to the Board today. Trustee training for this new solution will take place next month and the Portal will be implemented in December.
<b>Data Reclamation Project</b>	<p>The Data Reclamation Project involves reviewing and reclaiming 4,559 active member service records and transmitting future member activity, including service and contribution histories, to DCRB on a bi-weekly schedule.</p> <p>To date, 95% (4,336) of the records have been reclaimed, with MPD at 100% (1,768 of 1,768), DCPS at 100% (2,265 of 2,265), and FEMS at 58% (303 of 526).</p>
<b>Pension System Feasibility Study</b>	The Pension System Feasibility and Requirements Study continues, with Linea Solutions performing interviews with key agency staff to better understand DCRB's requirements and future initiatives. To date, interviews have been conducted with the Benefits, Finance, and IT Departments. Some of the discussions have centered on building an environment to leverage current and future technologies to best serve our members and the Agency. This phase is expected to continue until February 2015.
<b>Certificate of Achievement for Excellence in Financial Reporting</b>	On September 22, 2014, DCRB was notified that its Finance Department has been awarded a Certificate of Achievement for Excellence in Financial Reporting for DCRB's comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. This award, which is bestowed by the Government Finance Officers Association (GFOA), is the highest form of recognition in the area of government accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the fifth year in a row that DCRB has received this award.
<b>Total FY 2015 District Pension Contribution</b>	The District's total FY 2015 contribution to the Funds is \$142,943,000 (\$39,513,000 for the Teachers' Plan and \$103,430,000 for the Police/Fire Plan. It is our understanding that OCFO plans to execute the transfer of this contribution to the Fund on October 23, 2014.
<b>Certificate of Achievement in Public Plan Policy (CAPPP®) Program Training</b>	<p>Part I of the two-part Certificate of Achievement in Public Plan Policy (CAPPP®) program in Employee Pensions was hosted by DCRB on Monday, September 29 and Tuesday, September 30. This first part covered Governance, Legislative/Regulatory Developments, the Legal Environment, and Actuarial Principles (taught by DCRB's actuary, Tom Cavanaugh).</p> <p>A total of 39 persons attended the training: 26 from DCRB (23 staff and 3 Trustees),</p>

	<p>7 from other District agencies (1 DCHR, 1 DCOAG, 1 DCPS, 3 OCFO, 1 OPRS), 4 from Arlington County, and 2 from the City of Alexandria. There was unanimous and enthusiastic agreement among attendees that the training was informative, useful, and well worth the time. All attendees are looking forward to Part II of the training, which will be held on Monday, October 27 and Tuesday, October 28. Part II will cover Plan Design, Investments, Business Improvement Strategies, and Emerging Issues.</p> <p>As noted previously, the curriculum is taught by public sector practitioners who are well-versed in the covered subjects.</p>
<b>Fall 2014 Newsletter</b>	<p>The fall 2014 DCRB Report is in the process of being assembled. As in past years, it will contain articles that are related to year-end Benefits Department activities (e.g., tax information, open enrollment, and any changes to the health care programs), as well as information on fiscal year-end investment results. We expect that this newsletter will be distributed (in both paper form and electronically) in late October or early November, as soon as the investment results and open enrollment details are available.</p>
<b>Treasury MOU</b>	<p>The MOU between DCRB and the U.S. Department of the Treasury's Office of DC Pensions for FY 2015 is in its final stages of review, and is expected to be signed within the next few weeks.</p>

Member Services  
900 7<sup>th</sup> Street, NW  
2<sup>nd</sup> Floor  
Washington, DC 20001  
www.dcrb.dc.gov



Telephone (202) 343-DCRB  
(866) 456-DCRB  
TTY/Federal Relay (800) 877-8339  
Facsimile (202) 566-5001  
E-mail: dcrb.benefits@dc.gov

**TO:** BOARD OF TRUSTEES  
**FROM:** EDWARD SMITH, CHAIRMAN  
**DATE:** OCTOBER 16, 2014  
**SUBJECT:** BENEFITS COMMITTEE REPORT

---

The Benefits Committee did not meet in October. The following report reflects Benefits Department activities and projects that occurred within the last month.

#### **2014 Health Benefits Open Season Preparations**

The U. S. Office of Personnel Management (OPM) officially announced the dates for the 2014 FEHB Open Season, which will run from Monday, November 10, 2014 through Monday, December 8, 2014. The D. C. Department of Human Resources (DCHR) has not yet released the dates for enrollment in the District health plans, but usually the dates are the same, or similar to, those of OPM. The Benefits Department is currently coordinating with an outside vendor for the mailing of all materials for over 10,000 federal participants and 600 District participants, who are receiving post-retirement health benefits. This information will also be posted on DCRB's website, and an article about open enrollment will be included in DCRB's fall 2014 newsletter.

#### **Resolution 20-482 MPD Union Increase - Tiers II/III Retired Police Impact - Update**

In September, the Benefits Department was successful in recalculating the annuities of 93 out of 116 Police annuitants who retired after April 7, 2013. The increases and retroactive amounts were included in their October 1, 2014 benefit payment. Due to STAR limitations, these recalculations required manual input of new average salaries, which increased the monthly workload of the Benefits staff. The Benefits Department will process the remaining 23 cases in time for the November 3, 2014 benefit payment.

#### **Resolution 20-588 Fire Union Increase - Update**

The above resolution provided the following pay increases for Fire Department personnel:

- 3% increase, effective April 8, 2012
- 3.5% increase, effective April 7, 2013
- 3.5% increase, effective April 6, 2014

Again, due to STAR limitations, Benefits staff will be required to manually input data to recalculate annuities for 109 Fire annuitants who retired after April 8, 2012 (Tiers II/III). As with MPD increases, the Benefits Department is working diligently to complete the processing so annuitants can see the increase and retroactive amounts in their November or December 2014 benefit payments.

This retroactive increase also impacted approximately 193 Tier 1 Firefighter annuitants, who will receive both the equalization increase and the retroactive amounts with their November 3, 2014 benefit payments.

### **Teacher's Retirement Processing**

This summer/early fall, the Benefits Department has been working to complete the annual influx of teacher retirements, 45 of which were processed in time for the September 2014 benefit payroll, and 23 of which will be included with the October 2014 payroll. The average time for case processing, from DCRB's receipt of the HR package to placement on payroll, was 45 days.

### **November Benefits Committee Meeting**

There will be a Benefits Committee Meeting scheduled for the month of November (date/time to be determined). The topics of this meeting will include:

- An update on the Max 80/COLA look back projects, complete with both the DC and the Federal impact information
- An update on the EMS Supervisors' Transition Purchase of Service Project
- A review of FY 2014 Benefits Statistics
- Teachers' workers' compensation leave

Member Services  
900 7<sup>th</sup> Street, NW  
2<sup>nd</sup> Floor  
Washington, DC 20001  
www.dcrb.dc.gov



Telephone (202) 343-DCRB  
(866) 456-DCRB  
TTY/Federal Relay (800) 877-8339  
Facsimile (202) 566-5001  
E-mail: dcrb.benefits@dc.gov

TO: BOARD OF TRUSTEES

FROM: LYLE BLANCHARD, CHAIRMAN

DATE: OCTOBER 16, 2014

SUBJECT: LEGISLATIVE COMMITTEE REPORT

---

The following report reflects activities of interest since the September Board Meeting.  
**COUNCIL OF THE DISTRICT OF COLUMBIA**

**B20-890, “Firefighter Retirement While Under Disciplinary Investigation Amendment Act of 2014”**

This proposed act would change the retirement procedure for a member of Fire and Emergency Medical Services who retires from the Department when facing disciplinary charges, such that a member who retires or resigns while under disciplinary investigation will be deemed to be in conditional retirement pending completion of the disciplinary investigation. One part of the proposed procedure would not be enforceable, as it violates the District of Columbia Police Officers and Firefighters’ Retirement Plan (the “Plan”) anti-alienation provision by offsetting a member’s annuity for any penalties due the District of Columbia by a member in conditional retirement.

Status: Councilmember Tommy Wells introduced this bill on July 14, 2014. The Committee on Judiciary and Public Safety held a public hearing on October 15, 2014 for the purpose of receiving testimony on the bill. DCRB submitted a letter to Councilmember Wells regarding the bill’s conflict with the Plan’s anti-alienation provision.

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Executive Office of the Mayor

Office of Communications



PRESS RELEASE

FOR IMMEDIATE RELEASE: Monday, September 29, 2014

CONTACT: Doxie McCoy (EOM) 202.727.9691; [doxie.mccoy@dc.gov](mailto:doxie.mccoy@dc.gov)  
David Umansky (OCFO) (202) 727-0058; [david.umansky@dc.gov](mailto:david.umansky@dc.gov)

## Mayor Gray Welcomes District's Bond Rating

### Upgrade with the Highest Across the Board Ratings in History

*Fitch and S&P Wall Street Credit-Rating Agencies Cite City's Commitment to Fiscal Discipline*

(WASHINGTON, D.C.) – Mayor Vincent C. Gray announced today that the District's General Obligation (GO) bond rating has been raised to AA from AA- by the Fitch and Standard & Poor's (S&P) ratings services. This brings them in line with Moody's Investors Service's Aa2 rating. The city's Income Tax supported bonds are rated AAA by S&P, Aa1 by Moody's, and AA+ by Fitch. The ratings, the highest across the board the District has ever received, mean that the city will save millions of dollars in interest payments on debt.

***"These ratings are proof, once again, that the District of Columbia should have budget autonomy. Our financial condition is excellent and we manage our budgets as well as or better than any other major city or state,"*** said Mayor Gray. ***"Fiscal prudence has been a major tenant of my administration and this ratings increase validates the financial decisions we have made."***

Mayor Gray continued, ***"I appreciate the ratings agencies' recognition of my administration's commitment to fiscal discipline including adherence to the 12 percent debt cap. I urge my successor to continue this commitment and maintain these upgraded bond ratings so the District can continue to enjoy lower interest rates to fund more school, library, and recreation center modernizations."***

Fitch noted, "Institutionalized and effective oversight from the Office of the Chief Financial Officer (CFO), and demonstrated commitment to fiscal discipline from political leadership are also key factors supporting the 'AA' rating."

"This is an excellent rating level for the District," said Jeffrey S. DeWitt, the District's Chief Financial Officer. "It will help to ensure that our interest levels remain low to finance capital needs at the lowest cost."

The rating agencies statements stressed the District's "Highly effective budget management," solid reserve balances, and well managed pension and other post-employment (OPEB) obligations. They also cited the work of the city's elected officials and the Chief Financial Officer in managing the city's budget, the multi-year expenditure and revenue forecasts, and proactive budget monitoring as important factors in raising the GO bonds ratings.

“These higher ratings are a tribute to the hard work and difficult decisions made by our mayors and councilmembers in past years and the financial management of Dr. Gandhi and the OCFO staff,” said DeWitt.

DC Council Finance and Revenue Committee Chairman Jack Evans, noting the agencies recognition of continued private sector growth, said, “Businesses are voting with their feet by growing their presence in the city. We are no longer dependent solely on the federal government for our economic well-being. It is this growth that makes our future so positive.”

###

**Follow Mayor Gray on Facebook and Twitter!**

Follow Mayor Gray on Twitter at <http://www.twitter.com/MayorVinceGray> and on Facebook at <http://www.facebook.com/MayorGray>



900 7<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor  
Washington, DC 20001  
www.dcrb.dc.gov



Telephone (202) 343-3200  
Facsimile (202) 566-5000  
E-mail dcrb@dc.gov

October 6, 2014

The Honorable Tommy Wells  
Council of the District of Columbia  
The John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 402  
Washington, DC 20004

Re: Bill 20-890, "Firefighter Retirement While Under Disciplinary  
Investigation Amendment Act of 2014"

Dear Councilmember Wells:

The District of Columbia Retirement Board ("DCRB") is submitting this letter to the Committee on the Judiciary and Public Safety to alert you to a statutory issue related to Bill 20-890, the "Firefighter Retirement While Under Disciplinary Investigation Amendment Act of 2014." We request that this letter be made part of the public hearing record.

Congress established DCRB as an independent agency of the District of Columbia government to ensure the District of Columbia Police Officers and Fire Fighters' Retirement Fund and Teachers' Retirement Fund (collectively, the "Fund") are managed on an actuarially sound basis for the purpose of financing the retirement benefits for members of the District of Columbia Police Officers and Firefighters' Retirement Plan and Teachers' Retirement Plan (the "Plans"). DCRB trustees have the exclusive authority to manage and control the assets of the Fund in accordance with its governing authorities. DCRB also administers the Plans, which are § 401(a) tax-qualified Plans under the Internal Revenue Code. The trustees are subject to strict fiduciary duties, including the duty to act exclusively in the interest of Plan participants and beneficiaries.

The proposed legislation contains language that contravenes the terms of the Police Officers and Firefighters' Retirement Plan, the tax code, and the D.C. Merit Personnel System and would not be enforceable against the Fund. Sec. 2(e) of Subtitle B states:

Penalties assessed against a member in conditional retirement as provided in subsection (d) of this act, shall be treated as a debt owed to the District of Columbia government and shall be deducted from the member's pension, retirement pay, or any other accrued benefits. [Emphasis added]

The Plan prohibits the assignment of retirement benefits paid by the Fund to the District to pay for a debt owed to the District by a Plan member. *See* D.C. Code §§ 1-911.03, 5-723.05. Further, the Merit Personnel System excludes retirement pay from being offset to collect a District debt. *See* D.C. Code § 1-629.04(b).

Because a member's retirement benefit cannot be reduced to pay for District debt, DCRB requests that the Committee strike "and shall be deducted from the member's pension, retirement pay, or any other accrued benefits" from the proposed legislation.

DCRB recognizes that the payment of penalties provision in this proposed bill is the same as in D.C. Code § 5-805 applicable to police officers and will be requesting that the same language be stricken from that provision in a future amendment request.

Should you have any questions, please do not hesitate to contact Joan Passerino, Director of Stakeholder Communications & Outreach, on (202) 343-3281.

Sincerely,

A handwritten signature in black ink that reads "Eric O. Stanchfield". The signature is written in a cursive, slightly slanted style.

Eric O. Stanchfield  
Executive Director