



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

**REVISED -- AGENDA**  
**THURSDAY, DECEMBER 18, 2014**  
**1:00 PM**

- 1:00 PM **ROLL CALL**
- APPROVAL OF MEETING MINUTES FOR NOVEMBER 20, 2014** [TAB 1]
- CHAIRMAN'S COMMENTS** [TAB 2]
- EXECUTIVE DIRECTOR'S REPORT** [TAB 2]
- INVESTMENT COMMITTEE REPORT -- ACTION ITEMS**
- 1:15 PM **OPERATIONS COMMITTEE REPORT -- ACTION ITEMS** [TAB 3]
- **PRESENTATION:** FY 2015 ACTUARIAL VALUATION, CAVANAUGH McDONALD, LLC
  - **PRESENTATION:** FY 2016 DCRB BUDGET
    - ANTHONY SHELBORNE, DCRB CONTROLLER
  - **PRESENTATION:** TRUSTEE TRAVEL POLICY
    - SHEILA MORGAN-JOHNSON, CIO & COO
  - **ACTION ITEMS:** FY 2015 RETIREMENT MODERNIZATION PROGRAM
- 2:45 PM **BENEFITS COMMITTEE REPORT --ACTION ITEM** [TAB 4]
- REVIEW OF MAX 80 CALCULATIONS CAVANAUGH McDONALD, LLC
- LEGISLATIVE COMMITTEE REPORT ---ACTION ITEMS** [TAB 4]
- 2014 PROCUREMENT PRACTICES REFORM EXEMPTION EMERGENCY AMENDMENT
- AUDIT COMMITTEE REPORT**
- OTHER BUSINESS** [TAB 5]
- DCRB CONTRACT LOG
  - TRAVEL REPORT PROVIDED BY TRUSTEE COLLINS
- 3:00 PM **ADJOURNMENT**
- ADDITIONAL MEETING MATERIALS**
- TRUSTEES' CONTACT LISTING
  - CONFERENCES & MEETINGS LISTING
  - TRUSTEES & STAFF TRAINING AND TRAVEL REPORT



**EXECUTIVE DIRECTOR REPORT - REVISED**  
**December 18, 2014**

Activities	Updates
<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. At its October meeting, the Board approved an award to Diligent Board Member Services to host and distribute DCRB's meeting information through their portal application. Trustee training and implementation of this new solution are scheduled to take place in January 2015. DCRB is currently finalizing its contract with Diligent.
<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, 100% (4,559) of the records have been reclaimed, 1,768 for MPD, 2,265 for DCPS, and 526 for FEMS. It is expected that all records originally identified at the start of the project will be audited during FY 2015.</p>
<b>Data Management Project</b>	<p>The Data Management Project consists of three important applications that DCRB will use to manage member data. These are: 1) an Enterprise Data Quality (EDQ) tool, 2) a Master Data Management (MDM) system, and 3) an Enterprise Service Bus (ESB).</p> <p>The EDQ will perform continuous data quality reviews of information being reported to DCRB from District employers (DCPS, FEMS and MPD), applying business rules for plan eligibility, contribution rates, and service credits, many of which could be automated. The MDM stores data received from the District (active members) and U.S. Treasury (annuitants). After being validated by the EDQ, this data is held in a central repository for use in benefit calculations and administration. The ESB allows the EDQ, MDM, and other applications to easily communicate and share information.</p> <p>An RFP was issued in July, and six proposals are currently being evaluated by staff to determine the best value to DCRB.</p>
<b>Pension System Feasibility Study</b>	The Pension System Feasibility Study and requirements gathering continues, with Linea Solutions (Linea) conducting interviews with key Agency staff to better understand DCRB's requirements and future initiatives. Representatives from DCRB and Linea have been performing market research by viewing demonstrations of vendor products to acquire insight into the commercial availability of features and functionality. Linea presented a preliminary review of the Study to the DCRB Executive Leadership Team on December 2nd. This phase is expected to continue until February 2015.
<b>Treasury MOU</b>	DCRB and U.S. Treasury's Office of DC Pensions ("ODCP") have concurred on the content of the FY 2015 MOU, which specifies the activities and costs for which each party will be responsible. DCRB expects to have the document signed this week.

<b>Field Trip to the Virginia Retirement System (VRS)</b>	<p>Members of the senior staff and I traveled to Richmond on November 24th to review VRS's internal investment management operations. VRS provided us with an overview of its internal asset management function; specifically, its internal equity and fixed income activities, and its investment operations and support groups. The information provided by our VRS colleagues will be very helpful as we consider internal investment management for DCRB.</p>
<b>Certificate of Achievement in Public Plan Policy (CAPPP®) Program Training</b>	<p>The two-part Certificate of Achievement in Public Plan Policy (CAPPP®) program in Employee Pensions, hosted by DCRB, concluded with the presentation of Part II of the program on October 27 and 28, 2014. During the course of the program, attendees were provided with information on Governance, Legislative/Regulatory Developments, the Legal Environment, Actuarial Principles, Plan Design, Investments, Business Improvement Strategies, and Emerging Issues.</p> <p>Attendees were required to complete their examinations by November 28<sup>th</sup>. IFEBP has advised that they will be sending examination results to attendees this week.</p>
<b>DC Council Budget Report</b>	<p>Last month, DCRB received a draft of the annual Budget Report and Recommendations for fiscal year 2015, compiled by the DC Council's Committee of the Whole. The Report is complimentary of DCRB in that it acknowledges the strides we have made in the past year on our technology projects, strongly encourages our continued progress in that area, and recognizes our sustained communications and outreach efforts with the Council and other District agencies.</p> <p>The Report recommends adoption of DCRB's fiscal year 2015 budget, and recommends that DCRB should continue to:</p> <ol style="list-style-type: none"> <li>1. Ensure the "rapid completion" of our Data Reclamation process and "swiftly acquire" a new Pension Management Information System, and</li> <li>2. "Foster good communication and relationships" with other agencies and the Council.</li> </ol>
<b>Max 80 and COLA Lookback</b>	<p>Following the November Board Meeting, the Association of Retired Police Officers of D.C. posted a notice on its website regarding Treasury's plans to seek to recoup overpayments that were made since the 1980's related to errors in the Police/Fire Plan's 80% maximum benefit, and the semi-annual COLAs paid under that Plan and the Teachers' Plan. They also provided their members with a draft letter (copy attached) to send to their Congress members and the White House, to make them aware of Treasury's planned treatment of these errors.</p>
<b>Small Business Enterprise (SBE) Compliance Public Roundtable</b>	<p>In response to Councilmember Orange's request for information related to SBE compliance, DCRB sent a letter to Mr. Orange on December 4<sup>th</sup>. As in the past, since DCRB is a trust, with fiduciary obligations and its own independent procurement authority, we again asserted that we should be exempt from the SBE legislation, but answered the questions with the spirit of the law and our status as an independent District agency.</p>
<b>Annual FOIA Report</b>	<p>On December 15, 2014, DCRB filed its annual FOIA Report for fiscal year 2014. The Report reflects our having answered 19 requests for information, most of which involved investment matters.</p>
<b>Cyber Security</b>	<p>DCRB's Operations Department is working with IT on an application to price the cost of cyber security insurance. This insurance would help to cover issues related to, among other things, sensitive data breaches, computer hacking, and employee error.</p>

<p><b>Comprehensive Procurement System and New Filing System</b></p>	<p>The Procurement team is working with IT to create a comprehensive procurement system that will use technology to help keep staff aware of deadlines, have Terms and Conditions as well other documents readily available for editing, streamline the procurement process to reduce errors, keep track of who is working on what, set notifications for contracts that will be expiring in 30, 60 and 90 days, and ensure that we are complying with various laws.</p> <p>The Procurement team is also working on a new filing system for hard copies of contracts which will include a daily action list to identify the most pressing issues of the day, and a weekly log to keep everyone aware of impending deadlines.</p>
<p><b>Staff Holiday Luncheon</b></p>	<p>DCRB’s annual staff holiday luncheon will take place on December 19<sup>th</sup>. The executive staff will host the luncheon that will include holiday music and festive decorations.</p>
<p><b>Additional Holiday</b></p>	<p>In a letter to District employees, dated December 15, 2014, Mayor Vincent Gray announced that “District Government offices would be closed on the day after Christmas, Friday, December 26, 2014.” This additional holiday follows President Obama’s executive order of December 12<sup>th</sup>, announcing December 26<sup>th</sup> as a holiday for federal workers.</p>
<p><b>Staff Addition</b></p>	<p>I'm pleased to announce that Mark Bojeun has joined the DCRB IT staff in the capacity of Portfolio Manager. Mark has worked as a contractor on IT’s Data Reclamation team, and has been instrumental in improving relationships with MPD, DCPS, and DCHR, gaining additional access to the District's PeopleSoft system, and obtaining biweekly data feeds from the District.</p> <p>Mark comes to us with over 20 years of experience in the IT field and over 10 years of experience in both project and program management, which he teaches and is certified in. He received his PhD from Capella University, an MBA from George Mason, and two bachelor's degrees from Strayer University.</p>
<p><b>Recent Retirement Articles (attached)</b></p>	<p>“Deal Reached to Allow Pension Plans to Cut Benefits,” <i>The Washington Post</i>, 12/10/14.</p> <p>“Fact Sheet on Multiemployer Plans,” the <i>Pension Rights Center</i>, 12/10/14.</p>

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**TO:** BOARD OF TRUSTEES  
**FROM:** EDWARD SMITH, CHAIRMAN  
**DATE:** DECEMBER 18, 2014  
**SUBJECT:** BENEFITS COMMITTEE REPORT

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The Benefits Committee did not meet in December, but the following report reflects highlights from current Benefits Department activities during the previous month.

**Health Benefits Open Season – Closed**

The open enrollment period for the Federal and District Health Benefits Programs closed December 12, 2014. As of December 9, 2014, DCRB has received 210 updated open enrollment forms from a population of more than 10,000 members participating in both health benefits programs. Additionally, the Member Service Call Center’s call volume has increased to over 200 calls per day for the first two weeks of December due to health benefits enrollment inquiries.

**Max 80/Lookback COLA Errors Summary (As of 12-4-14)**

At the November 20, 2014 Benefits Committee Meeting, the U.S. Department of the Treasury’s Office of D.C. Pensions (ODCP) explained its decision to correct retirement benefit overpayments to 517 retirees as a result of the systemic Max 80 and Lookback COLA errors. Since that Meeting, DCRB Benefits Staff had a follow-up meeting with ODCP, we alerted DC Council Chairman Mendelson to these errors and the possibility that Council members may be contacted by participants, and some trustees have advised participants of the errors and that their the benefits of some annuitants may be reduced.

**Teacher Workers’ Compensation Leave**

DCRB has analyzed a file from the District’s Office of Risk Management and found that 15 District of Columbia Public School (DCPS) employees, currently receiving disability compensation, are active members of the Teachers’ Retirement Plan. Although DCPS employees receiving disability compensation are in a leave of absence without pay status with DCPS, employees are still required to make mandatory retirement contributions to the Fund. In reviewing this issue, DCRB learned that no process has been established for the members to make their retirement contributions from their Workers’ Compensation payments. DCRB is promulgating an administrative rule to clarify this obligation for implementation by the Benefits Department.

## December 1, 2014 Checks - New Retirement Cases

In the month of November, DCRB processed\* 26 Police and Fire Plan new retirement cases, and 29 Teachers' Plan new retirement cases. During the month of November, DCRB received 1,934 calls (average of 102 calls per day).

\*These statistics do not include other cases processed such as recalculations, one time payments, retroactive adjustments, health benefit adjustments, garnishment changes, pop-up calculations, and other informational requests.

## FY 2014 Cases and Call Statistics

Processing Category	FY 2014 Number	FY 2013 Number	% Difference
Number of new retirees processed	395	344	15%
Number of new survivors processed	103	100	3%
Number of new beneficiaries/estates processed	354	338	5%

Month	Calls FY2014	Calls FY2013	% Difference
October	1,715	936	83%
November	1,557	1,083	44%
December	846	1,188	-29%
January	1,946	1,265	54%
February	2,310	1,369	69%
March	2,531	1,333	90%
April	2,350	1,369	72%
May	1,350	1,265	7%
June	1,407	1,045	35%
July	1,748	1,085	61%
August	1,532	1,040	47%
September	1,594	1,213	31%
<b>Total</b>	<b>20,886</b>	<b>14,191</b>	<b>47%</b>

## Benefits Staffing

The Benefits Department is currently recruiting for the following positions: Retirement Services Manager and Member Services Manager.



TO: BOARD OF TRUSTEES

FROM: LYLE BLANCHARD, CHAIRMAN

DATE: DECEMBER 18, 2014

SUBJECT: LEGISLATIVE COMMITTEE REPORT

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The following report reflects activities of interest since the November Board Meeting.

## COUNCIL OF THE DISTRICT OF COLUMBIA

### **A20-282, “Procurement Practices Reform Exemption Emergency Amendment Act of 2014”**

This Act amends the Procurement Practices Reform Act of 2010 to clarify the applicability of Council review for certain contracts as required by the District of Columbia Home Rule Act.

Status: The Act (originally B20-0656) was introduced by Chairman Mendelson at the Office of the Secretary on January 29, 2014. The Bill was retained by the Council, and after a Final reading with no discussion, was approved by the Council, 11-0 (Councilmembers Evan and Barry were absent) on February 4, 2014. The Bill was transmitted to the Mayor on February 10, 2014. The Mayor signed and enacted the legislation with Act number A20-0282 on February 20, 2014. The Act was published in the D.C. Register on February 28, 2014, and became law after the 30-day Congressional review.

The Act clarifies the applicability of Council review for contracts in excess of \$1 million during a 12-month period, as well as multi-year contracts. See D.C. Code §§ 2-351.05(c); 2-352.02.

**Impact on DCRB**: This legislative amendment to the Procurement Act requires DCRB (and other previously exempt agencies) to submit a proposed multiyear contract or a proposed contract in excess of \$1 million to the Council for review and approval. This legislative amendment did not reference DCRB specifically, but instead inserted a phrase to carve out this new requirement for Council review and approval. Under the existing law, “Any employee or agency head who shall knowingly or willfully enter into a proposed multiyear contract or a proposed contract in excess of \$1 million without prior Council review and approval in accordance with this section shall be subject to suspension, dismissal, or other disciplinary action ... No contractor who knowingly or willfully performs on a contract with the District in excess of \$1 million for a 12-month period without prior Council approval shall be paid more than \$1 million for the products or services provided; No contractor who knowingly or willfully performs on a multiyear contract with the District without prior Council approval of the

multiyear contract shall be paid in more than one calendar year for the products or services provided..” D.C. Code § 2-532.03(f)-(g)(1)-(2).

**The Legislative Committee will discuss this legislative amendment on Wednesday, December 17, 2014 at 12 noon.**

**R20-709, “Sense of the Council Encouraging the District Prudent Investment with Regard to Fossil Fuels Resolution of 2014”**

This resolution declares the sense of the Council that the District of Columbia Retirement Board and the Chief Financial Officer should, consistent with their fiduciary obligations, explore all means possible for minimizing the District’s involvement with companies with the largest fossil fuel reserves, in order to ensure environmentally sound policy and decision-making.

Status: Chairman Mendelson introduced the resolution on October 27, 2014. The resolution was retained by the Council with comments from the Committee of the Whole. A Notice of Intent to act on the resolution was published in the D.C. Register on October 31, 2014. Upon First Reading, the resolution was approved 12-0 with Resolution Number R20-0709. The Resolution was published in the D.C. Register on December 12, 2014. The Resolution is effective from December 2, 2014.

**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.

Status: The Bill is still under Council review.