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**OPEN SESSION**  
**NOTICE OF REGULAR BOARD MEETING**  
**JOSEPH W. CLARK, CHAIRMAN**

**THURSDAY, APRIL 19, 2018**  
**1:00 PM**

**AGENDA**

- 1:00 PM      I.   **CALL TO ORDER AND ROLL CALL**
- II.   **APPROVAL OF BOARD MEETING MINUTES FOR MARCH 15, 2018**
- III.   **CHAIR’S COMMENTS**
- 2:00 PM      IV.   **EXECUTIVE DIRECTOR’S REPORT**
- V.   **INVESTMENT COMMITTEE REPORT**
- VI.   **OPERATIONS COMMITTEE REPORT -- ACTION ITEM**
- PRESENTATION: CLASS AND COMPENSATION STUDY, PRM CONSULTING GROUP, INC.
- PRESENTATION: PROJECTION STUDY, CAVANAUGH MACDONALD CONSULTING, LLC
- CONTRACT ACTIONS
- VII.   **BENEFITS COMMITTEE REPORT**
- VIII.   **LEGISLATIVE COMMITTEE REPORT -- ACTION ITEM**
- COMMITTEE CHARTER
- IX.   **AUDIT COMMITTEE REPORT**
- X.   **OTHER BUSINESS**
- 3:00 PM      XI.   **ADJOURNMENT**
- ADDITIONAL MEETING MATERIALS**
- TRUSTEES COMMITTEE ASSIGNMENTS LIST
  - ORGANIZATIONAL CHART
  - CONFERENCES & MEETINGS LISTING
  - TRUSTEES & STAFF TRAINING AND TRAVEL REPORT





**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**BOARD MEETING MINUTES**  
**MARCH 15, 2018**  
**1:00 P.M.**

**MEMBERS PRESENT**

Joseph W. Clark, Chair  
Lyle M. Blanchard  
Joseph M. Bress  
Mary A. Collins  
Gary W. Hankins  
Nathan A. Saunders  
Edward C. Smith (Web)  
Thomas N. Tippet  
Michael J. Warren  
Lenda P. Washington  
Jeffrey A. Barnette, ex officio

**DCRB STAFF PRESENT**

Sheila Morgan-Johnson, Executive  
Director  
Erie Sampson  
Anthony Shelborne\*  
Peter Dewar\*  
Joan Passerino  
Leslie King  
Adina Dorch  
Yolanda Smith\*  
Katie Schultz  
Deborah Reaves  
Johniece Harris  
Wukyanos Gebremeskel  
Denice McSears  
Nina Bridgers

**MEMBERS NOT PRESENT**

Janice M. Adams  
Darrick O. Ross

**OTHERS PRESENT**

Brenda Mathis, OCFO  
Teri Bennett, Accenture Consulting  
Matthew Burnham, Accenture Consulting

\* arrived after roll call.

**ROLL CALL**

Chair Clark called the meeting to order at 1:25 p.m., and Ms. Deborah Reaves called the roll.

**APPROVAL OF MINUTES**

Chair Clark introduced a motion to approve the January 18, 2018, Board Meeting minutes.

**Motion #1:** To approve the January 18, 2018, Board meeting minutes.

The motion was moved by Trustee Collins and properly seconded by Trustee Hankins. The motion was approved (10-0). (*See Tally #1*)

### **CHAIRMAN'S COMMENTS**

Chairman Clark referred Trustees to his written report and commented on the following topics:

#### **Board Officer Elections**

The Board Officer elections will take place at the end of my comments for the following positions: Chair, Vice Chair/Secretary, and Treasurer.

In addition, Chairman Clark reminded Trustees that under Section II.A.1 of the Board Governance Rules (a copy of which was included in the meeting materials), on May 21, 2015 (and effective February 18, 2016), in addition to abolishing the positions of Parliamentarian and Sergeant-At-Arms, and consolidating the positions of Vice-Chair and Secretary, the Board amended the Rules to reflect that "The Treasurer's responsibilities were also expanded to include Audit Committee Chair."

#### **OPEB Advisory Committee Member**

On January 23, 2018, former DCRB Board member and Investment Committee Chair, Barbara Davis Blum, was appointed to the Other Post-Retirement Benefits Funds Advisory Committee.

#### **Council of Institutional Investors (CII) Board Member**

Retired Teacher Trustee, Mary A. Collins, was reappointed to the Board of the CII.

#### **Actuarial Valuation Report**

The 2017 Actuarial Valuation Results presentation contained a typographical error. That error has been corrected and the updated PowerPoint presentation was included in the meeting materials.

#### **2018 Cost-of- Living Adjustments for DC Teachers, Police Officers and Firefighters**

Due to changes in the Consumer Price Index applicable to the Plans during calendar year 2017, Teachers' Plan annuitants will receive a COLA of 2.2% and Police/Fire Plan annuitants will receive a COLA of 2.1% for 2018, effective March 1, 2018 and payable beginning with their April 1, 2018 benefit payment.

#### **PIMS Costs and RFP Release**

Pursuant to a request by Chairman Clark, at the next Operations Committee meeting, DCRB staff will provide Board members with a detailed summary of services and associated costs incurred to date for the Pension Information Management System (PIMS) and a timetable for the release of the PIMS RFP.

#### **FY 2017 Comprehensive Annual Financial Report (CAFR)**

The CAFR for the fiscal year ended September 30, 2017, is nearing completion. It will be sent to the Government Finance Officers' Association (GFOA) and posted to DCRB's website by March 31, 2018. An electronic copy will be emailed to Trustees at that time, and printed booklets will be available shortly thereafter.

### **BOARD OFFICER ELECTIONS:**

To begin the Board Officer election process, Chairman Clark called for nominations for the positions of Treasurer, Vice Chair/Secretary, and Chairman.

Following Trustee Tippet's nomination of Trustee Blanchard, since Trustee Blanchard had already served two consecutive one-year terms as DCRB's Treasurer, there was a motion to waive the two-year term limit, as follows:

**Motion #2:** To waive the term limit for the position of Board Treasurer to allow Trustee Blanchard to be placed on the ballot.

The motion was moved by Trustee Hankins and properly seconded by Trustee Collins. The motion was approved (10-0). (*See Tally #2*)

**Motion #3:** To close the nominations and add Lyle M. Blanchard to the ballot as a nominee for the position of Treasurer, with the reminder that the Treasurer is also the Chair of the Audit Committee.

The motion was moved by Trustee Hankins and properly seconded Trustee Collins. The motion was approved (10-0). (*See Tally #3*)

Chairman Clark then called for nominations for Vice-Chair/Secretary. Trustee Warren nominated Trustee Hankins and Trustee Tippet seconded the nomination.

**Motion #4:** To close the nominations and add Gary W. Hankins to the ballot as a nomination for the position of Vice Chair and Secretary.

The motion was moved by Trustee Saunders and properly seconded by Trustee Collins. The motion was approved (10-0). (*See Tally #4*)

Chairman Clark then called for nominations for Chairman of the Board. Trustee Tippet nominated Trustee Clark for the position of Chairman, and Trustee Hankins seconded the nomination.

**Motion #5:** To add Trustee Clark to the ballot as a nomination for the position of Chair of the Board.

The motion was moved by Trustee Saunders and was properly seconded by Trustee Warren. The motion was approved (10-0). (*See Tally #5*)

Following the nominations, voting via written secret ballot commenced. Chairman Clark confirmed that all members had been given an adequate amount of time to vote. All members present confirmed that they had voted, and the ballots were collected at 1:35 p.m. Chairman Clark noted that the winners would be disclosed at the end of the meeting.

## **EXECUTIVE DIRECTOR'S REPORT**

Executive Director, Sheila Morgan-Johnson, referred Trustees to her written report and noted the following:

### **2018 Performance and Budget Hearings**

On March 7, 2018, DCRB testified before the District Council's Committee of the Whole. For those who were unable to attend, a video of the testimony is available on the Council website. Also, DCRB's Budget Hearing is scheduled for March 27, 2018.

### **Classification and Compensation Study Update**

PRM is scheduled to present the results of the Classification & Compensation Study to the Operations Committee at its April meeting. The Committee will provide that information to the Board in April or May.

### **Strategic Planning Project**

A request-for-proposal for Strategic Plan Development was posted to DCRB's website on January 25, 2018, and the proposals received have been distributed to an internal panel for review. The review process will be completed, and a candidate will be selected and presented to the Operations Committee and the Board by the end of June.

### **Second Meeting With ODCP**

A second meeting between DCRB and ODCP was held on February 21, 2018. The meeting focused primarily on the spiking of the error rate caused by the recalculation of survivor benefits, the alignment of DCRB/ODCP priorities, IT initiatives, death cases, and training for DCRB staff.

### **Teachers' Retirement Workshop**

DCRB, in conjunction with DCPS, the Washington Teacher's Union and the Council of School Officers, is offering a teachers' retirement workshop on Thursday, March 22, 2018. An initial workshop for this school year, attended by 130 teachers, was held at DCPS headquarters last November. Ms. Passerino gave an overview of the plans for the upcoming workshop, the location for which had not yet been determined.

### **Summary Plan Descriptions (SPDs) Update**

The DCRB Communications staff has received input from stakeholders and incorporated appropriate edits to the updated SPDs. The SPDs are expected to be forwarded to the printer by the end of this month and distributed (electronically to actives and in hard copy to retirees and survivors) in early April.

### **DCRB Newsletter – Winter Edition**

The DCRB newsletter (Winter Edition) for police officers and firefighters has been sent to the printer and will be distributed to active and retired members sometime next week. Among other things, this edition includes articles about the Government Pension Offset, the 2018 cost-of-living adjustment, this year's active police officer Trustee election, and the pension treatment of rehired retirees.

## **OPERATIONS COMMITTEE REPORT**

In the absence of Committee Chair Smith, Committee Vice-Chair Bress indicated that the Operations Committee met on March 13, 2018, and provided the following report:

### **Projection Study**

Ed Koebel and Jonathan Craven, Principal Actuaries with Cavanaugh MacDonald, presented the draft Thirty-Year Projection Study (as of October 1, 2017). The report was presented for the Trustees' consideration with a proposed recommended action at the next Operations Committee meeting. The next Committee meeting is tentatively scheduled immediately prior to the April 19 Board Meeting, when Cavanaugh Macdonald will present the Study for the full Board.

### **CEM Benchmarking Results**

Joan Passerino, Director of Stakeholder Communications and Outreach, presented a summary of the benchmarking analysis results on benefits administration. This information, which was provided by CEM Benchmarking, Inc., measures DCRB's administrative performance, assesses our communications impact with Plan members, and focuses on customer service levels. Although the cost metrics are not useful due to DCRB's structural difference from its peers, metric results are summarized to provide Trustees with information on how we compare to certain other public pension funds of DCRB's size and to stimulate discussion as a strategic planning tool.

There followed a lengthy discussion of the findings focusing on DCRB's mission, the current statutory authority, and relationships with other government organizations.

### **INVESTMENT COMMITTEE REPORT**

Committee Chair Warren provided the following points of interest from the Investment Committee meeting that was held earlier in the day:

#### **San Francisco Approves Scaled-Back Fossil Fuel Divestment Plan**

The board of the San Francisco Employees' Retirement System (SFERS) has approved a scaled back version of a plan to divest from fossil fuel companies that are the "worst of the worst" when it comes to carbon emissions. The plan called on SFERS to divest of its \$523 million in fossil fuel company stock and \$36 million in fixed income securities in its portfolio within 180 days.

While the San Francisco system, and major pension plans like the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) have divested from some coal companies, no US public pension plan until now, has approved a broader divestment that could include oil and gas companies.

The plan approved by the board also calls for the hiring of a director of socially responsible investing.

### **Emergency Response Team**

This is a reminder that on November 18, 2010, the Board approved a recommendation from Meketa to establish a contingency plan that would address an investment crisis occurring between regularly scheduled Board meetings. Examples include the unexpectedly departure of a manager's investment team, a natural disaster that may deny investment professionals access to necessary information, or some other unforeseen emergency.

The Emergency Response Sub-Committee is comprised of the Investment Committee Chair, Vice Committee Chair, and Board ChairInvest, supported by the Executive Director, and Chief

Investment Officer, with advice and guidance from the Investment Consultant, who are empowered to terminate a manager, halt trading in a portfolio, shift management responsibilities to another manager, or take similar action necessary and appropriate to protect and preserve the assets of the Fund. The subcommittee will formally report its actions to the Investment Committee for subsequent ratification by the Board at the next meeting.

#### **Firearm Exposure in Public Pension Portfolios**

Public pension plans have held discussions about divesting their holdings of shares in companies that manufacture guns or ammunition following the latest school shooting in Parkland, FL. Those discussions have produced a mix of responses as plans point to their fiduciary duties and the economic interest of the funds they manage. According to a recent FundFire article, the Florida Retirement System was unclear if the pension system will reassess its portfolio investments, stating it will act solely in the economic interest of the participants and beneficiaries. The Iowa Public Employees' Retirement System has no plans to divest. The California State Teachers' Retirement System and the California Public Employees Retirement System divested their shares in both Sturm Ruger and Smith & Wesson after the 2012 Sandy Hook Elementary School shooting. DCRB has 0.01% exposure to the firearms and ammunitions manufacturers/distributors in our portfolio and is not recommending divestiture.

#### **Iran Divestment Law**

DCRB is required annually, under the Divestment Law, to transmit to the DC Council, the Mayor, and the U.S. Presidential Special Envoy to Iran a list of all investments sold, redeemed, divested, and withdrawn from companies in the Board's portfolio who are doing business in Iran. This year's letter was mailed on February 28, 2018. DCRB did not have any direct exposure to companies on the scrutinized companies list.

#### **Investment Committee Motion**

The Investment Committee met on Thursday, March 15, 2018, at 10 a.m.

Chair Warren presented the following motion from that meeting to the Board:

**Motion #6:** To develop a liquidation strategy to terminate an investment manager and then transfer the assets to an index Fund.

The motion was moved by Trustee Collins and properly seconded by Trustee Bress. The motion was approved (10-0). (*See Tally #7*)

#### **LEGISLATIVE COMMITTEE REPORT**

The Legislative Committee met on March 13, 2018, and Committee Chair Blanchard noted the following points of interest:

- Board members met with Council Chair Mendelson to discuss DCRB issues on January 12, 2017, and June 20, 2017.
- The agency performance hearing was held on March 7, 2018, and the DCRB Proposed FY 2019 Budget Hearing will be held on March 27, 2018.



- Due to the absence of a quorum on March 13, 2018, any agenda items which required Committee consideration and Board approval were deferred to the next Legislative Committee meeting anticipated to be held on April 19, 2018.

### **BENEFITS COMMITTEE REPORT**

Committee Chair Collins indicated that the Benefits Committee did not meet this month and noted the following activities that occurred since the January Board meeting:

#### **Retiree Self-Service Module**

The Self-Service Module is undergoing user testing by the Benefits Department. The initial deployment will target a select group of members and retired Trustees, who will be asked to provide DCRB with feedback on improvements and functionality before the Module is launched to the full membership. A video containing details about the self-service module will be mailed to Trustees for their information.

#### **Benefits Statements Project**

The Benefits Department is continuing to move forward with providing active Police Officers, Firefighters and Teachers with an annual statement of estimated benefits in 2018. Firefighters received their first statements in 2017. Benefits is currently reviewing sample statements for Police Officers and Teachers for completeness and accuracy. As with the firefighters, pilot groups of 300 police officers and teachers will be issued a statement by the end of March. Each pilot participant will receive an introductory letter and a link to an online survey. The survey responses will help Benefits gauge the accuracy of the Statement, the usefulness of the information in the Statement, the clarity of the Statement, and solicit member suggestions.

### **AUDIT COMMITTEE REPORT**

Committee Chair Hankins indicated that there is no Audit Committee report, since the Committee did not meet this month.

### **OTHER BUSINESS**

Chair Clark then announced the results of the 2018 Board Officer elections, which were as follows:

- Trustee Lyle M. Blanchard was re-elected Treasurer
- Trustee Gary W. Hankins was re-elected Vice Chair/Secretary
- Trustee Joseph W. Clark was re-elected Chairman of the Board.

### **ADJOURNMENT**

Chair Clark introduced a motion to adjourn the meeting.

**Motion #7:** To adjourn the meeting at 2:05 p.m.

The motion was moved by Trustee Bress and properly seconded by Trustee Washington. The motion was approved (10-0). (*See Tally #8*)

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

Tally #1:			Date: March 15, 2018		
To approve the January 18, 2018, Board meeting minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #2:			Date: March 15, 2018		
To waive the term limit for the position of Board Treasurer to allow Trustee Blanchard to be placed on the ballot.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #3:			Date: March 15, 2018		
To close the nominations and add Lyle M. Blanchard to the ballot as a nominee for the position of Treasurer, with the reminder that the Treasurer is also the Chair of the Audit Committee					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #4:		Date: March 15, 2018			
To close the nominations and add Gary W. Hankins to the ballot as a nominee for the position of Vice Chair and Secretary.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #5:			Date: March 15, 2018		
To close the nominations and add Trustee Clark to the ballot as a nominee for the position of Chairman of the Board.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #6:		Date: March 15, 2018			
To develop a liquidation strategy to terminate an investment manager and then transfer the assets to an index Fund.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				

Tally #7:			Date: March 15, 2018		
To adjourn the meeting at 2:05 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Clark, Joseph W., Chair	√				
Adams, Janice M.					√
Blanchard, Lyle	√				
Bress, Joseph M.	√				
Collins, Mary A.	√				
Hankins, Gary W.	√				
Ross, Darrick O.					√
Saunders, Nathan	√				
Smith, Edward C.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				
Washington, Lenda P.	√				



**WILL BE PROVIDED AT THE MEETING.**





**WILL BE PROVIDED AT THE MEETING.**



# **NO WRITTEN REPORT PROVIDED**



**WILL BE PROVIDED AT THE MEETING.**





Cavanaugh Macdonald  
CONSULTING, LLC

*The experience and dedication you deserve*



# The District of Columbia Retirement Board 2017 Projection Study





# About Projections

- Projection study is a Board and Staff Planning Tool used to help guide investment decisions and review the future funding and contribution requirements for each Plan.
- Annual actuarial valuations are a “snapshot” of the financial position on the valuation date, based on the existing active and retired members.
- Projections simulate future actuarial valuation results over a forecast period (30 years in this case) by “creating” future new hires and performing valuations using the projected membership.
- Projections assume static active population during period.
- Projections provide information on trends in financial measurements. They do not provide absolute results.





# About Projections

- All Actuarially Determined Contributions are expected to be made by City.
- All future demographic and economic assumptions are projected to occur according to our current valuation assumptions.
- Demographic Assumptions
  - Retirement
  - Withdrawal
  - Mortality
- Economic Assumptions
  - Investment Return (6.50%)
  - Inflation (3.50%)
  - Salary Scale (4.25% plus merit)



# Valuation Results – 10/1/2017

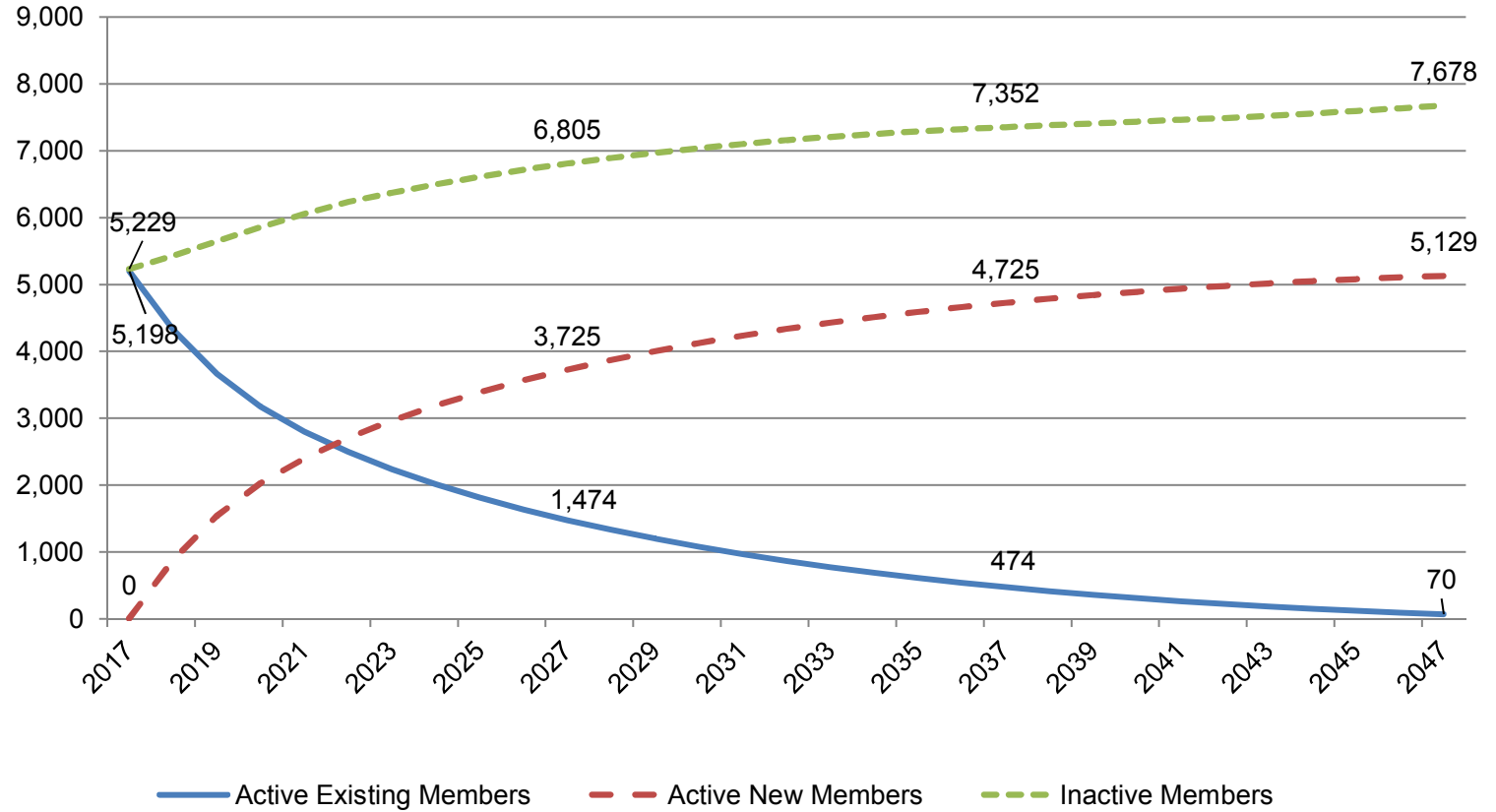


	Teachers	Police	Fire	Total
Employer Normal Cost Rate	7.55%	32.15%	35.46%	20.30%
Total Accrued Liability	\$2,142.5	\$3,412.6	\$1,465.7	\$7,020.8
Actuarial Value of Assets	\$1,982.0	\$3,795.0	\$1,611.4	\$7,388.4
Unfunded Accrued Liability	\$160.5	\$(382.4)	\$(145.7)	\$(367.6)
Amortization of UAL (Level \$, 15 years)	\$15.8	\$(39.3)	\$(14.3)	\$(37.8)
UAL Rate	3.54%	(13.10)%	(10.07)%	(4.25)%
Total Employer Contribution Rate (Employer Normal Cost Rate plus UAL Rate)	11.09%	19.05%	25.39%	16.05%
Estimated 2019 Fiscal Year Payroll	\$466.8	\$312.3	\$148.4	\$927.5
Employer Contributions in Dollars	\$51.8	\$59.5	\$37.7	\$148.9
Shortfall/Overpayment	\$1.6	\$(5.0)	\$(0.9)	\$(4.3)
Final Employer Contributions in Dollars	\$53.3	\$54.5	\$36.8	\$144.6
Funded Ratio based on AVA	92.51%	111.21%	109.94%	105.20%
Funded Ratio based on MVA	95.73%	115.72%	114.68%	109.40%



# Projection of Membership

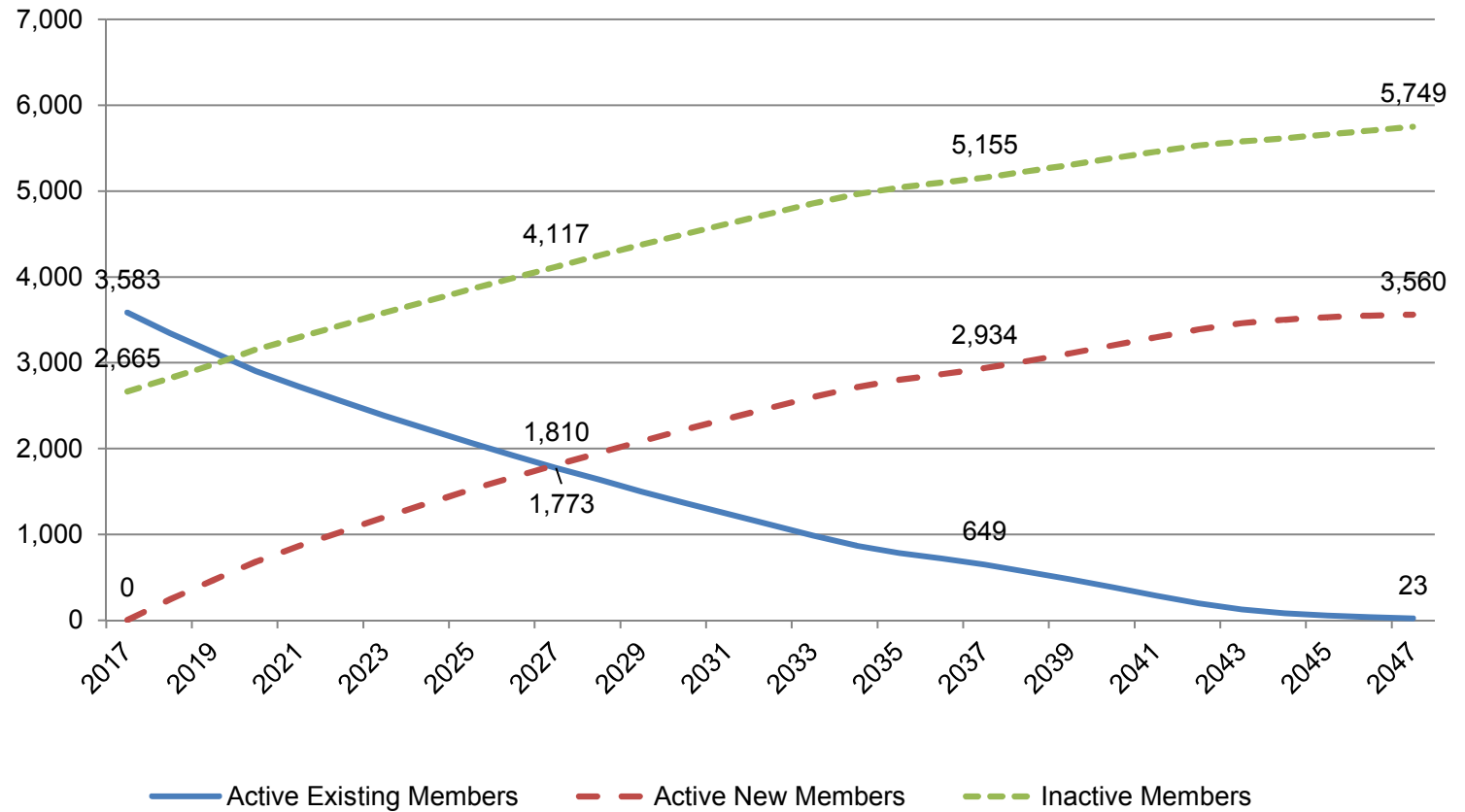
## Teachers' Retirement Plan Future Membership





# Projection of Membership

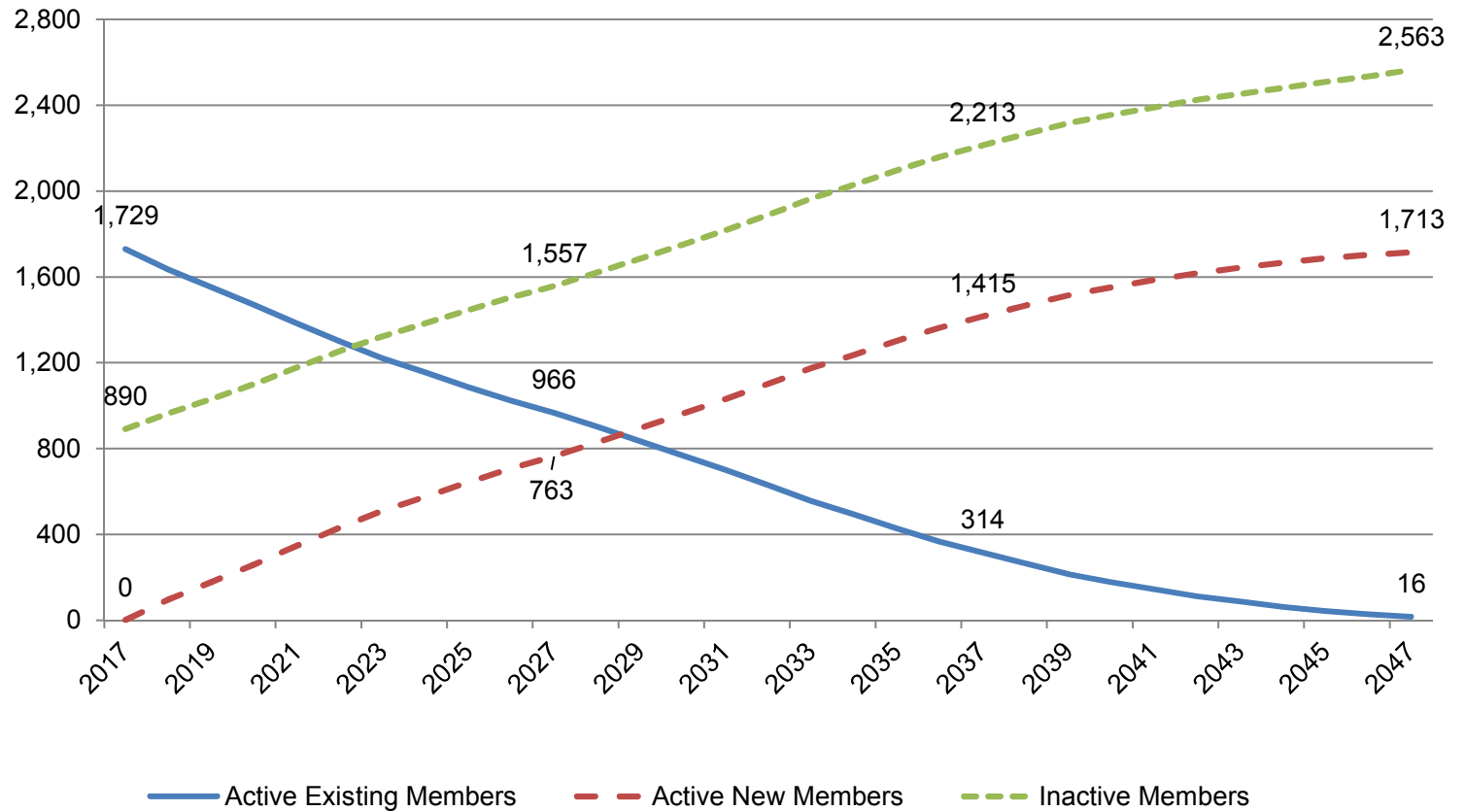
## Police Officers' Retirement Plan Future Membership





# Projection of Membership

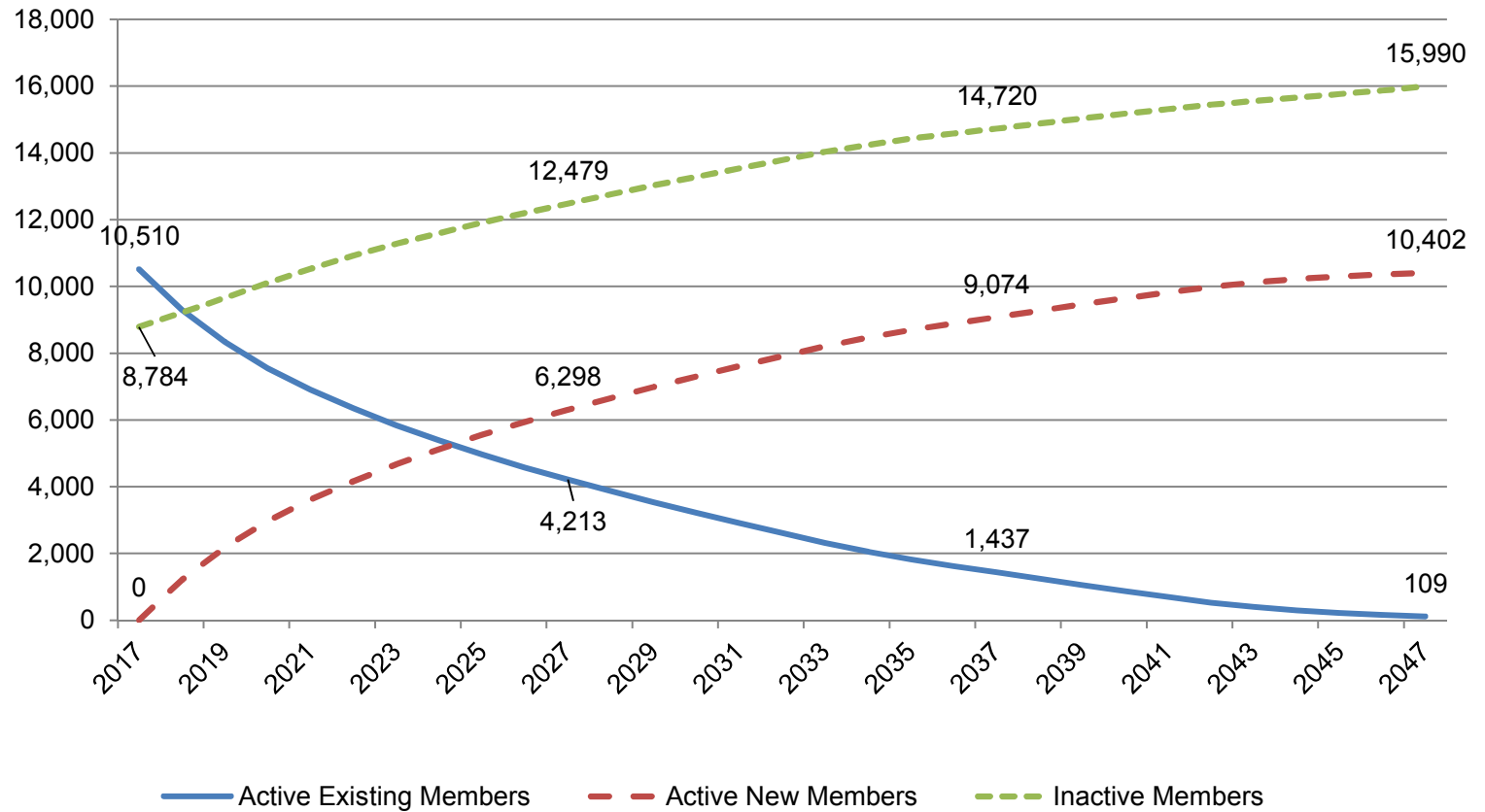
## Firefighters' Retirement Plan Future Membership





# Projection of Membership

**Total DCRB Retirement Plan  
Future Membership**





# Basic Retirement Funding Formula

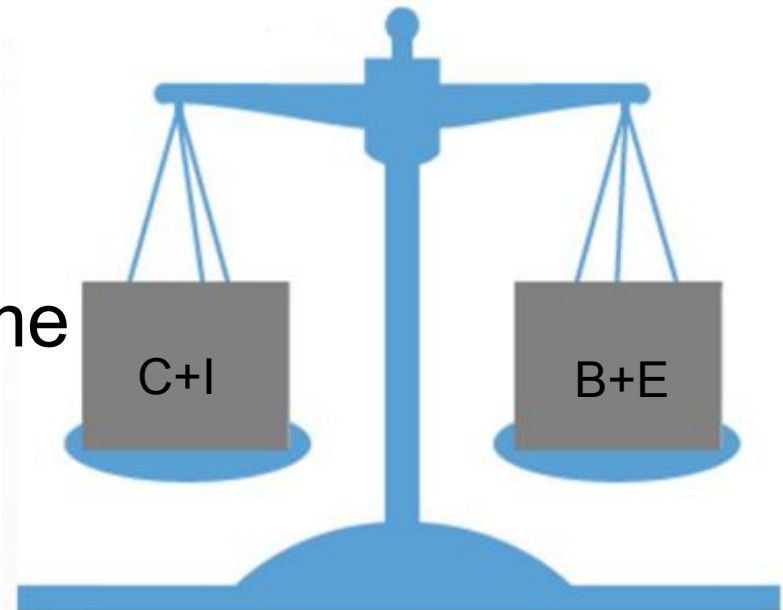
$$C + I = B + E$$

C = contributions

I = investment income

B = benefits paid

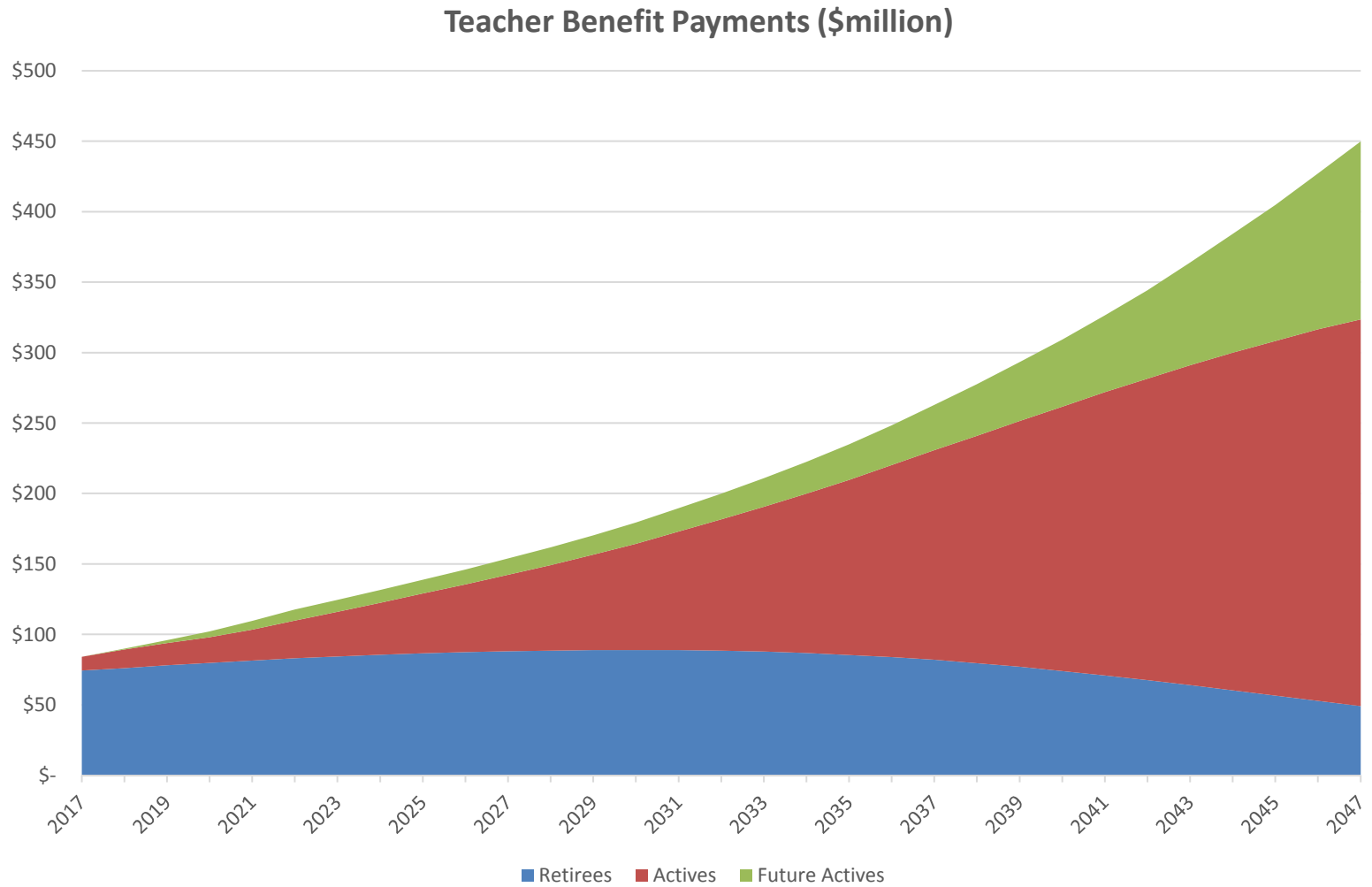
E = expenses



Advanced Funding - make contributions over a period of time to allow accumulated assets to grow with investment income to help pay the benefits



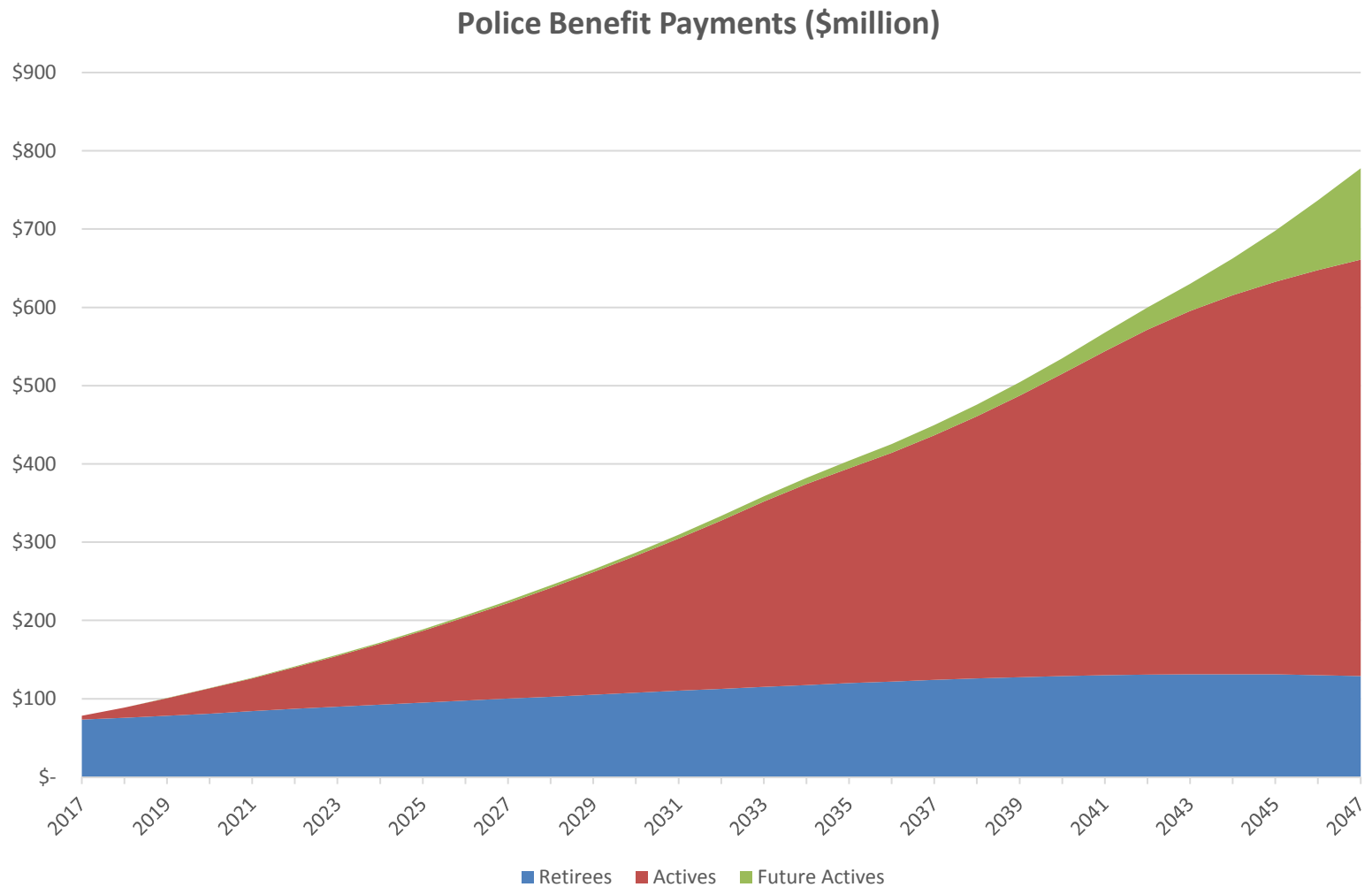
# Projected Benefit Payments







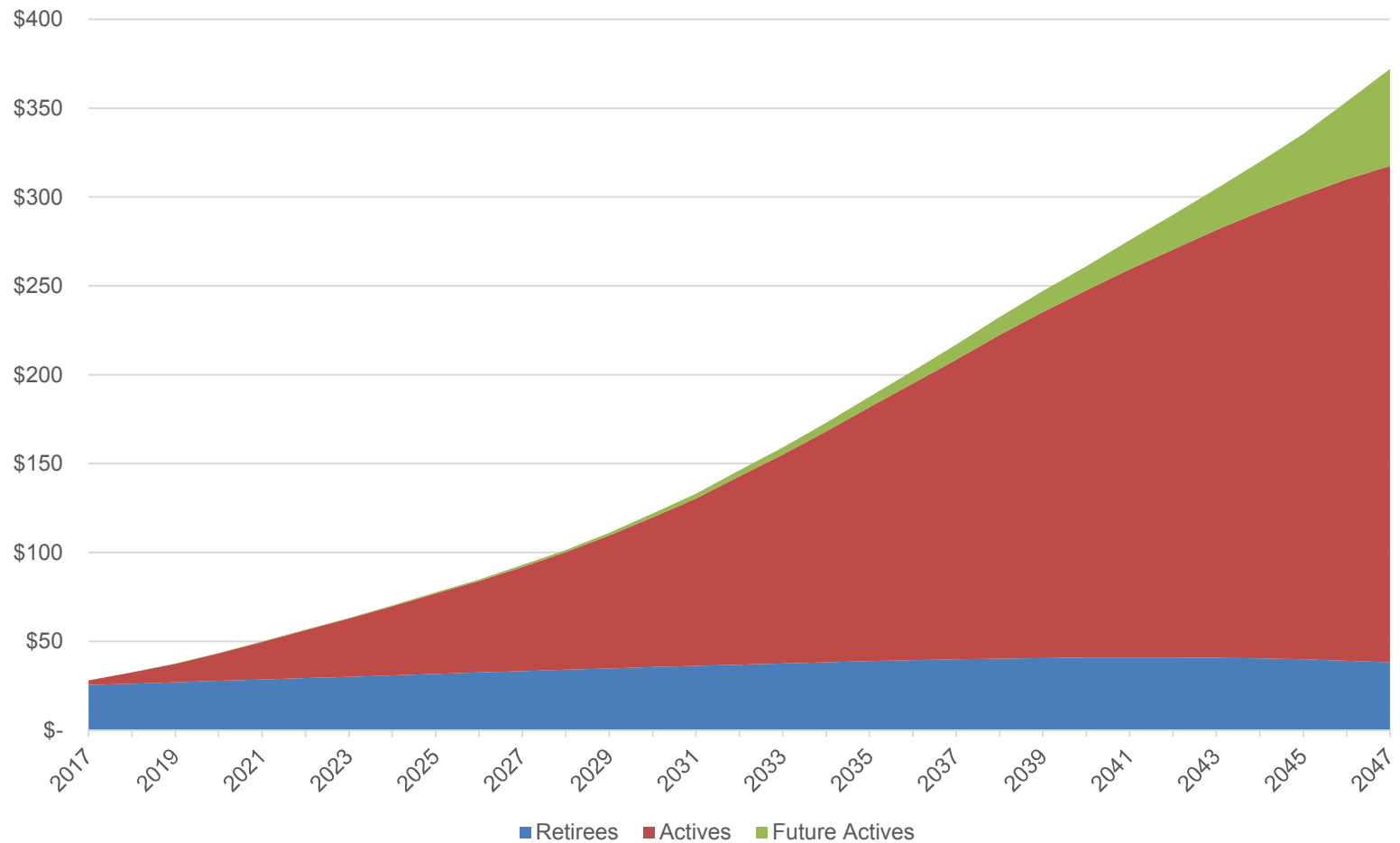
# Projected Benefit Payments





# Projected Benefit Payments

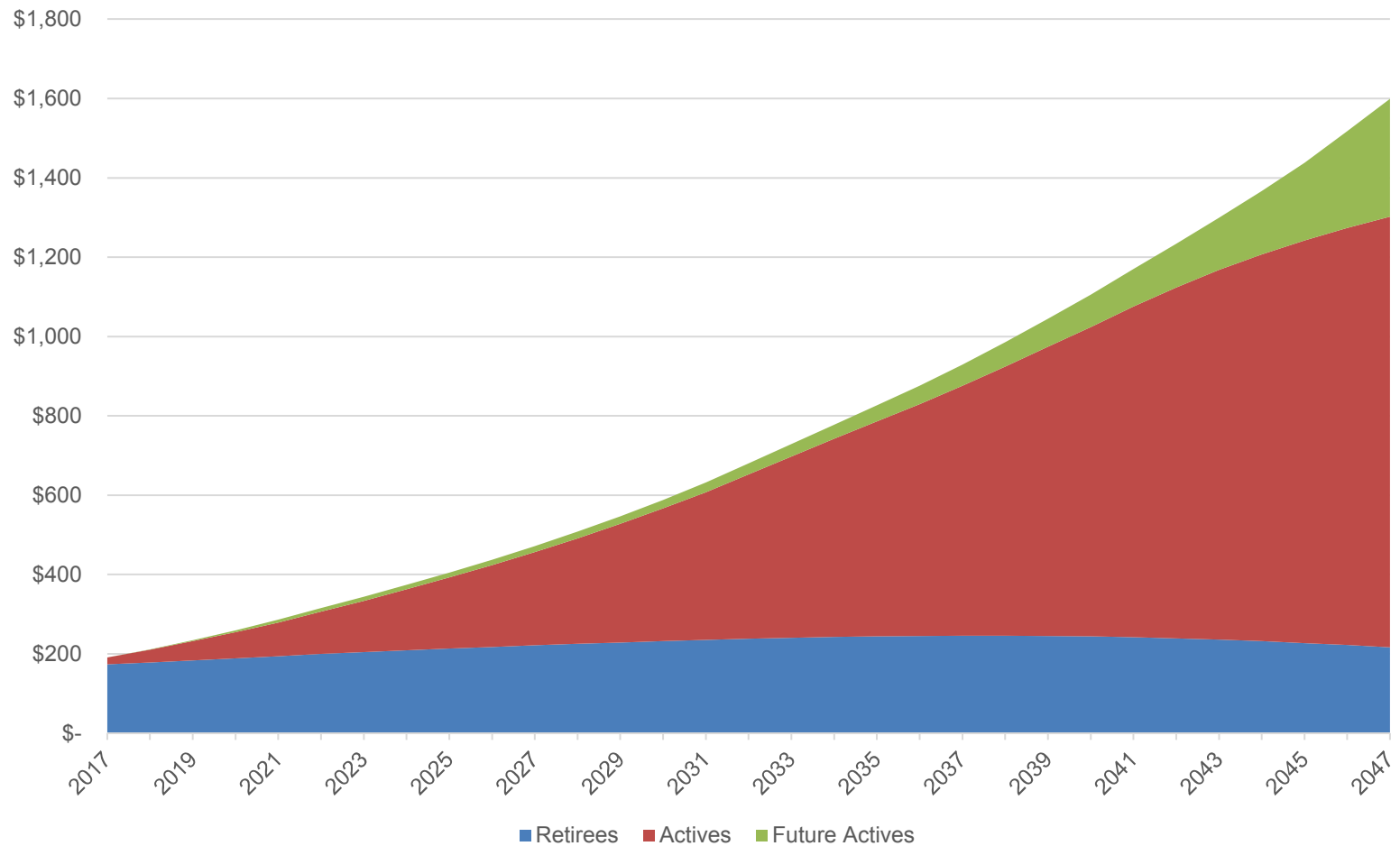
Firefighter Benefit Payments (\$million)





# Projected Benefit Payments

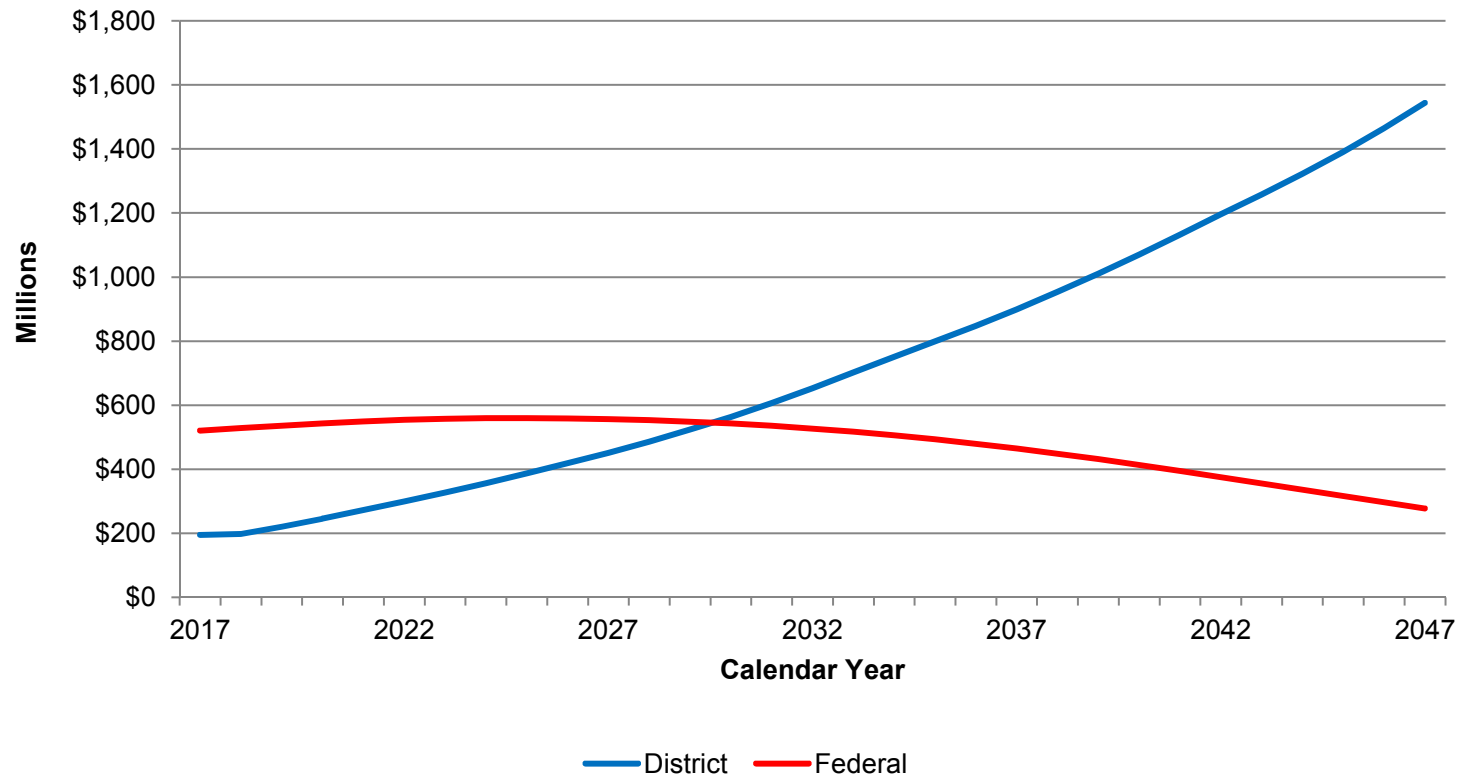
Total DCRB Benefit Payments (\$million)





# Projected Benefit Payments

## Retirement Plans Combined Projection of Benefit Payments





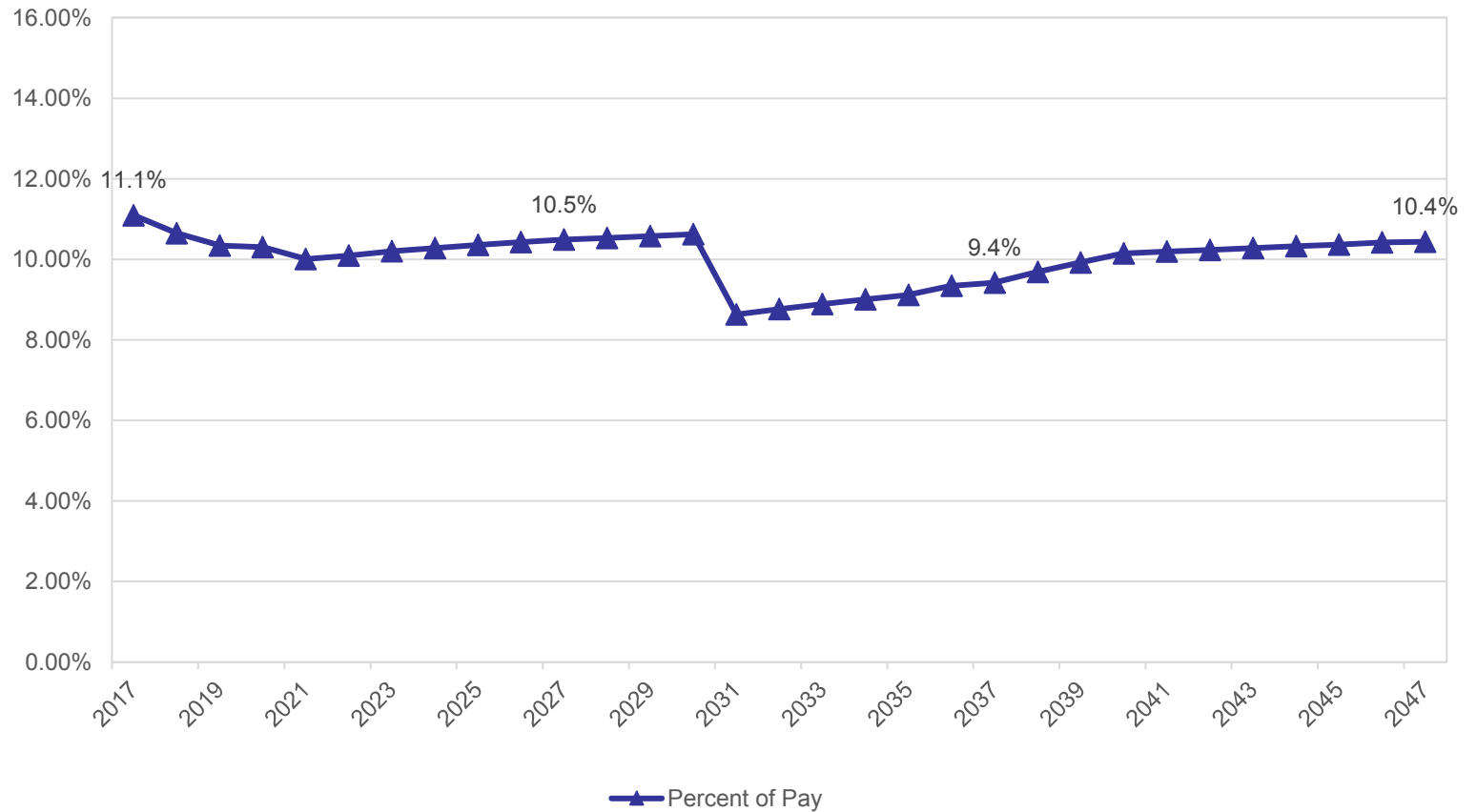
# Projected Contributions

- Determination of Contributions based on Funding Policy adopted in 2012 and revised in 2017 by the Board
- Objectives and Goals
  - 100% Funded Ratio
  - Stable or Decreasing Contribution Rates
- Assumptions
  - Entry Age Normal Cost Method
  - 5 year smoothing
  - Level dollar amortization
  - Closed 20 year amortization period beginning in 2012 valuation; now have 15 years remaining
  - All future gains and losses amortized over separate closed 20-year period



# Projected Contributions

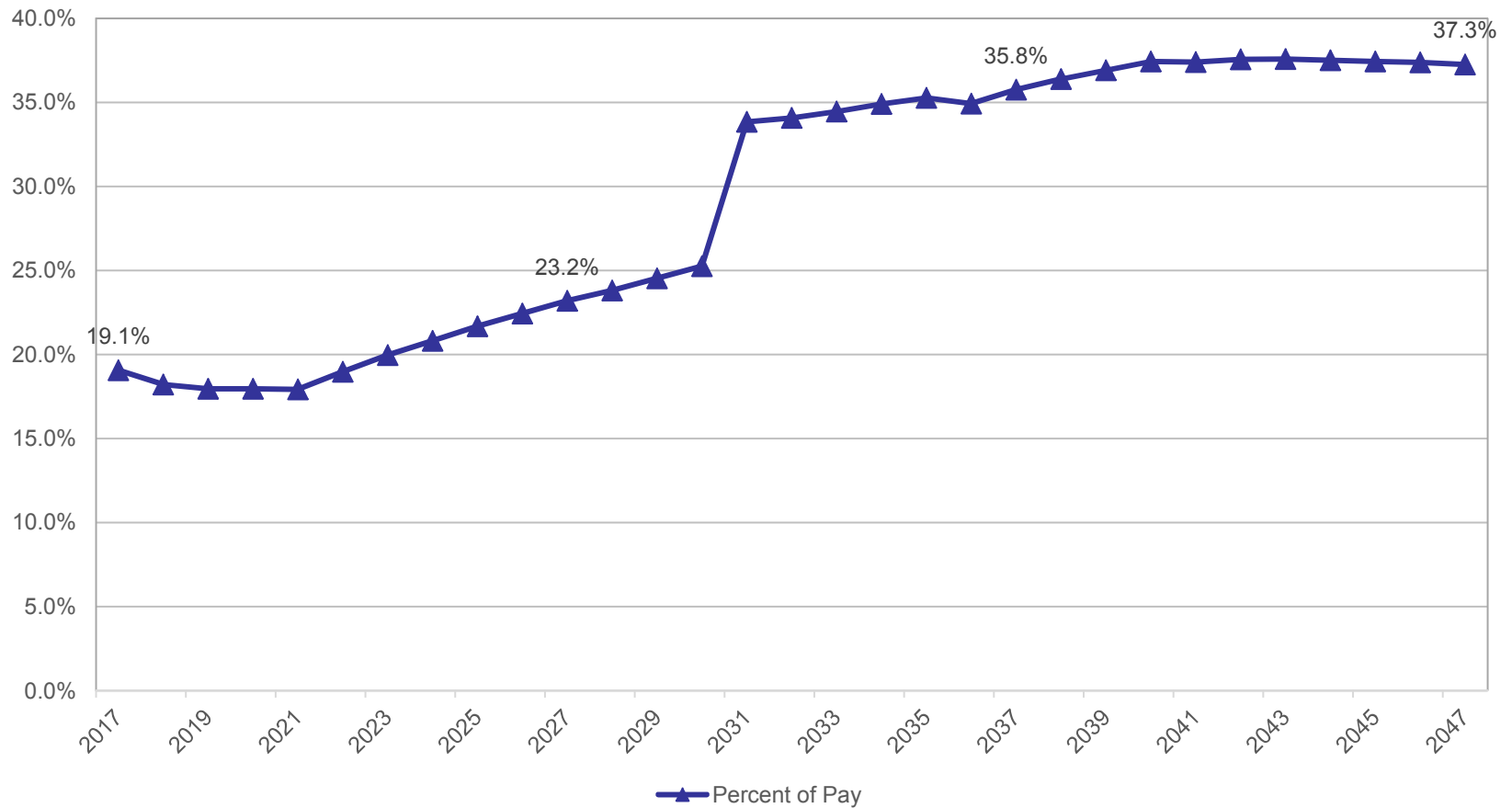
## Teachers' Retirement Plan Projected Employer Contributions





# Projected Contributions

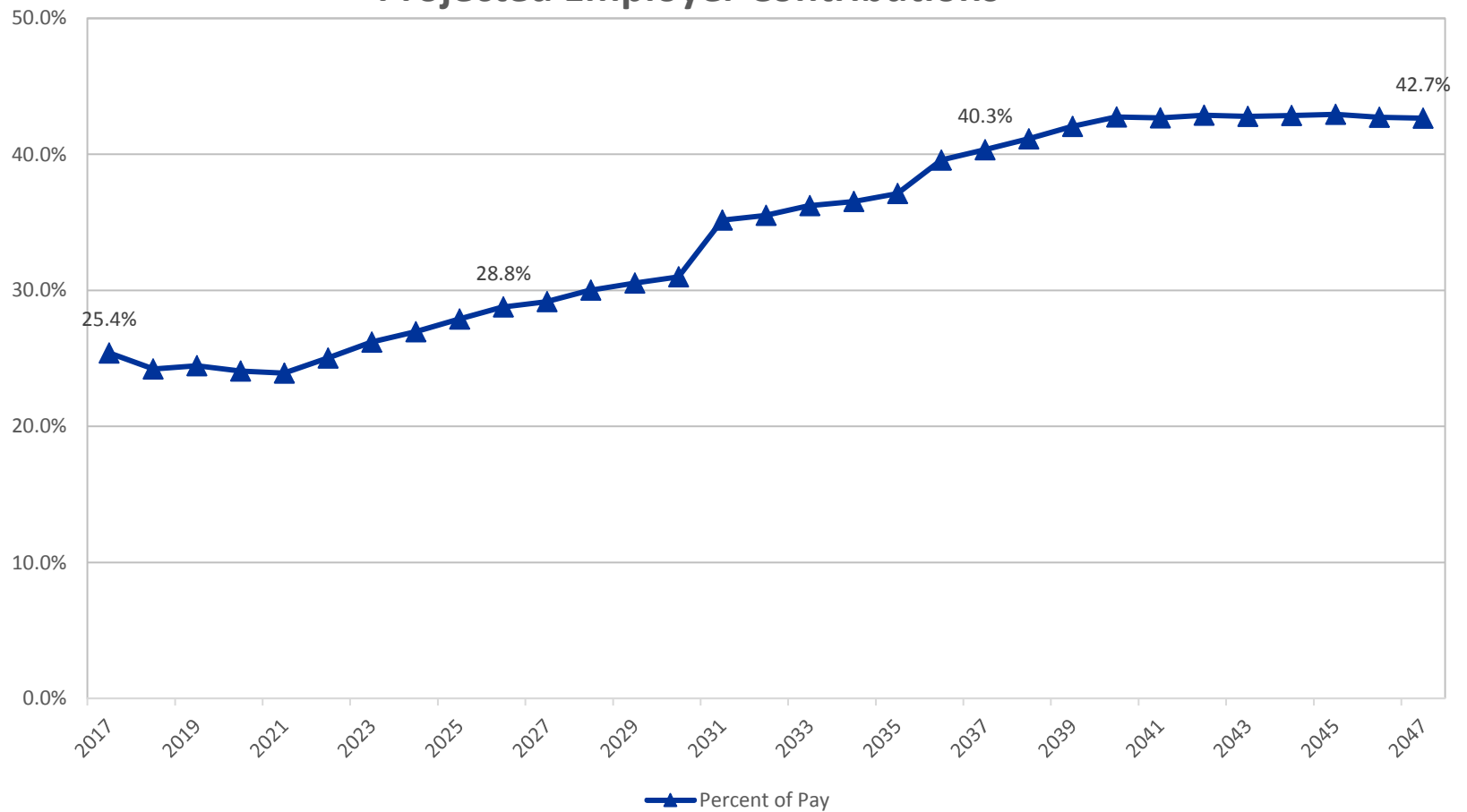
## Police Officers' Retirement Plan Projected Employer Contributions





# Projected Contributions

**Firefighters' Retirement Plan  
Projected Employer Contributions**

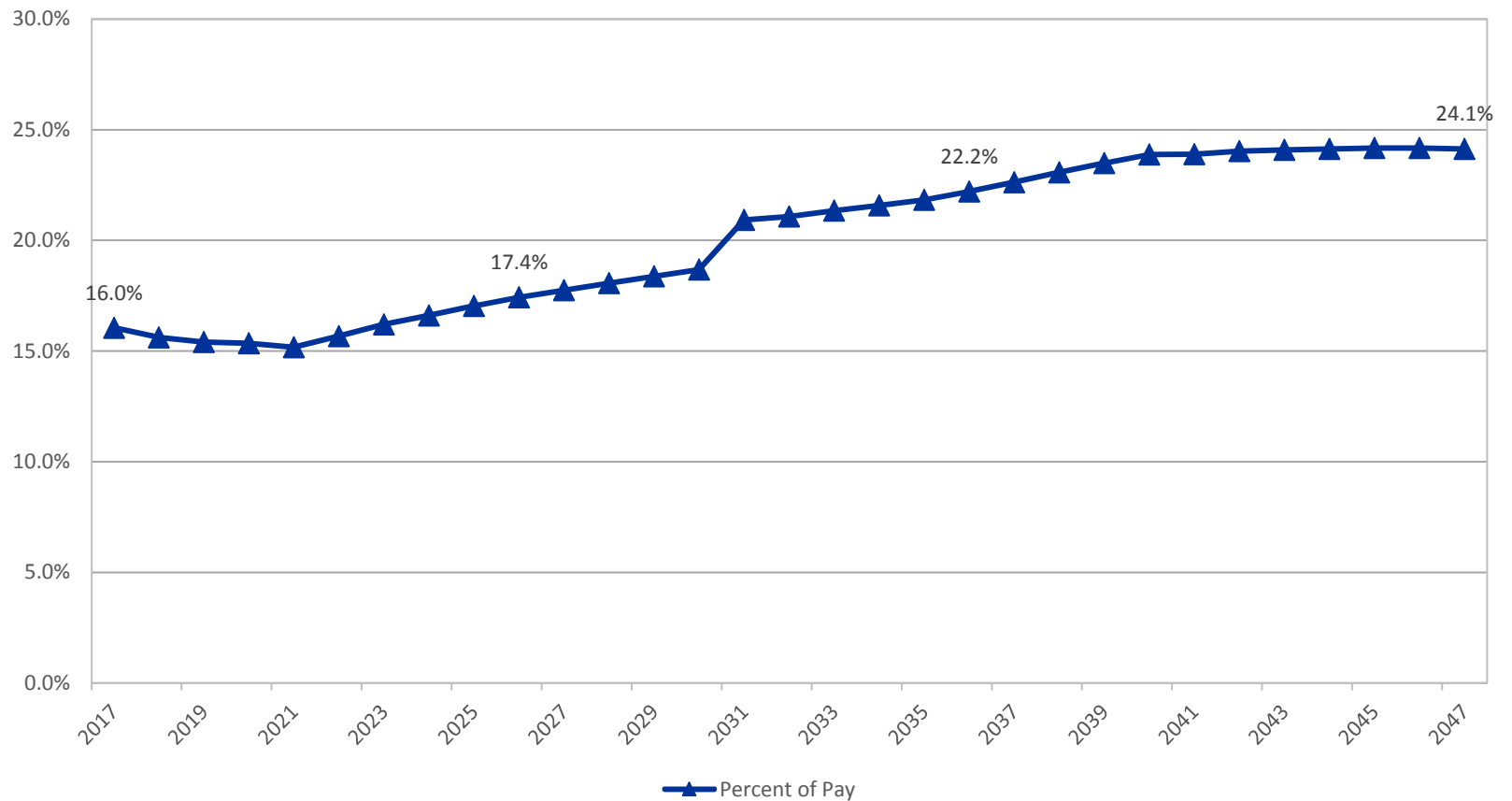






# Projected Contributions

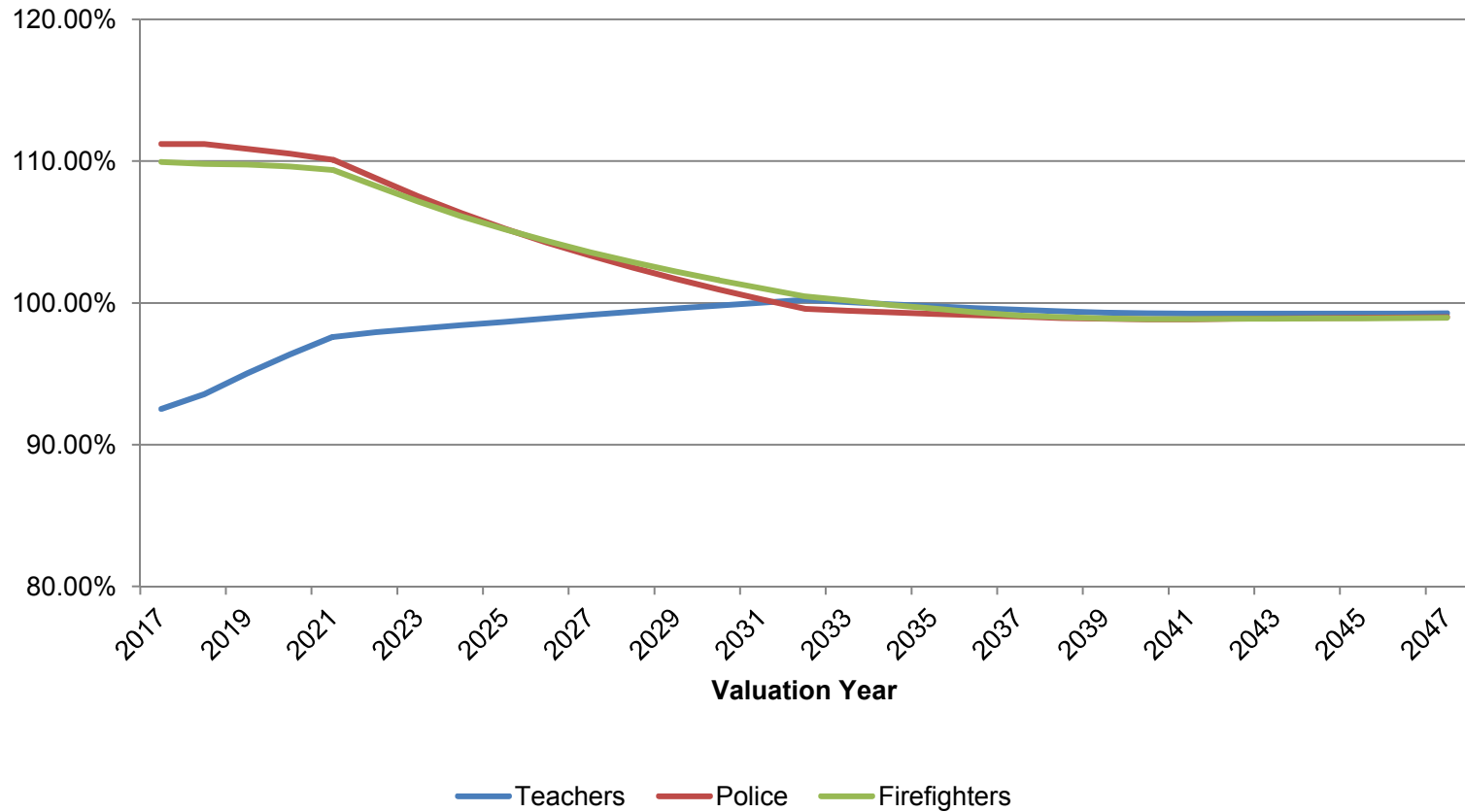
**Retirement Plans - Combined  
Projected Employer Contributions**





# Projection of Funded Ratios

**DCRB  
Projection of Funding Ratio**





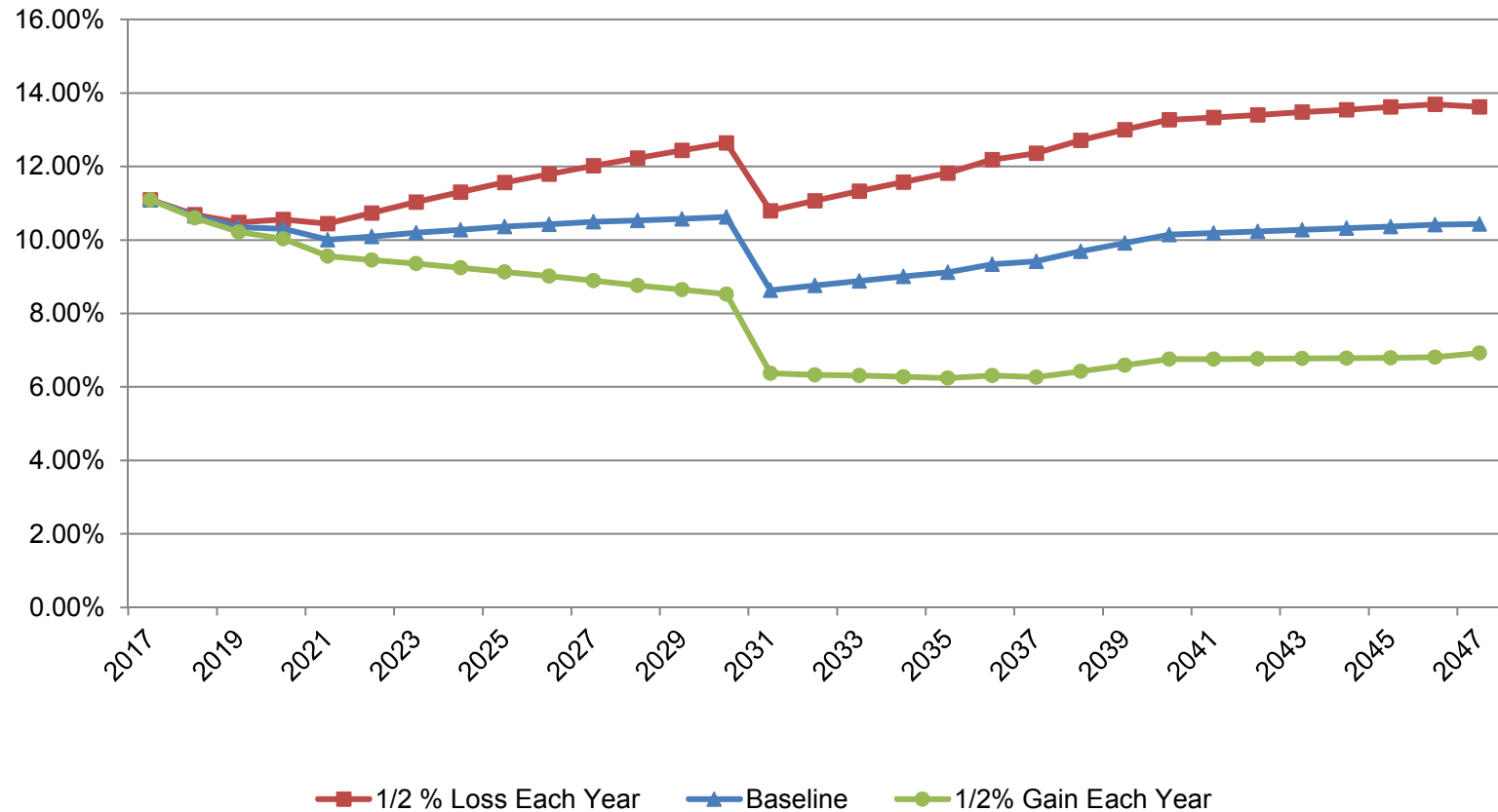
# Asset Return Sensitivity

- The purpose of projection studies is to identify trends and compare outcomes under a given methodology, rather than predicting future events. The results do not predict the financial condition of the plan.
- Actual experience will vary from year to year. The variability of the following key measures can have a significant impact on the date the Plan will reach full funding.
  - Investment return
  - Active membership growth
  - Individual pay increases for active members
- Of these variables, investment return is the most volatile



# Asset Return Sensitivity

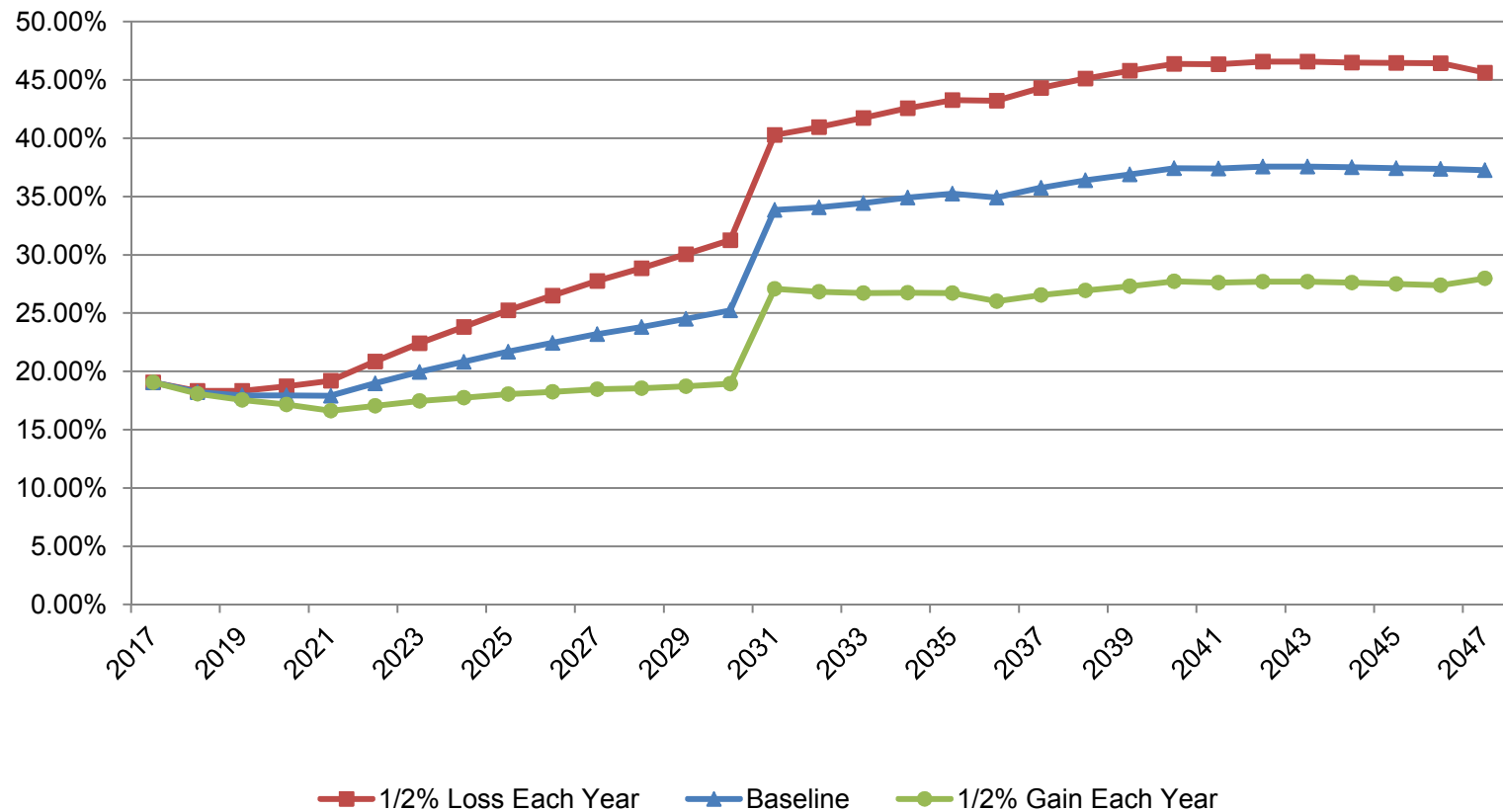
## Teachers' Retirement Plan Employer Contribution Rate as a Percent of Payroll





# Asset Return Sensitivity

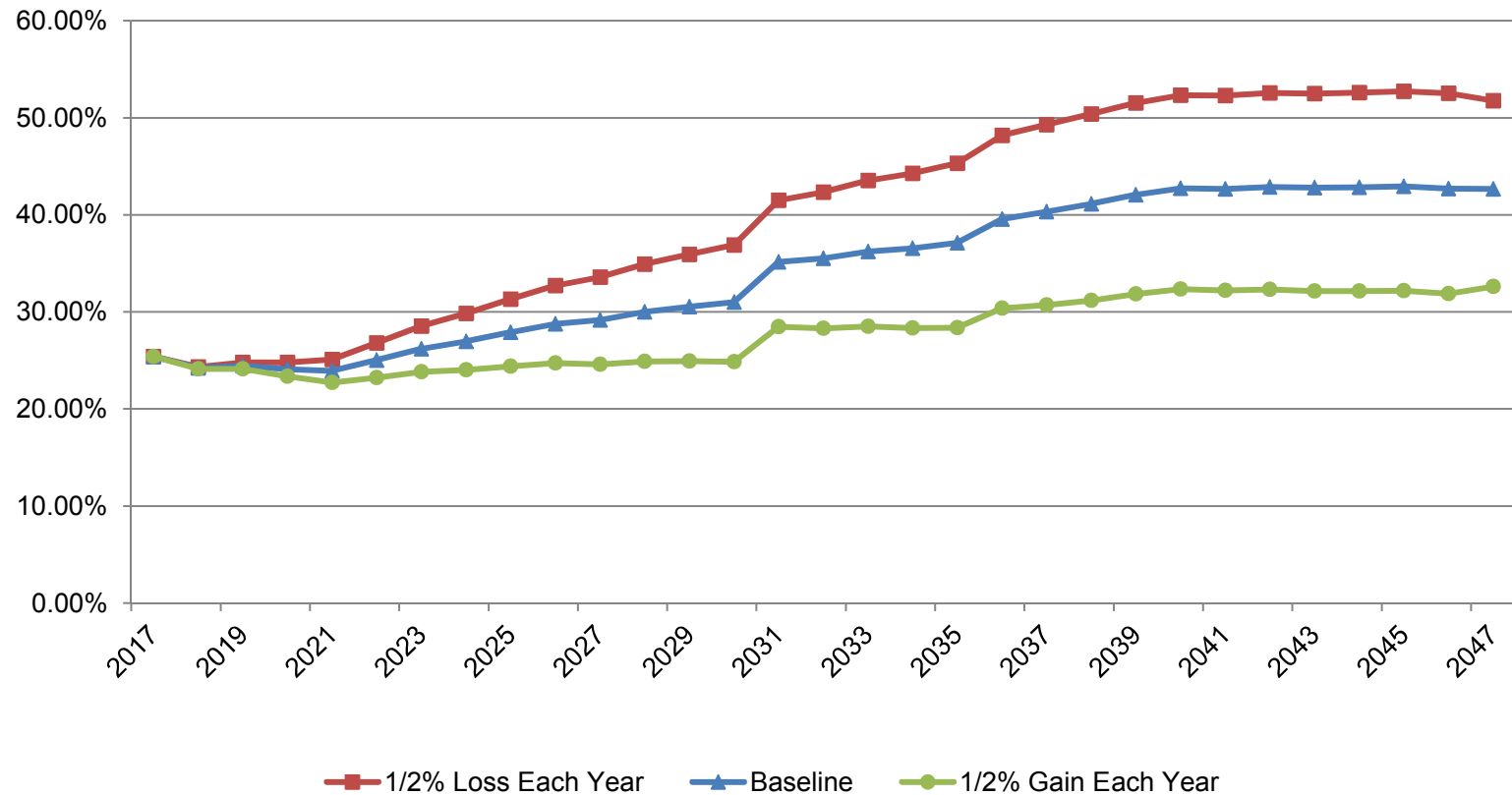
**Police Officers' Retirement Plan  
Employer Contribution Rate as a Percent of Payroll**





# Asset Return Sensitivity

**Firefighters' Retirement Plan  
Employer Contribution Rate as a Percent of Payroll**





# Conclusions

## ➤ Teachers

- Current funding policy will reduce the expected unfunded liability to less than zero by 2031.
- Employer contribution rate is expected to decline to less than 9.0% of payroll by 2031, and remain at an approximate rate of 9.0% to 10.5% afterward.

## ➤ Police Officers

- Current surplus amortization reduces the employer contribution rate to less than the employer normal cost rate.
- Employer contribution rate is expected to increase to an approximate rate of 37% to 38% of payroll, due to the elimination of the surplus by 2032.

## ➤ Firefighters

- Current surplus amortization reduces the employer contribution rate to less than the employer normal cost rate.
- Employer contribution rate is expected to increase to an approximate rate of 42% to 43% of payroll, due to the elimination of the surplus by 2034.



# **Appendix**

## **Amortization of Surplus**





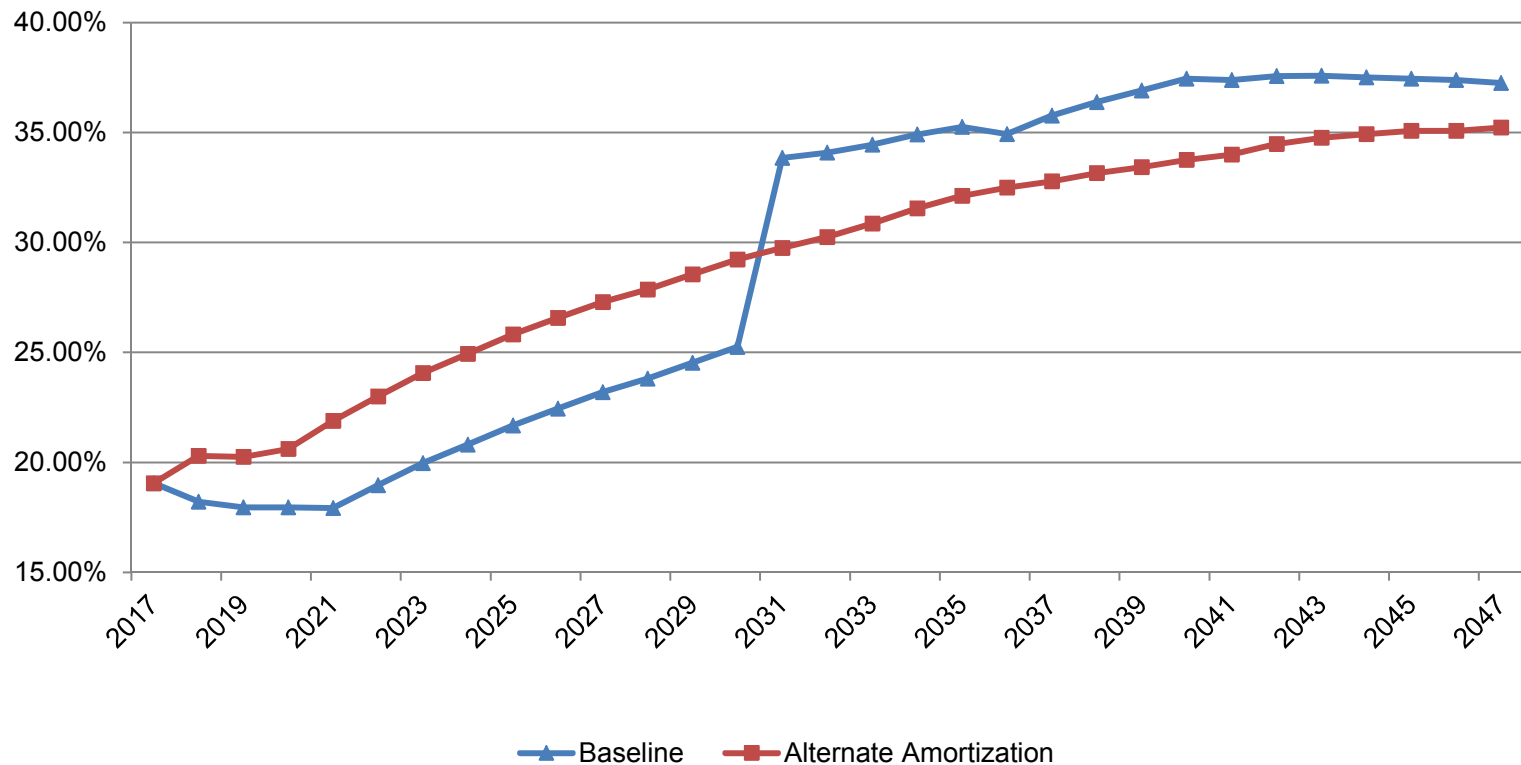
# Amortization of Surplus

- What is a surplus?
  - A surplus exists when the actuarial value of assets exceeds the accrued liability. It is the opposite of an unfunded actuarial accrued liability (when the accrued liability exceeds the actuarial value of assets).
  - Currently, the police and fire plans are in a surplus position.
- How are surpluses handled?
  - Under the current funding policy, surpluses are handled the same as unfunded liabilities. The initial surplus base established in 2012 has 15 years of amortization left and new bases are amortized over 20 years.
- Is there another way?
  - Conference of Consulting Actuaries White Paper endorses different treatment of surpluses than unfunded liabilities.
  - Suggestion: If plan is in surplus, no separate amortization bases and entire surplus gets 20 year amortization treatment every year. 20 year period does not decline each year. This delays or eliminates the jump in contribution rate experienced when surplus is eliminated.



# Amortization of Surplus

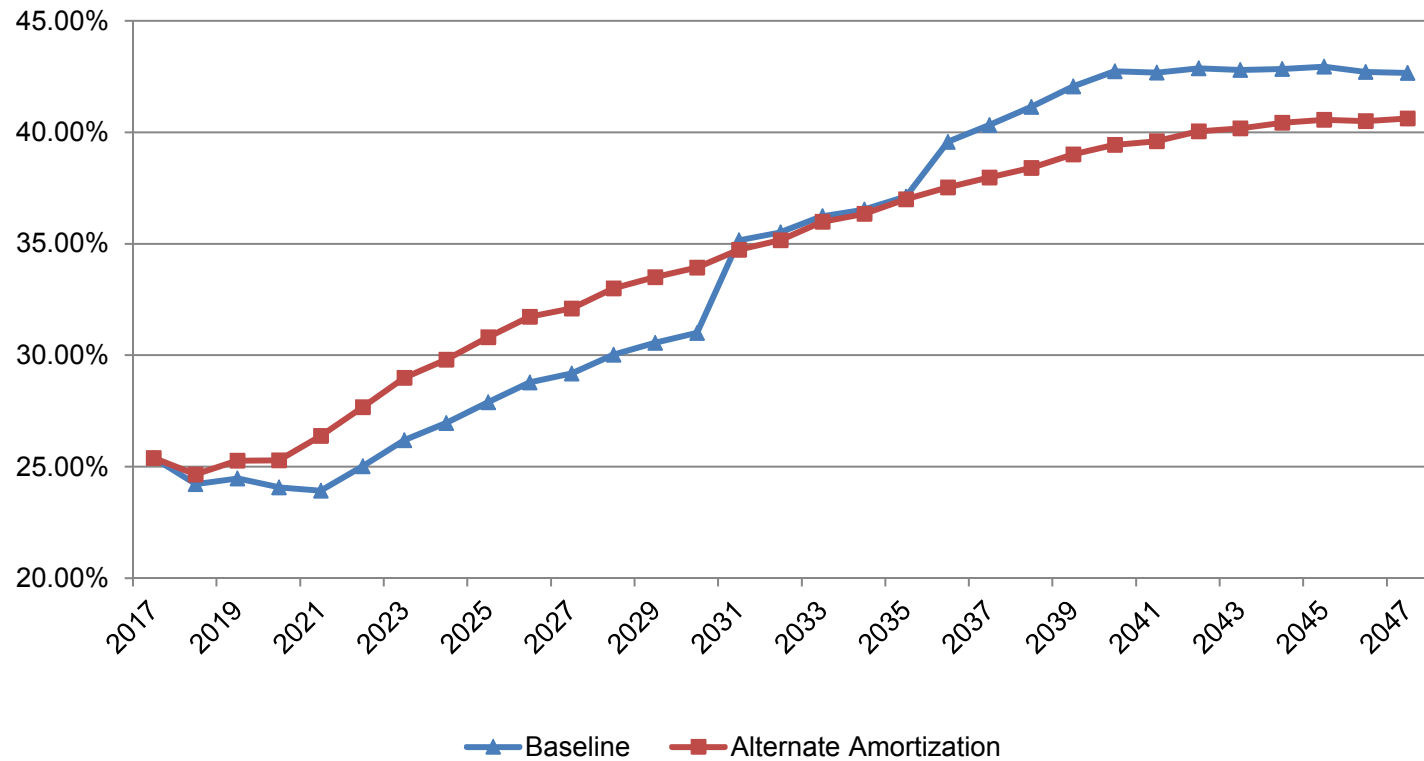
## Police Officers' Retirement Plan Employer Contribution Rate as a Percent of Payroll





# Amortization of Surplus

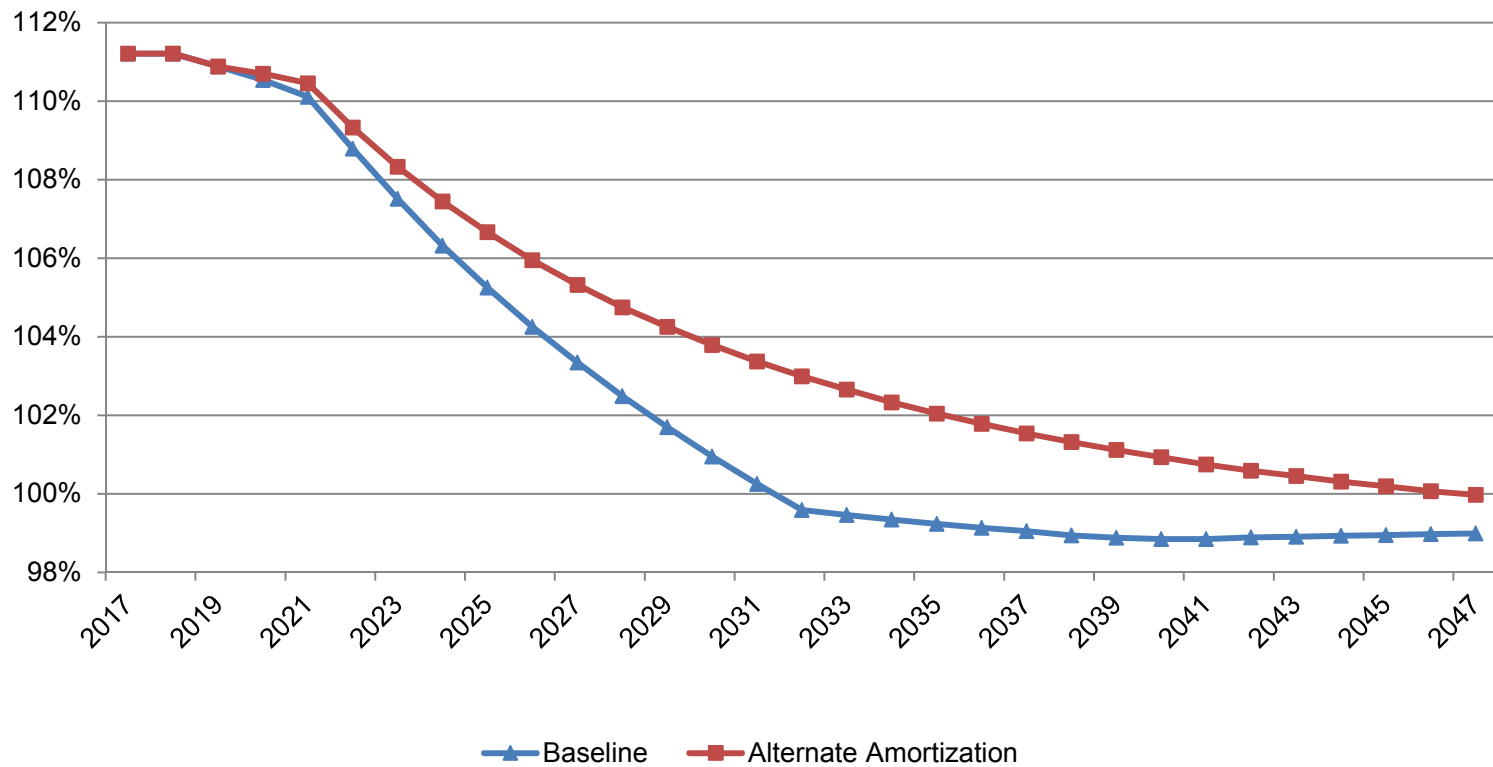
## Firefighters' Retirement Plan Employer Contribution Rate as a Percent of Payroll





# Amortization of Surplus

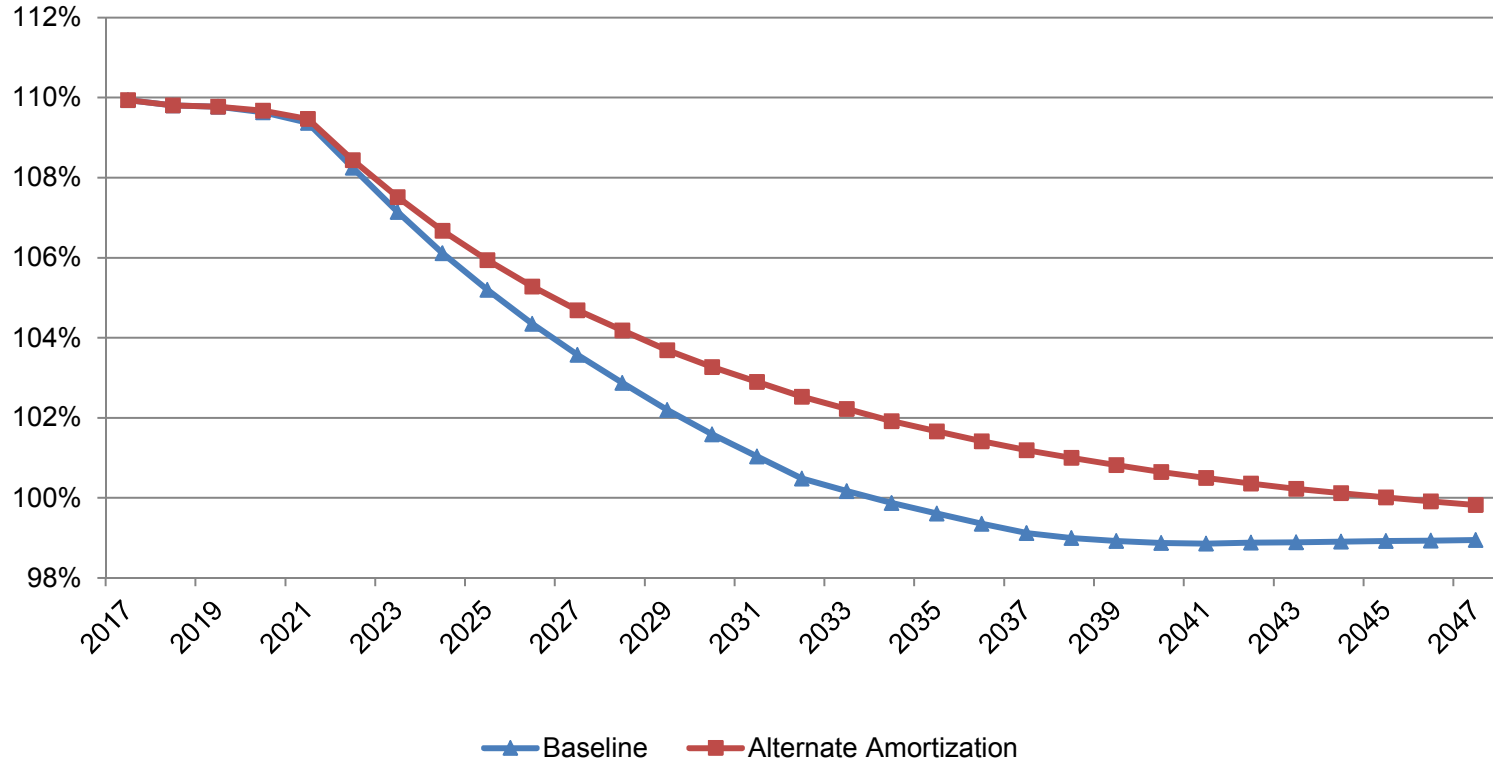
## Police Officers' Retirement Plan Funded Ratio





# Amortization of Surplus

## Firefighters' Retirement Plan Funded Ratio





# Amortization of Surplus

Retirement Plans Combined Employer Contributions		
	<u>Baseline</u>	<u>Alternate Amortization</u>
2017	\$144,497,000	\$144,497,000
2018	161,461,000	168,625,000
2019	164,469,000	173,214,000
2020	168,581,000	179,503,000
2021	173,683,000	191,753,000
2022	187,137,000	206,554,000

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Washington, DC 20001  
www.dcrb.dc.gov



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E-mail: dcrb.@dc.gov

**TO: BOARD OF TRUSTEES**

**FROM: MARY COLLINS, CHAIRMAN**

**DATE: APRIL 19, 2018**

**SUBJECT: BENEFITS COMMITTEE REPORT**

---

The Benefits Committee did not meet in April 2018. The following report reflects Benefits Department activities and projects that occurred since the March 2018 Board meeting.

**2018 District of Columbia Non-Union Pay Increases (Police and Fire Service)**

Both non-union Police Service and non-union Fire Service recently received a 3% salary increase, effective October 1, 2017. As a result, approximately 50 Tier I retired members will be eligible for an equalization increase. In accordance with Plan rules, retired members are entitled to these increases the beginning of the first of the month following the effective date of the increase. Therefore, the equalization effective date was November 1, 2017 and retroactive payments are due.

In addition, there are approximately 100 police officers and firefighters who were active on 10/1/17, but retired after that date, who will receive a recalculated benefit. As of this report, the Benefits Department has not been informed by OPRS of the date of the retroactive payments and submission of additional retirement contributions. Once we can confirm the impacted members, we will contact those members and provide them with an estimated date that their pensions will be adjusted.

**Washington Teachers Union (WTU) Collective Bargaining Agreement (CBA)**

DCRB received additional retirement contributions of approximately \$1.3 million for DCPS teachers who received a retroactive payment due to the District's delayed implementation of the WTU CBA. The Benefits Department has begun recalculating the retirement benefits of approximately 120 teachers, whose final average salary was impacted by the salary increases. Recalculations for one third of these retirees should be completed by the May 1, 2018 payroll and the remaining group over the next two months. We expect to have all recalculations completed by July 1, 2018.

**Retiree Self-Service Module**

The Self-Service Module continues to undergo user testing by the Benefits Department. The initial deployment, will target a select group of members and retired Trustees, who will be asked to provide us with feedback on improvements and functionality before the Module is launched to the full membership. Our anticipated launch date will be determined once ODCP and DCRB resolve the issues with data and schedules.

**Benefits Statements Project**

The Benefits Department is continuing to move forward with reaching its goal of providing active Police Officers, Firefighters and Teachers with an annual statement of estimated benefits in 2018. We recently provided Cavanaugh Macdonald with FY 2018 salaries for all members and expect to complete a review of draft statements in April with a distribution to our pilot group of members by May 2018.

**Stakeholders Outreach**

On April 5, 2018, the Benefits Department provided FEMS with an overview of the Police Officers and Firefighters' Retirement Plan. There were approximately 20 FEMS employees attending.

Also on April 5, 2018, DC Public Schools hosted a Spring Teachers Retirement Workshop at their administrative offices at 1200 North Capital Street, NE. There were approximately 100 members in attendance. DCPS, DCRB, Washington Teachers Union, the Council of School Officers, ICMA-RC and various 403(b) vendors participated in the Workshop.

**Benefits Department Monthly Statistics**

Activity	January	February	March
Retirement Claims Received	74	103	91
Processed Retirements	183	157	145
Average Processing Days	73	52	45
Telephone Calls	3,555	2,479	2,605
Walk-in Customers	103	92	97
Scanned Documents	5,334	3,812	5,062
QDROs Approved	2 final, 2 rejected	4 final, 1 rejected	0 final
Purchase of Service	13 (\$23,425.64)	20 (\$131,619.21)	6 (\$25,043)

**Notice: The Benefits Committee is scheduled to meet in May 2018. Trustees will be notified once a date has been confirmed.**





## DCRB Member Services Center Statistics

March 2018

Call Center Statistics	
Total Calls	2,605
Inbound Calls	1,916
Outbound Calls (Voicemails & Follow-up calls)	689
Average Talk Time	5:05 minutes
Average Caller Wait Time	2:27 seconds
Total Walk-In/Appointments	97
FileNet Batches Scanned	1,024
Documents Pages Scanned	5,062
Correspondence	1,148
Email, Letter & Fax	510
Processed Documents (EFTs, address & name changes, tax forms, 1099s, & 2809s, etc.)	638
Total	4,874

Legend:

- Total Calls
- FileNet Batches Scanned
- Total Walk-In/Appointments
- Correspondence

Top 3 Contact Trends for the Month	
Tax Inquiries	1. Change of State & Federal Withholding allowances 2. Duplicate copies of 1099Rs 3. 1099R requests for previous year/s.
Health Insurance	1. DC Medicare Advantage Open Enrollment questions (based on the 3/2/2018 Notice of 2018 Medicare Open Enrollment Season & DC Health Benefit Plans) 2. Inquiries of how Medicare interacts with the FEHB & DC plans after age 65 3. Insurance Refunds due to death & dependents aging off of policy
Life Insurance	1. Request for CSI for FEGLI Designation of Beneficiary election 2. Request for a previous FEGLI Designation of Beneficiary election form 3. Inquiries about about value of their policy

Member Services March Statistical Comparison by Year			
	2017	2018	Comments
Walk-In Visitors/Appointments	125	97	
Total Calls (includes voice mails)	4,263	2,605	38% decrease in call volume
Emails, Letters & Faxes	334	510	34% overall increase
Total	4,722	3,128	





## RETIREMENT CASE PROCESSING APRIL 1, 2018 REPORT

CASES AVAILABLE FOR PROCESSING	CASES RECEIVED (but may not have been ready for payment)	CASES PROCESSED	CASE TYPE	PLAN		
				Fire	Police	Teacher
50	24	26	Beneficiary (One-Time Payments)	4	10	12
6	4	2	Deferred Annuity	0	1	1
0	0	0	Disability	0	0	0
4	1	3	Garnishment/Levy	0	3	0
39	11	28	Optional/Voluntary & Involuntary Annuity	14	13	1
8	4	4	QDRO/QMSCO	0	3	1
23	4	19	Survivor Annuity	4	9	6
0	0	0	EVS Project	0	0	0
3	0	3	Student Certifications	0	2	1
28	7	21	Annuity Adjustments	6	13	2
1	0	1	Auto Debt Collections	0	0	1
10	5	5	Octo Review Monetary & Non Monetary Adjustments	1	1	3
0	0	0	Post 56 Adjustments	0	0	0
64	31	33	Refund of Contributions**	0	10	23
236	91	145		29	65	51
			Gross Dollar Value of Refunds**	\$0.00	\$200,166.78	\$461,367.96





## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY March 2018

### Background

The reported survey outcomes are the results of the March 2018 Member Services Customer Satisfaction Survey. The data collected are from active and retired members of the District of Columbia Police Officers and Firefighters' and Teachers' Retirement Plans, their survivors and beneficiaries. The purpose of the survey is to gather and measure the customer experience, gaging their satisfaction in an effort to improve our service to them, as necessary.

### Survey Objective

The resulting feedback will be used to:

- Increase member satisfaction and confidence
- Deliver actionable data to decision-makers
- Reduce caller and in-person wait times for service
- Set reasonable service expectations

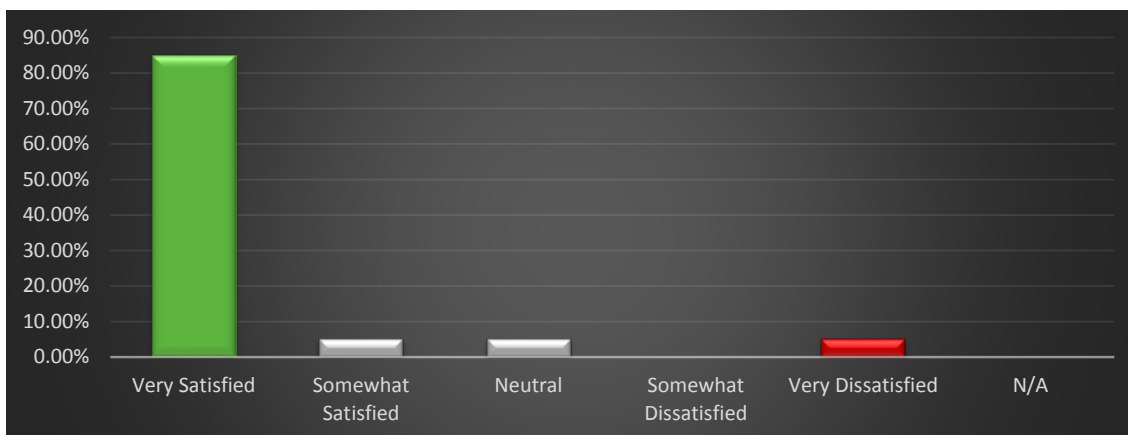
### Methodology

- This month, survey participants were Plan members who made onsite visits to the DCRB member Service Center and members who contacted the center by email to the [dcrb.benefits@dc.gov](mailto:dcrb.benefits@dc.gov) address. Some members arrived after having scheduled an appointment; others came in for assistance with updating their member information. The survey participants were randomly selected.

### Participants

- 290 survey requests were provided to members and annuitants via email & in person
- 63 responses were received.

### Overall DCRB Member Satisfaction



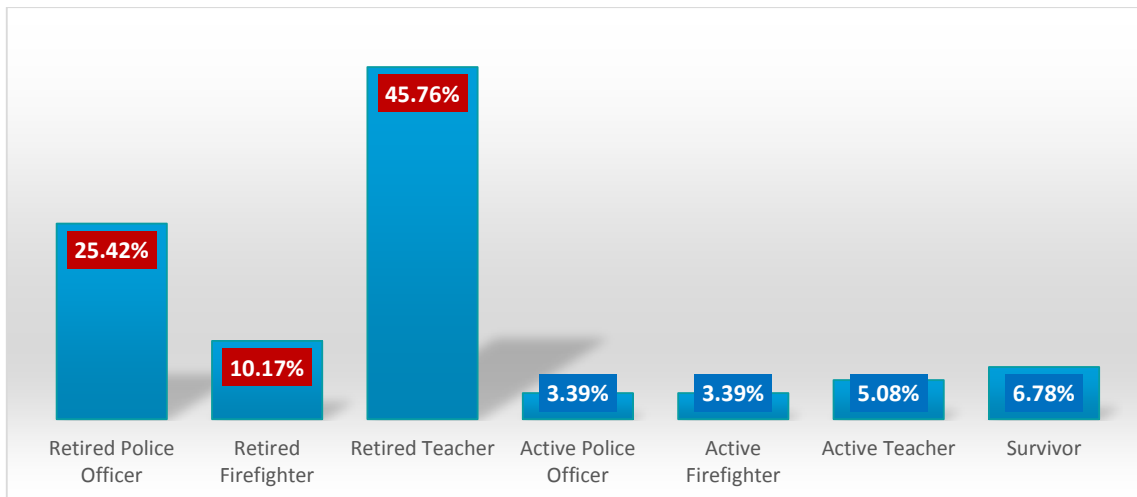


## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY March 2018

### Overall, how satisfied are you with the member service provided by DCRB?

Very Satisfied	85.00%	51
Somewhat Satisfied	5.00%	3
Neutral	5.00%	3
Somewhat Dissatisfied	0.00%	0
Very Dissatisfied	5.00%	3
N/A	0.00%	0
<b>Answered</b>		<b>60</b>

### Top 3 Membership/Survivor Types



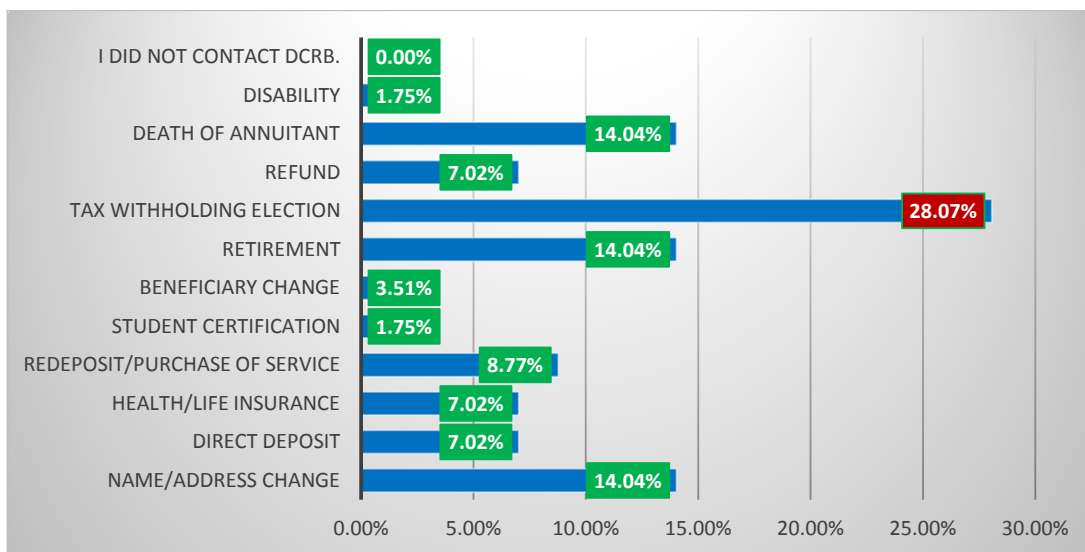
### Knowledge and Skills

	Strongly Agree		Agree		Neither Agree/Disagree		Disagree		Strongly Disagree		N/A		Total
Had the right information.	83.33%	50	8.33%	5	0.00%	0	3.33%	2	3.33%	2	1.67%	1	60
Understood your questions.	81.67%	49	11.67%	7	0.00%	0	1.67%	1	3.33%	2	1.67%	1	60
Provided clear answers.	83.33%	50	6.67%	4	1.67%	1	1.67%	1	5.00%	3	1.67%	1	60
Answered your questions.	81.67%	49	8.33%	5	0.00%	0	3.33%	2	5.00%	3	1.67%	1	60
Appeared well organized.	83.05%	49	8.47%	5	3.39%	2	0.00%	0	3.39%	2	1.69%	1	59

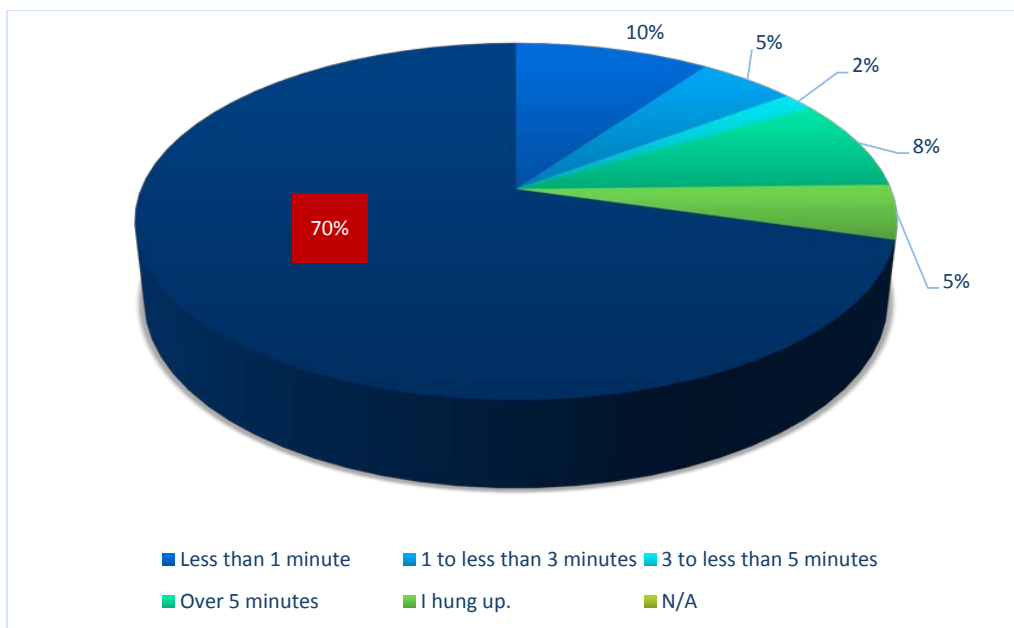


## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY March 2018

### Reason for Contact



### Contact Wait Time







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Washington, DC 20001  
[www.dcrb.dc.gov](http://www.dcrb.dc.gov)



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Facsimile (202) 566-5001  
E-mail: [dcrb@dc.gov](mailto:dcrb@dc.gov)

TO: BOARD OF TRUSTEES

FROM: LYLE BLANCHARD, CHAIRMAN

DATE: APRIL 19, 2018

SUBJECT: LEGISLATIVE COMMITTEE REPORT

---

The Legislative Committee met on April 19, 2018. The following report reflects matters discussed and considered during that meeting, as well as other activities of interest since the March Board meeting:

**RECOMMENDED REVISIONS TO THE LEGISLATIVE COMMITTEE CHARTER**

Changes were approved to the Legislative Committee Charter (“Charter”) to make certain technical and substantive amendments to the Charter to more accurately reflect the Committee’s role and responsibilities.

**Motion:** To adopt certain substantive and technical amendments to the DCRB Legislative Committee Charter.

**COUNCIL OF THE DISTRICT OF COLUMBIA**

**B22-0749, “Deferred Retirement Option Program Amendment Act of 2018”**

The bill proposes to establish a deferred retirement option program ("DROP"), to administered by DCRB, whereby DCRB will create separate interest-bearing DROP accounts for participating eligible members, allowing members to continue working while receiving monthly retirement benefits in his or her DROP account.

Status: The bill, B22-0749, was introduced on March 20, 2018, and was referred to the Committee of the Whole with comments from the Committee on Judiciary and Public Safety. A notice of intent to act was published in the D.C. Register on March 30, 2018.





## **CHARTER DISTRICT OF COLUMBIA RETIREMENT BOARD LEGISLATIVE COMMITTEE**

### **INTRODUCTION**

The Legislative Committee ~~has been was~~ established to assist the District of Columbia Retirement Board ("Board") in fulfilling its fiduciary ~~oversight~~ responsibilities ~~by serving as a liaison for the Board regarding any District or Federal legislation, regulations, or guidance that may impact the Board's fiduciary duties, operations, or benefits provided under the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("Replacement Plan Act").~~ by reviewing and providing input and recommendations on proposed legislation.

### **AUTHORITY**

To monitor and provide comments and recommendations on proposed legislation and regulations, and to recommend review, ~~and~~ assess and recommend action on key legislative initiatives for the Board.

### **COMPOSITION**

The Legislative Committee shall be composed of a minimum of three (3) members. All members shall be appointed by the Board Chair ~~person of the Board~~.

### **MEETINGS**

The Committee ~~wish~~ shall meet on an as-needed basis as determined by the Committee Chair ~~person~~ in consultation with the Board Chair ~~of the Board~~.

**RESPONSIBILITIES**

The Legislative Committee shall be responsible for the following matters and shall report these matters to the Board and request or recommend any necessary ~~for its~~ action:

1. Monitor and report current pending legislation or regulations that may impact the Board or benefits under the Replacement Plan Act.
2. Identify the need for, and recommend to the Board, a position on any proposed legislation, regulation or guidance.
- 1.3. ~~Draft, Monitor and report~~ Review and provide comment on Board testimony presented before the D.C. Council and the U.S. Congress;
4. Monitor, participate in, and report on negotiations and deliberations with the District or U.S. Congress District's executive and legislative branches and with the Congress on matters involving the Board and its responsibilities;
5. Monitor and report on national and local events that may require the Board to state an official position on any related pending or future legislation.
6. Oversee the orientation process for new Board trustees with respect to legislative matters.
- ~~2-~~ 3.7. Perform all other duties assigned to it by the Board which involve relationships between DCRB the Board and other governmental bodies.
- ~~— Monitor and report on national and local events that could require DCRB to take public positions on pending or future legislation.~~
- ~~4. Oversee the orientation process for new Trustees with respect to materials related to legislative matters.~~
- ~~5.8. Identify the need for, and recommend to the Board, positions on proposed legislation.~~ Review the Legislative Committee Charter every two years or as deemed necessary by the Board.

~~Approved~~ Last approved by the Board on September 17, 2014

Tally #1			Date: September 17, 2014		
To approve the Legislative Committee Charter.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Bress, Joseph M.	√				
Saunders, Nathan A.	√				

Smith, Edward C.	√				
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**NO WRITTEN REPORT**

**NO COMMITTEE MEETING WAS HELD THIS  
MONTH**



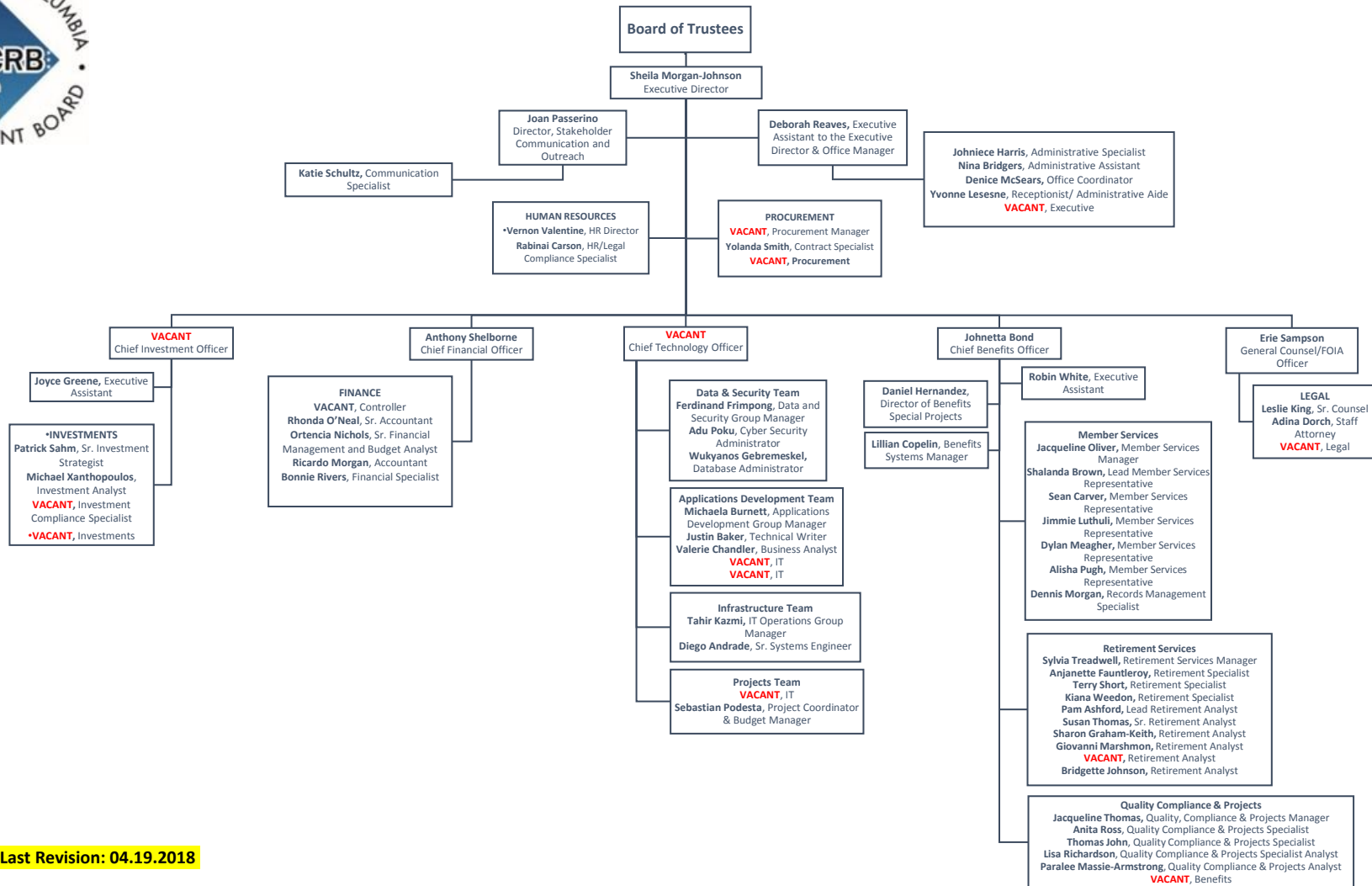


		
<b>DC RETIREMENT BOARD TRUSTEE COMMITTEES LIST</b>		
<b>As of April 13, 2018</b>		
<b>AUDIT</b>	<b>BENEFITS</b>	<b>INVESTMENTS</b>
Gary W. Hankins, Chair	Mary Collins, Chair	Michael J. Warren, Chair
Joseph M. Bress, Vice Chair	Nathan Saunders, Vice Chair	Lenda Washington, Vice Chair
Jan Adams	Darrick Ross	Jan Adams
Lenda P. Washington	Edward Smith	Lyle M. Blanchard
Joseph Clark, Ex-Officio	Joseph Clark, Ex-Officio	Joseph M. Bress
Anthony Shelborne, Staff Liaison	Johnetta Bond, Staff Liaison	Joseph W. Clark
		Mary A. Collins
		Gary W. Hankins
		Darrick O. Ross
		Nathan A. Saunders
		Edward C. Smith
		Thomas N. Tippet
		Jeffrey Barnette, Ex-Officio
		Sheila Morgan-Johnson, Staff Liaison
<b>LEGISLATIVE</b>	<b>OPERATIONS</b>	
Lyle M. Blanchard, Chair	Edward Smith, Chair	
Nathan A. Saunders	Joseph M. Bress, Vice Chair	
Michael J. Warren	Jan Adams	
Joseph W. Clark, Ex-Officio	Gary W. Hankins	
Erie Sampson, Staff Liaison	Joseph W. Clark, Ex-Officio	
	Erie Sampson, Staff Liaison	
<b>NOTE:</b> Chairman Joseph W. Clark, is an ex-officio member of every standing committee, except for the Investment Committee. The Investment Committee is a Committee of the Whole. Trustees can only serve on three (3) Committees.		
<b>Approved by Board Chairman:      Joseph W. Clark</b>		





## The District of Columbia Retirement Board (DCRB)



Last Revision: 04.19.2018



Board Meeting - Additional Materials

DC Retirement Board Conference Listing as of April 19, 2018					
Sponsor	Name of Conference	Date	Location	Cost	Description
National Conference on Public Employee Retirement Systems	NCPERS Trustee Educational Seminar (TEDS)	May 12-13, 2018	New York, NY	Registration thru 04/20/2018 \$450 and after \$650	The program provides information on fiduciary responsibilities and address issues that are pertinent elements of trust fund management, investing, legal requirements, and trustee ethics. The course also will provide new trustee with a better understanding of roles and responsibilities and a refresher for the experienced trustees.
	NCPERS Annual Conference & Exhibition (ACE)	May 13-16, 2018	New York, NY	Registration thru 04/20/2018 \$800 and after \$1,000	This conference provides an opportunity to obtain up-to-date information on pension trends, best practices, and information about fiduciary obligations and also, network with colleagues and hear expert speakers in the pension industry.
International Foundation of Employee Benefit Plans	IFEBP's Washington Legislative Update	May 21-22, 2018	Washington, DC	Registration thru 04/09/2018 \$1,225 and after \$1,525	Access a direct pipeline to what's happening on the Hill and in key agencies. Prepare for the future and learn how your plans may be impacted by the new administration as well as recently enacted and proposed legislation and regulations. Network with peers facing similar challenges and take away creative ideas and solutions that work. The content of this program is designed for trustees, administrators and plan professionals in the following areas: •Those whose roles require a keen knowledge of legislative and governmental activity •Employee benefit representatives who are responsible for strategic change •Others serving multiemployer, single employer and public sector benefit plans.
	IFEBP's Certificate of Achievement in Public Plan Policy (CAPPP) Part I and II	June 12-15, 2018	Chicago, IL	Registration thru 05/03/2018 \$2,250 and after \$2,850	Designed to help enhance your understanding of the fundamental areas of public sector benefit plans by earning your Certificate and Achievement in Public Plan Policy (CAPPP). Ideal for new trustees to address core concepts and current trends in legal, legislative, plan design and fiduciary aspects of public sector benefit plans. This is an exam-based program.
	IFEBP's Public Employee Benefits Institute	June 25-27, 2018	Las Vegas, NV	Registration thru 05/14/2018 \$1,485 and after \$1,785	The conference is designed for public sector trustees, administrators, and staff who work with health and welfare or pension plans. Learn the latest information about benefits, network with peers developing ideas and workable solutions to implement.
Mid-Atlantic Plan Sponsors	MAPS 2018 Annual Trustee Education Conference	June 5-7, 2018	Baltimore, MD	Registration thru 05/09/2018 \$100	Mid-Atlantic Plan Sponsors is a non-profit eleven-state organization dedicated to trustee education of the highest quality. The annual trustee education conference provides its members--public pension trustees, administrators, and service providers--opportunities to exchange ideas and information to enhance professional development.
National Association of State Retirement Administrators	2018 NASRA Annual Conference	August 4-8, 2018	San Diego, CA	Registration thru 06/03/2018 \$1,100 and after \$1,200	The conference features leaders in the fields of retirement plan investment and administration covering a variety of subjects including investment management, world events applicable to the pension industry, the economy, human resources, trends, and more.



**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**Training & Travel Report**  
**As of**  
**April 19, 2018**

Name	Description	Sponsor/Vendor		Dates	
			Location	From	To
Trustees					
No Trustee Travel					
Staff					
Justin Baker	Training	Business Process Management Boot Camp (George Mason University)	Arlington, VA	04/16/18	04/20/18
Ferdinand Frimpong	Conference	Rivest, Shamir, and Adelman 2018 Conference (RSA)	San Francisco, CA	04/16/18	04/20/18
Sheila Morgan-Johnson	Meeting and Due Diligence	Chequers Capital XVII Annual Investors Meeting	Paris, France	04/05/18	04/07/18
Adu Poku	Conference	RSA	San Francisco, CA	04/16/18	04/20/18
Patrick Sahn	Meeting and Due Diligence	Chequers Capital XVII Annual Investors Meeting	Paris, France	04/05/18	04/07/18
	Meeting	Odyssey Annual Partnership Meeting	New York, NY	04/18/18	04/18/18