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EXECUTIVE DIRECTOR REPORT
May 19, 2016

Activities	Updates
Legislative Issues Related to Procurement and CBE Matters	After many months of discussing the applicability of the Procurement Practices Reform Act (PPRA) of 2010 and the rules related to Certified Business Enterprises (CBE), on May 9, 2016, DCRB's Legal Department received a memorandum (copy attached) from the District's Office of the Attorney General (OAG) acknowledging that, in their opinion, neither the PPRA, nor the contracting requirements of the Small Local Disadvantaged Business Enterprise Act, apply to DCRB. Legal will use this opinion to pursue amendments to properly reflect the application of these laws.
Litigation Update and Proposed Legislative Amendments	Rivera v. Lew, et al., No. 13-5222 (D.D.C. 2016), the US Court of Appeals for the District of Columbia Circuit dismissed Mrs. Rivera's appeal for lack of prosecution. Mrs. Rivera had requested Treasury and DCRB accept her posthumous QDRO awarding her a survivor annuity. A formal mandate was issued by the court on May 10, 2016 terminating the appeal. Following DCRB's recent Council hearings testimony, DCRB's Legal Department has been working with DC Council staff to include technical amendments to the Budget Support Act related to the DC Spouse Equity Act of 1988 and the procurement law noted above. With Leslie King's good work on the Spouse Equity Act, and the memo from the OAG clarifying the procurement/small business reporting issues, we should have these matters corrected soon. We will provide updates as changes occur.
Budget Hearing Testimony Responses	During the April budget hearing testimony, Council Chairman Mendelson asked a few questions that we indicated we would respond to. Attached for your information is a copy of the questions he asked and the responses we provided on May 12, 2016.
Spring Newsletter	DCRB's spring newsletter has been printed and will be distributed to all active and retired members this week. As previously noted, the spring newsletter serves as the Summary Annual Report for the Police/Fire and Teachers' Plans and includes financial and investment information for the end of the prior fiscal year (FY 2015). A copy of the newsletter is attached for your information.
Financial Disclosure Filings	On April 29, 2016, DCRB's Legal Department filed annual financial disclosure statements with the General Counsel to the Mayor and the Secretary of the DC Council on behalf of DCRB Trustees. Copies of that correspondence are attached for your information. Also attached is a list of those DCRB staff members who were required to file either a Public Financial Disclosure Statement with the Board of Ethics and

	Government Accountability or a Confidential Financial Disclosure Statement within DCRB by May 16, 2016. This annual ethics filing is generally required for employees who participate substantially in areas of contracting, procurement, or policy-making, or act in areas of responsibility that may create a conflict of interest or appearance of a conflict of interest.
Board Governance Manual	Attached for your reference is a copy of the DCRB Board Governance Manual, approved by the Board during its February 18, 2016 meeting. The Manual includes information, such as, current Board-adopted policies and procedures, DCRB Rules, and other pertinent governance materials.
Open Meetings Act Reference Sheet	Following the Open Meetings Act (OMA or Act) training held during the April Board meeting, Trustees requested an OMA reference sheet to assist them in continuing to conduct meetings in compliance with the Act. In response, an Open Meetings Act Quick Reference Sheet was created and is attached for your reference.
Summary Plan Descriptions	DCRB is required to provide an updated Summary Plan Description to all members of the Plans every five years. Since the last update was published in 2012, we are in the process of preparing a 2017 update, which we expect to distribute at the end of this year. Input was requested of selected reviewers, earlier this month.
Staffing	**New Hires:** There were no hires, terminations or other changes in staff positions over the past month.
Recent Retirement-Related Articles (attached)	"10 Things You Should Know About Public Pension Disclosure Changes," NASRA et al., April 2016. "Are State and Local Governments Really Underfunding Their Pensions? Yes, Really," Forbes, Andrew Biggs, May 6, 2016.

A Publication of the District of Columbia Retirement Board for Active and Retired Police Officers, Firefighters and Teachers

DCRBReport

SPRING 2016

Inside

The District of Columbia Retirement Board's mission is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services.

DCRB Member Services Center

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From the Chair of the Board

Joseph M. Bress

At our February 2016 meeting, the Board of Trustees (the Board) held officer elections, and I was honored to be elected to serve a fourth term as Chair of the District of Columbia Retirement Board (DCRB). The Trustees also elected Joseph Clark as Vice Chair/Secretary and Lyle Blanchard as Treasurer. The Sergeant-at-Arms and Parliamentarian officer positions were eliminated in a restructuring of the Board last fall. The current standing committee chairs are: Barbara Davis Blum, Investment Committee; Edward Smith, Benefits Committee; Darrick Ross, Operations Committee; Lyle Blanchard, Legislative Committee; and Gary Hankins, Audit Committee.

Health of the Plans

The primary purpose of DCRB's spring Newsletter is to serve as your Summary Annual Report of financial information related to the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (the Plans) for the prior Fiscal Year (FY 2015), which ended on September 30, 2015. The investment and financial information on pages 2 and 3 reflect the status of the Trust Fund (the Fund) that supports the Plans and illustrate changes to the Fund during FY 2015. Once again, I am pleased to report that the Plans are well-funded, with an aggregate funded ratio of 101.7%, as of October 1, 2015.

Technology Updates

In FY 2013, DCRB launched a Retirement Modernization Program focused on multi-year technology projects intended to improve benefits administration. During FY 2015, we completed a project to reengineer benefits processes and procedures, and identified information to fill gaps in the electronic records. Those projects, and a Data Management Project, which began this year, include activities that will lead up to our eventual acquisition of a Pension Information Management System (PIMS). The PIMS will store pension-related information in one location that is electronically maintained and controlled by DCRB. The main purpose of the system is to produce initial pension payments much more quickly and to provide you with a wider range of retirement services. A Request for Proposal related to this system is being developed and is projected to be released in FY 2017.

Membership Totals as of October 1, 2015

Category	Police	Firefighters	Teachers	Total
Active	3829	1708	4866	10,403
Service Retirement	3428	1081	5389	9898
Disability Retirement	1067	393	331	1791
Survivors	1366	519	417	2302
Total	**9690**	**3701**	**11,003**	**24,394**

Financial Awards

During FY 2015, DCRB received the Government Finance Officers Association's Certificate of Achievement Award for Excellence in Financial Reporting for FY 2014, an award we have received for seven consecutive years. In addition, DCRB received the Public Pension Coordinating Council's award for plan funding.

In closing, your Plans are in excellent condition, and we continue to make strides toward creating a comprehensive retirement system to better serve your needs.

Fiscal Year 2015 Investment Update

Performance Update

The assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Fire Fighters' Retirement Fund (collectively referred to as the Fund) are commingled for investment purposes. As of the end of FY 2015 (Sept. 30, 2015), the Fund's assets stood at $6.1 billion after the payment of all benefits and administrative expenses, a decrease of approximately $200 million compared to the end of FY 2014 (a net return of -4.0%). Since its inception in October 1982, the Fund has underperformed the Total Fund Benchmark[1] by roughly 1% per year but exceeded the actuarial return target[2] by roughly 2% per year, net of fees.

Global Market Review

Investor concerns about geopolitical issues, the slowdown of the Chinese economy, and falling commodity prices brought about a return of global equity market volatility during FY 2015.

Stock indices in the U.S. reached new record highs in late 2014, as the Federal Reserve ended its quantitative easing program in October. Crude oil prices plunged from $90/barrel to less than $55/barrel, and third quarter growth increased more than expected. In the first quarter of 2015, non-U.S. developed markets rallied by over 10% in local currency terms as the European Central Bank began its quantitative easing program by buying government bonds. However, dollar investors were up only 4.9% due to the strength of the dollar, another recurring theme during the year.

In second quarter 2015, global equity markets slowed their rise, while the 10-year Treasury yield had its largest increase in nearly two years, closing at 2.3%. In the third calendar quarter of 2015—the final quarter of the fiscal year—global equity markets performed at their worst since the third quarter of 2011. The U.S. equity markets fell 6.4%, non-U.S. developed markets dropped 10.2%, and emerging markets declined 17.9%. The economic slowdown in China and uncertainty about the Federal Reserve's next move dominated news headlines.

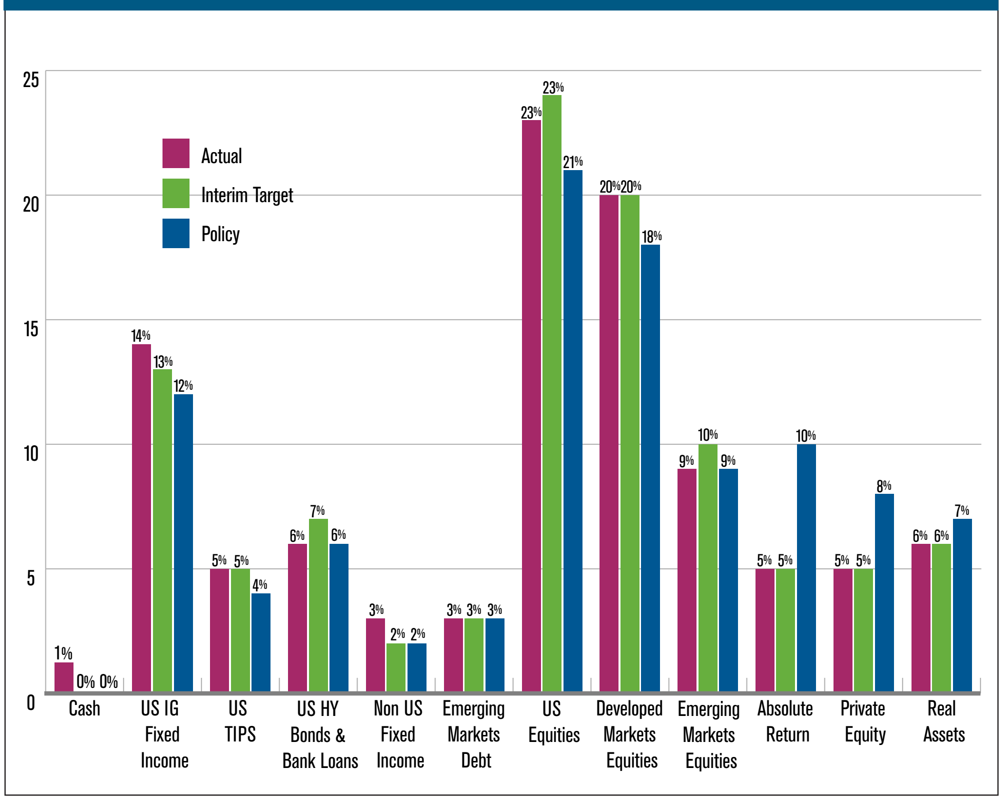
In terms of cumulative returns for FY 2015, the Russell 3000 Index, which measures the performance of the 3,000 largest U.S. companies and represents approximately 98% of the U.S. equity market, was roughly flat at -0.5%. International developed equity markets, as measured by the MSCI World ex U.S. Index, fell by 10.1% in U.S. dollar terms, while emerging markets, as measured by the MSCI Emerging Markets Index, dropped 19.3% in U.S. dollar terms. The Barclays Capital U.S. Aggregate Bond Index, a broad measure of U.S. fixed income markets, rose by 2.9%, driven by a small decline in U.S. interest rates.

Asset Allocation

There were no changes in DCRB's asset allocation policy[3] during FY 2015, which the Board last reviewed in July 2013. The Interim Target

Continued on page 4

Actual, Interim and Policy Asset Allocations as of September 30, 2015



DCRB Financial Statements

For Fiscal Year 2015, the Board once again received an unmodified, clean opinion from its independent auditor. The following schedules compare the FY 2015 financial statements with those of FY 2014.

Statement of Net Position (in $000s) for the Fiscal Years ending:

	September 30, 2015			September 30, 2014		
	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total
Assets						
Cash and short-term investments	$18,352	$57,140	$75,492	$7,236	$20,164	$27,400
Receivables & Prepaid Expenses	4,885	9,239	14,124	43,458	111,885	155,343
Investments at fair value	1,650,974	4,405,127	6,056,101	1,729,571	4,546,197	6,275,768
Collateral from securities lending	-	-	-	6,885	18,097	24,982
Total assets	1,674,211	4,471,506	6,145,717	1,787,150	4,696,343	6,483,493
Liabilities						
Other payables	1,156	3,058	4,214	1,781	4,623	6,404
Investment commitments payable	2,417	6,450	8,867	32,426	85,237	117,663
Obligations under securities lending	-	-	-	6,982	18,354	25,336
Total liabilities	3,573	9,508	13,081	41,189	108,214	149,403
Net Assets Held in Trust For Pension Benefits	$1,670,638	$4,461,998	$6,132,636	$1,745,961	$4,588,129	$6,334,090

Statement of Changes in Net Position (in $000s) for the Fiscal Years ending:

	September 30, 2015			September 30, 2014		
Additions						
District Government contributions	$39,513	$103,430	$142,943	$31,636	$110,766	$142,402
Employee contributions	31,621	33,679	65,300	28,751	32,821	61,572
Net investment income (loss)	(72,647)	(187,283)	(259,930)	132,086	338,894	470,980
Other income	385	1,012	1,397	522	1,342	1,864
Total additions (reductions)	(1,128)	(49,162)	(50,290)	192,995	483,823	676,818
Deductions						
Benefit payments	64,076	63,634	127,710	59,832	52,784	112,616
Refunds	5,576	1,396	6,972	5,790	1,637	7,427
Administrative expenses	4,543	11,939	16,482	3,787	9,730	13,517
Total deductions	74,195	76,969	151,164	69,409	64,151	133,560
Change in Net Position	(75,323)	(126,131)	(201,454)	123,586	419,672	543,258
Net Assets Held in Trust For Pension Benefits, Beginning of Fiscal Year	1,745,961	4,588,129	6,334,090	1,622,375	4,168,457	5,790,832
Net Assets Held in Trust For Pension Benefits, End of Fiscal Year	$1,670,638	$4,461,998	$6,132,636	$1,745,961	$4,588,129	$6,334,090

2016 COLA Notices to Members

The DC Department of Human Resources (DCHR) has announced 2016 cost-of-living adjustments (COLAs) for retirees and survivors receiving annuities under the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan. They are as follows:

- Police officers and firefighters who retired on or after February 15, 1980: 0.7%
- Teachers hired before, on, or after November 1, 1996: 0.4%

COLAs are effective on March 1 and are paid beginning April 1.

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Inside this DCRB Report

Fiscal Year 2015 Investment Summary and Financial Statements

FY 2015 Investment Update

from page 2

Allocation distributes the underweight to alternative investments (absolute return, private equity, and real assets) across the traditional investments (fixed income and public equities). The Actual, Interim Target and Policy asset allocations are shown in the chart on page two.

At the close of FY 2015, the Fund's asset classes were within their respective target allocation ranges with the exception of the Absolute Return program, which continued to be below the targeted minimum. This underweight has been re-allocated to fixed income and public equities as a temporary placeholder for future investments in this asset class.

The underweight to private equity is driven by a deliberate pace of new commitments and a high volume of realizations from more mature funds over recent years. It should moderate by 2020-22, as new commitments draw down capital and mature funds slow their distributions. In the meantime, the Board is focused on continuing to build its private equity program, subject to the availability of compelling investment opportunities.

Other Updates

During FY 2015, the Board completed a review of its custodial bank relationship and hired Northern Trust as the Board's new custodial bank. The transition was completed on December 1, 2015 and is projected to result in a savings to the Fund of approximately $300,000 over the next three years.

In addition, DCRB and its consultants continued to incorporate into their respective due diligence processes the Environmental, Social, and Governance (ESG) policy, passed by the Board in November 2013. Given the rapid developments in the sustainable and responsible investment market, this policy will continue to be a focus for the Board during FY 2016 and beyond.

A second major initiative in FY 2016 will be the review of current investment consultants, as well as an asset allocation study to update the prior analysis completed in 2013. For more information on DCRB's investment program, please visit **www.dcrb.dc.gov/service/investments.**

1. A standard against which the performance of the total fund is evaluated. The Total Fund Benchmark is composed of several broad market indices, such as the Russell 3000 Index for U.S. stocks and the Barclays Capital U.S. Aggregate Bond Index for investment-grade fixed income securities.
2. The expected investment return used to project long-term asset growth.
3. The broad mix of assets (equities, fixed income, cash equivalents and alternatives) necessary to achieve the Fund's investment return and risk objectives.

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Eric O. Stanchfield
Executive Director

Joan M. Passerino
Editor

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DISTRICT OF COLUMBIA • DCRB • RETIREMENT BOARD •

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E-mail: dcrb.@dc.gov

Received By: L. Anthony
Date: 4/29/16

April 29, 2016

Via Personal Delivery
Ms. Betsy Cavendish, Esquire
General Counsel to the Mayor for the District of Columbia
Executive Office of the Mayor
1350 Pennsylvania Avenue, NW
Suite 300
Washington, DC 20004

Re: DCRB Trustees' Financial Disclosure Statements for CY' 2015

Dear Ms. Cavendish:

Pursuant to D.C. Code § 1-909.01(a) (2001), enclosed are the annual financial disclosure statements submitted by the following District of Columbia Retirement Board trustees:

Jeffrey Barnette, Ex Officio Member
Lyle M. Blanchard, Council Appointee
Barbara Davis Blum, Mayoral Appointee
Joseph M. Bress, Council Appointee
Joseph W. Clark, Mayoral Appointee
Gary W. Hankins, Retired Police
Darrick O. Ross, Active Police
Nathan Saunders, Active Teacher
Edward C. Smith, Active Firefighter
Thomas N. Tippett, Retired Firefighter
Michael J. Warren, Council Appointee
Lenda P. Washington, Mayoral Appointee

Please note that Trustee Mary A. Collins, Retired Teacher, will file her annual financial disclosure statement directly with your office.

Should you have any questions regarding this submittal, please do not hesitate to contact me or the trustee directly.

Sincerely,

Eric F. Sampson
General Counsel

Enclosures

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DISTRICT OF COLUMBIA • DCRB • RETIREMENT BOARD

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April 29, 2016

Received By: GARCIA
Date: 4/29/16

Via Personal Delivery
Ms. Nyasha Smith
Secretary to the Council
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Re: DCRB Trustees' Financial Disclosure Statements for CY' 2015

Dear Ms. Smith:

Pursuant to D.C. Code § 1-909.01(a) (2001), enclosed are the annual financial disclosure statements submitted by the following District of Columbia Retirement Board trustees:

Jeffrey Barnette, Ex Officio Member
Lyle M. Blanchard, Council Appointee
Barbara Davis Blum, Mayoral Appointee
Joseph M. Bress, Council Appointee
Joseph W. Clark, Mayoral Appointee
Gary W. Hankins, Retired Police
Darrick O. Ross, Active Police
Nathan Saunders, Active Teacher
Edward C. Smith, Active Firefighter
Thomas N. Tippett, Retired Firefighter
Michael J. Warren, Council Appointee
Lenda P. Washington, Mayoral Appointee

Please note that Trustee Mary A. Collins, Retired Teacher, will file her annual financial disclosure statement directly with your office.

Should you have any questions regarding this submittal, please do not hesitate to contact me or the trustee directly.

Sincerely,

Eric F. Sampson
General Counsel

Enclosures

Public Financial Disclosure Filers

First Name	Last Name	Position/Title
Eric	Stanchfield	Executive Director
Joan	Passerino	Director of Stakeholder Communication and Outreach
Erie	Sampson	General Counsel
Leslie	King	Sr. Counsel
Camille	Castro	Staff Attorney (former)
Johnetta	Bond	Chief Benefits Officer
Daniel	Hernandez	Director of Special Benefits Projects
Sylvia	Treadwell	Retirement Services Manager
Lillian	Copelin	Benefits Systems Manager
Jacqueline	Thomas	Quality Compliance & Projects Manager
Sheila	Morgan-Johnson	Chief Investment Officer/Chief Operating Officer
Patrick	Sahm	Senior Investment Analyst
Vernon	Valentine	Human Resources Director
Peter	Dewar	Chief Technology Officer
Michaela	Burnett	Applications Development Manager
Ferdinand	Frimpong	Database Manager
Adu	Poku	Security Administator
Justin	Baker	Senior Technical Writer/Analyst
Jason	Todd	Business Intelligence Analyst
Anthony	Shelborne	Chief Financial Officer
Rhonda	O'Neal	Senior Accountant

Confidential Financial Disclosure Filers

Deborah	Reaves	Executive Assistant/Office Manager
Jacqueline	Oliver	Member Services Manager
Michael	Xanthopoulos	Investment Analyst
Neda	Bolourian	Contract Administrator
Yolanda	Smith	Contract Specialist
Rabinai	Carson	HR/Legal Compliance Specialist
Wukyanos	Gebremeskel	Database Administrator
Valerie	Chandler	IT Business Analyst
Ortencia	Nichols	Sr. Financial Mngmt and Budget Analyst
Ricardo	Morgan	Accountant
Bonnie	Rivers	Financial Specialist

10 Things You Should Know About Public Pension Disclosure Changes

State and local government retirement systems have significant oversight and disclosure requirements, some of which are being considerably modified. Several new and separate public pension calculations are being published – each derived in different manners and for distinct purposes – and could easily be misunderstood and create confusion. Below are ten key takeaways regarding existing disclosures, notable changes, and their effects.

1. **State and local governments provide significant oversight for their retirement systems and require open reporting and processes.** These systems are established under state statutes, local ordinances, or both; subject to fiduciary, investment and administrative laws, as well as to open records and sunshine statutes; overseen by elected governmental bodies, state and local regulators, elected office holders, the public, and independent boards of trustees.
2. **The Governmental Accounting Standards Board (GASB) is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.** GASB standards must be followed to receive a clean audit. GASB was established by state and local government organizations in conjunction with the Financial Accounting Foundation, in recognition of the fact that governments are fundamentally different from for-profit business enterprises, including their unique time horizons, oversight, revenue streams, constitutional or contractual protections, stakeholders and accountability for resources.
3. **GASB has recently completed a multi-year process of reviewing and revising its accounting standards on public pension reporting.** GASB Statement 68, which will be implemented into state and local government financial statements this year, includes many changes. Notably, state and local governments will now be required to report their net pension liability on their balance sheets.
4. **The new GASB requirements *do not* affect actuarial funded ratios or pension contribution requirements;** they only change where and how pension costs are accounted for in financial statements to provide additional and more prominent information.
5. **The placement of net pension liabilities on an employer's balance sheet could create the erroneous impression that this is an obligation that is due immediately. This is not the case.** Pensions are funded and paid out over very long periods – contributions are made over employees' careers and distributions are provided in monthly installments in their retirement.

6. **A new term, pension expense, refers to the change in the net pension liability from one year to the next, and should *not* be confused with what governments actually budget and expend on pension contributions.** The new GASB net pension liability figure will be volatile, because it is based, in part, on the market value of pension assets, which fluctuate with investment markets. Under GASB 68, pension expense is a measure of this volatility, not an employer's pension contribution.

7. **Information about annual pension contributions *has not* gone away.** Actuarially determined pension contributions, as well as the assumptions that underlie them, are required to be included in financial notes, along with a government's 10-year pension contribution history. The financial condition of the retirement system, including funded status and necessary contributions, must be certified by qualified actuaries that adhere to Actuarial Standards of Practice maintained by the Actuarial Standards Board, which identifies what U.S. actuaries should consider, document, and disclose.

8. **Adjusted pension data being published by some credit rating agencies does not change a government's pension liabilities, it is merely part of their credit analytics.** Some credit ratings agencies are now modifying pension data using their own methodologies to standardize results and they are publishing this adjusted data. Credit ratings agencies have long been factoring pension liabilities into their credit ratings and bond ratings for only a small number of governments are expected to change due to pension obligations.

9. **State and local policymakers are urged to review the effectiveness of existing funding policies and practices.** National organizations representing the nation's governors, state legislatures, state and local officials, and public finance professionals have released Pension Funding: A Guide for Elected Officials, which recommends the calculation and payment of actuarially determined pension contributions within accepted guidelines so that pension promises can be paid, employer costs can be managed, and the pension funding policy is clear to all stakeholders.

10. **Since the Great Recession, all 50 states and numerous localities have been taking steps to strengthen their pension funding; none has requested nor required federal intervention.** Federal legislation has been proposed to eliminate the tax-exempt status of municipal bonds if state and local governments do not comply with federally-imposed, conflicting and costly pension reporting mandates. It is inappropriate for the federal government to propose unfunded mandates and penalties in an area that is the fiscal responsibility of sovereign States and localities.

Issued By:

NCSL -	National Conference of State Legislatures
CSG -	The Council of State Governments
NACo -	National Association of Counties
NLC -	National League of Cities
USCM -	U.S. Conference of Mayors
ICMA -	International City/County Management Association
NASBO -	National Association of State Budget Officers
NASACT -	National Association of State Auditors, Comptrollers and Treasurers
GFOA -	Government Finance Officers Association
NASRA -	National Association of State Retirement Administrators

Forbes

Andrew Biggs Contributor

I work on retirement policy, public sector pay and other issues.

Opinions expressed by Forbes Contributors are their own.

OPINION 5/06/2016 @ 1:09PM 689 views

Are State and Local Governments Really Underfunding Their Pensions? Yes, Really.

I recently wrote on the burden that government employee pensions impose on state and local government budgets. A group representing public pension administrators had claimed these plans are only a small cost because state and local governments spend only 4.1 percent of their budgets on pension funding. I argued that these costs are low only because state and local governments aren't really fully funding their pensions. Most governments aren't making their full actuarial contributions and, even if they did, the "full" contribution for a U.S. public pension is far lower than for a corporate pension or for public sector plans in other countries. If state and local governments had to fund using corporate pension rules, their contributions wouldn't be 4 percent of total government budgets but over 20 percent. Put another way, governments' contributions would rise from about 24 percent of employees' wages – an amount that is, by the way, around 8 times higher than the average private sector employer 401(k) contribution – to over 100 percent of employee wages. Ouch.

But the National Association of State Retirement Administrators – the group that produced the 4.1 percent funding burden figure – has pushed back, raising a number of points.

NASRA takes issue with my claim that "In 2013, only 41% of state and local pensions received their full contribution." That figure was taken from a 2015 paper I wrote for the American Enterprise Institute, using data then available from the Public Plans Database (PPD). NASRA argued that, when you account for subsequent payments made due to lags in legislative appropriations, "the majority of plans—not 41 percent—that year received 100 percent or more of their full contributions."

Just to give you an idea of what NASRA means by the word "majority," I'll recount a passage from my AEI paper discussing a 2015 NASRA study, which claimed that "Most states have made a reasonably good effort" to fund their plans. To start, NASRA defined "a good-faith effort" as "as paying 95 percent or more of the ARC." Why 95 percent? Because if NASRA had raised the bar even one-tenth of a percentage point higher, to 95.1 percent, then most states *wouldn't* have qualified as making a "good faith effort." And even then, it wasn't actually most states. NASRA included not just the 50 states but also Washington, D.C., which (by state and local pension standards, anyway) has a well-funded plan. Had NASRA not included Washington, DC, they still wouldn't have had a majority of states making a good-faith funding effort. This is the soft bigotry of low expectations to the *Nth* degree – set the funding bar low enough that you can claim most pensions are exceeding it. So a simple majority of plans making their full payments doesn't impress me much.

As it happens, I went back to the Public Plans Database, which now contains more complete data for Fiscal Year 2013 as well as 2014 data. For each plan, the PPD reports the percent of its full actuarially-calculated contribution that the plan received in a given year. Of the 160 pension plans for which data were available, only 57 received 100 percent or more of their full contribution in 2013; that's 36 percent. For 2014 that figure had risen only to 39 percent. The Great Recession ended in 2009, folks. If 6-out-of-10 state and local governments can't afford to make their full pension contribution today, even using the loosest pension funding standards in the world, then when *will* they be able to make them? This is as good as it's likely to get.

Which leads to NASRA's second point. I argued that even the "full" contribution paid to state and local pensions wasn't sufficient, because those plans use accounting rules – established by the Governmental Accounting Standards Board (GASB) – that are far less demanding than the rules the federal government requires corporate pensions to live by. First, state and local plans can use a much higher interest rate to "discount," their liabilities, which reduces their measured liabilities and the contributions they must make to find them. And second, state and local pensions pay off – or "amortize" – their unfunded liabilities over an average of 25 years, while corporate pensions must do so over only seven years. My guestimate was that living by corporate pension funding standards would roughly quadruple state and local governments' current pension payments.

NASRA doesn't take issue with how my figures were calculated so much as whether a comparison to corporate plans is appropriate. My figures, they state, are "based on current, historically low interest rates, and assumes invested pension assets will earn returns only at that extremely low rate. Biggs' number reflects what governments would need to spend if they were to terminate and privatize their pension plans at this moment in time, something most of them cannot legally do." The debate over pension funding has been going on long enough that NASRA and others in the pension community should know that this mischaracterizes the argument for stricter pension accounting standards.

First, in both academic economics and in real-world financial markets, the discount rate used to value a liability is based upon the risk characteristics of the liability itself, not the assets used to fund the liability. As Donald Kohn, then Vice-Chairman of the Federal Reserve Board, put it in 2008, "The only appropriate way to calculate the present value of a very-low-risk liability is to use a very-low-risk discount rate." The discount rate isn't an estimate of the return on the plan's assets, nor is it a prohibition on a pension plan investing in risky assets. But accurate pension accounting says that the pension can credit itself with the higher returns on risky assets only *after* those returns have been earned. That's how corporate pensions do it and it's how public sector plans in countries like Canada, the UK and the Netherlands do it. U.S. state and local plans, by contrast, credit themselves with the higher returns in advance and use those credits to reduce the amounts they contribute today. How's that working out?

The purpose of accurate pension liability valuation and full funding is to protect the taxpayer. For corporate plans, full funding protects the taxpayer because if a corporation goes out of business the costs fall upon the federal government. State and local governments can't go out of business, but that doesn't mean the costs of their unfunded pensions don't fall on taxpayers. Today's taxpayer is paying far more than value of the pensions earned by public employees today, because past underfunding and overgenerous benefit promises generated unfunded liabilities that current and future taxpayers must pay off. So NASRA's point about whether a plan can be terminated is neither here nor there. What matters is protecting future taxpayers from costs incurred by pensions today.

NASRA cites "a 2009 paper by a national actuarial consulting firm" which concluded that applying corporate pension-style rules to public pensions would produce needless volatility of contributions. If interest rates changed then liabilities would also change and thus the plan would have to alter its contribution rate. I'll say this flat-out: I don't take very seriously a lot of the work that comes from public pension actuaries, since many are hopelessly compromised in serving both as referees for the plans they analyze and as cheerleaders for the industry upon which their livelihoods depend.

But there's also a substantive answer to this argument: if a public sector pension guarantees participants some given dollar level of benefits in the future, it is in fact more expensive to fund those benefits when interest rates are low than when they're high. That's a risk that a traditional pension plan takes on and ignoring it doesn't make it go away. But there is something public pensions could do to hedge interest rate volatility: hold more bonds. If interest rates fall, the value of their bond portfolio would increase to offset the rise in their liabilities. Likewise, if interest rates rise then the bonds in their portfolio would fall in value, but so would the value of the plan's liabilities. But public sector pensions are so focused on squeezing every last ounce of returns out of their investments, since otherwise the plans would be unaffordable, that they can't pay any attention to risk.

I've heard all these arguments before, but many others may not have. And yet once you process them, the basic conclusion still stands: state and local governments should be dedicating a lot more to funding their pensions than they currently are. If they did fully fund their pensions, they'd realize how expensive these plans are. And then perhaps they'd think more seriously about reforming them.

RECOMMENDED BY FORBES

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TO: BOARD OF TRUSTEES

FROM: EDWARD SMITH, CHAIRMAN

DATE: MAY 19, 2016

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee did not meet in May 2016. The following report reflects Benefits Department activities and projects that occurred since the April Board meeting.

The Benefits Department has the following projects underway.

Disability Income Review Project

On April 30, 2016, the Benefits Department issued a second notice to Police/Fire disability annuitants who are under age 50, requesting income verification for the 2015 reporting period. Disability retirement benefits will cease if, in the calendar year prior to reaching age 50, their income from wages, self-employment, or both equals or exceeds their earnings limitation. Thirty three annuitants complied with our first notice. Second notices were sent to 122 annuitants, including 10, whose benefits were suspended in a previous year because their income had exceeded the earnings limit. The deadline set for member compliance was May16th.

Retirement Modernization Project

Electronic Transmission of HR Data to STAR A STAR change request is in process that will result in improved retirement processing efficiencies and will pave the way for a faster issuance of an annuitant's first pension check. DCRB is embracing technology advances to improve the process of transitioning Plan members from active employment to retirement. To this end, DCRB has already partnered with the District and now receives active Plan member demographic, service and contribution data electronically following every payroll. DCRB has also digitally captured Plan member data that pre-dates the District's implementation of PeopleSoft . Previously, this data could only be found in paper documents. Additionally, each week, DCRB receives an electronic file of changes to pensioner data from STAR.

Most recently, DCRB secured Informatica tools\ - Data Quality (IDQ) and Data Director (IDD) - to assist in validating active Plan member data prior to storing it in an Informatica Master Data Management (MDM) solution.

With active Plan member data securely stored in the MDM, DCRB is now prepared to take the next step of electronically transmitting the required data to STAR when a Plan member retires. Essentially, the Benefits Retirement Analyst will review the Plan member's data stored in the MDM and initiate the release of the information to STAR to begin the retiree set up. This transmission will be in lieu of the Analyst's manually entering that information.

Implementation of this STAR change request will:

1. Reduce the amount of manual data entry required to create a new retiree record in STAR,
2. Reduce data entry errors that impact benefits computations; and
3. Expedite the retirement record creation process.

Integrating the MDM solution with PeopleSoft and STAR is positioning us for a PIMS.

Benefits Statements

The Benefits Department has begun discussions with Cavanaugh Macdonald (Cavanaugh) related to the development and distribution of benefits statements to active members. Discussions to date have included the review of data, the identification of accrued benefits and the preparation of benefits projected to the member's normal retirement date. To begin this project, the Benefits Department elected to use firefighters as a pilot group, with police and teachers to follow. We will have more information about the project, as well as a timeline and completion date, following our next few discussions with Cavanaugh.

Stakeholder Outreach

Benefits Community of Interest Meeting

The next meeting of the Benefits Community of Interest has been scheduled here at DCRB on May 20, 2016... Tentative agenda topics include the PIMS project, benefits statements, transition of health benefits for retiring employees, MPD settlements, employee rehires, transfers to Charter Schools, military service, and the 2017 SPD updates.

Benefits Department Monthly Statistics

Processing volume by month:

Activity		March	February
Retirement Claims Received	264	238	249
Processed Retirements	153	145	145
Average Processing Days	49	42	58
Telephone Calls	2220	2189	2072
Walk-in Customers	144	138	147
Scanned Documents	8768	6832	12,656
QDROs Approved	3 final 1 draft pending	4 final 6 drafts pending	3 final, 1 draft (1 rejected)
Purchase of Service	8 ($14,381.90)	7 ($10,737.88)	11($6,706.38)

You will find more details of the Benefits Department statistics in the attached reports.

MEMBER SERVICES CUSTOMER SATISFACTION SURVEY
APRIL 2016

Background

The reported survey outcomes are the results of the April 2016 Member Services Customer Satisfaction Survey. The data collected are from active and retired District of Columbia Police Officers, Firefighter and Teachers. The purpose of the survey is to measure and report the customers experience and their overall satisfaction in an effort to better serve our Plan members.

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

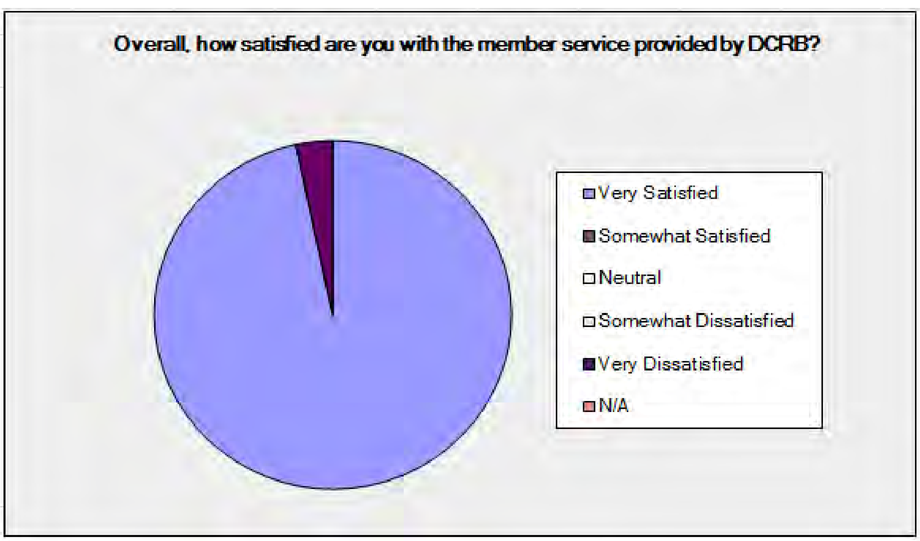
Methodology

- Survey methods included telephone, in-person and web-based reviews.

Participants

- The total number of surveys sent to randomly chosen members who contacted DCRB was 95.
- The total number of survey responses received and documented was 30.

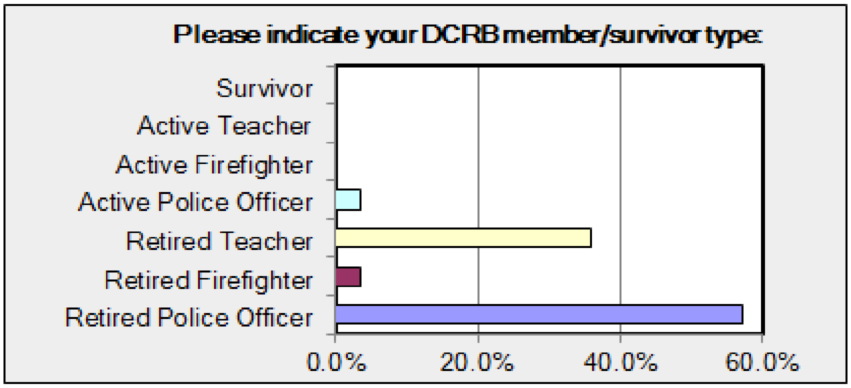
Overall DCRB Member Satisfaction



MEMBER SERVICES CUSTOMER SATISFACTION SURVEY APRIL 2016

Overall, how satisfied are you with the member service provided by DCRB?		
Answer Options	**Response Percent**	**Response Count**
Very Satisfied	96.7%	29
Somewhat Satisfied	0.0%	0
Neutral	0.0%	0
Somewhat Dissatisfied	0.0%	0
Very Dissatisfied	3.3%	1
N/A	0.0%	0
	answered question	30

Membership Type



Knowledge and Skills

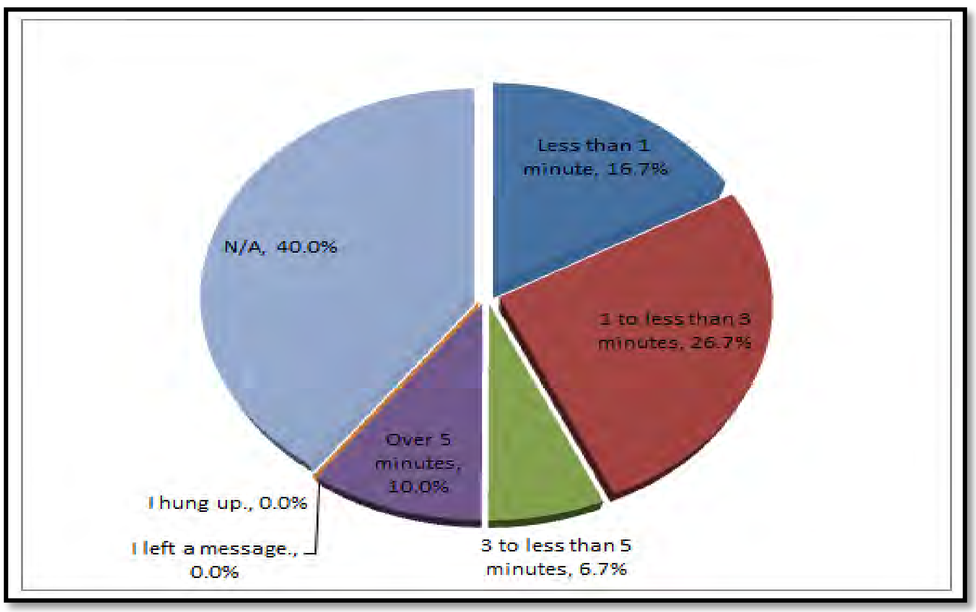
How satisfied were you with how the representative addressed your problem/inquiry?							
Answer Options	**Strongly Agree**	**Agree**	**Neither Agree/Disagree**	**Disagree**	**Strongly Disagree**	**N/A**	**Response Count**
Had the right information.	24	5	1	0	0	0	30
Understood your questions.	24	5	0	1	0	0	30
Provided clear answers.	25	4	0	1	0	0	30
Answered your questions.	25	4	0	1	0	0	30
Appeared well organized.	25	4	0	1	0	0	30
						answered question	30
						skipped question	0

MEMBER SERVICES CUSTOMER SATISFACTION SURVEY
APRIL 2016

Reason for Contact

What was the main reason you contacted the DCRB Benefits Department?		
Answer Options	**Response Percent**	**Response Count**
Name/Address Change	13.0%	3
Direct Deposit	4.3%	1
Health/Life Insurance	17.4%	4
Redeposit/Purchase of Service	0.0%	0
Student Certification	0.0%	0
Beneficiary Change	8.7%	2
Retirement	30.4%	7
Tax Withholding Election	34.8%	8
Refund	4.3%	1
Death of Annuitant	4.3%	1
Disability	0.0%	0
I did not contact DCRB.	0.0%	0
Other (please specify)		6
	answered question	**23**
	skipped question	**7**

Caller Wait Time for Service

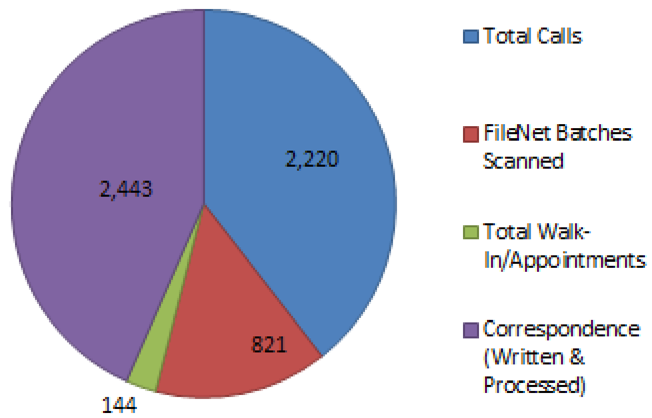


***Note: N/A 40% represents no wait time**

DCRB Member Services Center Statistics for April 2016

Call Center Statistics

Total Calls	**2,220**
Inbound Calls	1,574
Outbound Calls (Voicemails & Follow-up calls)	646
Average Talk Time	*5:14minutes*
Average Caller Wait Time	*3:47 minutes*
Total Walk-In/Appointments	**144**
FileNet Batches Scanned	**821**
Released Documents Pages Scanned	8,768
Correspondence *(Written & Processed)*	**2,443**
Email & Fax	435
Processed Documents (EFTs, address & name changes, tax forms, 1099s, & 2809s)	2,008
Total	**5,628**



Top 3 Contact Trends	
1099-R's *(23% of calls)*	1. Members requested duplicate copies of the 1099-R's for multiple years 2. Questions about what portion of the reported income is considered taxable. 3. Questions about the distribution codes (3,4 & 7)
Death Benefits/Notification *(18% of calls)*	1. Members notifying DCRB of a death. 2. Request of death benefit packets and the process.
Health Insurance *(17% of calls)*	1. Members want to know if their insurance is primary or secondary to Medicare. 2. Inquiries about how to reduce their coverage level from self and family to self plus one. 3. Overall general health care questions pertaining to coverage levels, premiums and quality of life events.

Member Services February Stats Comparison

	2015	**2016**	**Comments**
Walk-Ins/Appointments	134	144	
Total Calls *(includes voice mails)*	1,842	2,220	
Emails	325	308	
Total	**2,301**	**2,672**	

MSC_5.2016

RETIREMENT CASE PROCESSING - MONTHLY REPORT

MAY 1, 2016

CASES AVAILABLE FOR PROCESSING	CASES RECEIVED (but may not have been ready for payment)	CASES PROCESSED	CASE TYPE	PLAN		
				Fire	Police	Teacher
110	57	53	Beneficiary (One-Time Payments)	6	11	36
5	1	4	Beneficiary of Survivor	0	2	2
9	7	2	Deferred Annuity	0	1	1
7	3	4	Disability	1	2	1
1	0	1	Garnishment/Levy	0	0	1
7	0	7	Health Benefit Adjustments	0	6	1
40	19	21	Optional/Voluntary & Involuntary Annuity	4	14	3
1	0	1	QDRO/QMSCO	1	0	0
31	4	27	Survivor Annuity	5	19	3
2	1	1	Student Certifications	0	1	0
19	14	5	Annuity Adjustments	1	3	1
0	0	0	Disability Income Reinstatements	0	1	0
17	0	17	POST-56 Adjustments	4	13	0
14	5	9	CAPS Adjustments*	0	8	1
1	0	1	Adjustments - Deloitte Audit Findings	0	1	0
264	111	153		22	81	50

*ODCP's Corrective Action Project

RETIREMENT CASE PROCESSING REPORT – Prepared by S. Treadwell, Retirement Services Manager

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TO: BOARD OF TRUSTEES

FROM: LYLE BLANCHARD, CHAIRMAN

DATE: MAY 19, 2016

SUBJECT: LEGISLATIVE COMMITTEE REPORT

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

COUNCIL OF THE DISTRICT OF COLUMBIA

"Report and Recommendations of the Committee of the Whole on the Fiscal Year 2017 Budget and Corresponding Budget Support Act"

In its report, the Committee recommended the adoption of the fiscal year 2017 budget as proposed by the Mayor for DCRB, the Police Officers' and Firefighters' Retirement System, and the Teachers' Retirement System.

In addition, the Committee made the following policy recommendations for DCRB:

- To continue to monitor our investments in line with the Environmental, Social, and Governance Policy to avoid investments in fossil fuels; and
- To find efficiencies to reduce the pace of growth in personal services and contractual services to minimize administrative expenses paid from the retirement funds.
    - The Committee expressed concern towards DCRB's increase in administrative costs in a single year (up $6.8 million or 21% from the prior year) and recommends that DCRB maximize its resources and efficiencies to keep overhead administrative costs to a minimum. Increases in administrative costs are largely attributable to the implementation of the Pension Information Management System ("PIMS") and the hiring of seven (7) full-time employees, two of which have been allocated to Information Technology for PIMS.

The Committee also proposes to include in the "Fiscal Year 2017 Budget Support Act of 2016" the "Equity in Survivor Benefits Clarification Amendment Act of 2016" to clarify that the Mayor is not obligated to comply with a qualified domestic relations order issued after an employee's death.

Status: DCRB staff provided comments to the Committee on its report and will provide additional information to the Board once it is available.

R21-470, "Crime Scene Investigator Hiring Clarification Congressional Review Emergency Declaration Resolution of 2016"

To prevent a gap in law, this resolution approves on an emergency basis, the provisions of the "Crime Scene Investigator Hiring Clarification Emergency Amendment Act of 2016" until the permanent legislation becomes law. This provision was included in the "Neighborhood Engagement Achieves Results Act of 2015," which is currently undergoing congressional review.

Status: This resolution, originally introduced by Councilmember McDuffie on May 2, 2016, was approved on an emergency basis and became effective on May 3, 2016. The "Neighborhood Engagement Achieves Results Act of 2015" is projected to become law on September 8, 2016.

A21-0327 (B21-0617), "Crime Scene Investigator Hiring Clarification Emergency Amendment Act of 2016"

This Act was drafted to address an immediate need to allow the Department of Forensic Sciences to rehire retired Metropolitan Police Department officers. This Act is substantively identical to the "Neighborhood Engagement Achieves Results Act of 2015" which allows, with the exception of disability annuitants, police officers retired from the Metropolitan Police Department to be eligible for rehire at the discretion of the Director of the Department of Forensic Sciences as a temporary full-time or part-time employee without jeopardy to the retirement benefits of the police officer.

Status: The bill, originally introduced by Chairman Mendelson, at the request of the Mayor, on February 11, 2016. It was enacted with Act number A21-0327 on March 3, 2016. This emergency Act will expire on June 1, 2016.

that such a transfer is necessary, but does agree that OZ does a tremendous amount of work with limited resources. It should continue to maintain its outstanding information technology systems which allow it to keep up with the workload.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Office of Zoning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OZ work with OP to reach out to the community and stakeholders to ensure a smooth transition to the new zoning regulations.

2. The Committee recommends that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic

DISTRICT OF COLUMBIA RETIREMENT BOARD

Committee Recommendations – See Page DY

I. AGENCY OVERVIEW

The mission of the District of Columbia Retirement Board (DCRB) is to invest prudently the assets of the police officers, firefighters, and teachers of the District of Columbia, while providing those employees with retirement services.

The DCRB is an independent agency that has exclusive authority and discretion to manage and control the District's retirement funds for teachers, police officers, and firefighters (hereinafter referred to as the "Fund") pursuant to D.C. Official Code § 1-711(a). In 2005, the responsibility of administering the teachers', police officers', and firefighters' retirement programs was transferred to the DCRB from the Office of Pay and Retirement Services, a part of the Office of the Chief Financial Officer. The federal government assumed the District's unfunded liability for the retirement plans of teachers, police officers, firefighters, and judges under provisions of the National Capital Revitalization and Self-Government Improvement Act of 1997. Under this law, the federal government pays the retirement benefits and death benefits, and a share of disability payments, for members for years of service earned up to the freeze date of June 30, 1997. The

District of Columbia government is responsible for all subsequently earned benefits for the members of the retirement plans.

The DCRB Board of Trustees is comprised of 12 voting trustees: three appointed by the Mayor, three appointed by the Council, and six elected by employee participation groups. The District's Chief Financial Officer, or his designee, serves as a non-voting, ex-officio member of the Board.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget[97]

The Mayor's fiscal year 2017 budget proposal for the District of Columbia Retirement Board is $39,096, an increase of $6,794, or 21.0 percent, over the current fiscal year. The proposed budget supports 69.6 FTEs, an increase of 7.0 FTEs, or 11.2 percent, over the current fiscal year.

Table DY-A: District of Columbia Retirement Board
Total Operating Funds Budget FY 2011-2017

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	100,712	18,621	30,338	30,338	28,738[98]	32,302	39,096
FTEs	42.6	42.0	52.0	56.2	57.6	62.6	69.6

Source: *Budget Books (dollars in thousands)*

Enterprise and Other Funds: The funding for this account is comprised entirely of enterprise funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Annually Determined Employer Contributions: Each year, DCRB must calculate and certify the annually determined employer contribution (ADEC) – previously known as the annual required contribution (ARC) – to both the Teachers' Retirement System (TRS) and the Police

[97] The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.
[98] DISTRICT OF COLUMBIA RETIREMENT BOARD COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 61 (March 31, 2016).

Officers' and Fire Fighters' Retirement System (POFFRS).[99] In 2012, the Board adopted a closed amortization period for the TRS of 20 years to fully fund the accrued unfunded liability. There are currently 17 years remaining in the TRS amortization period. The POFFRS is currently more than fully funded meaning that the annual required contribution maintains a funding level that could pay out all current liabilities.

The District's commitment to fully funding the two pension funds are the reason for the health of the pension system. This contributes to the District's excellent bond ratings as compared to most other jurisdictions. District law requires the Mayor and Council to include the full actuarially determined amount necessary to fund the pensions in the annual budget.[100] While not required under the law, DCRB does use more conservative assumptions than most other plans across the country. The District uses a price inflation assumption of 3.5%, a payroll growth assumption of 4.25%, and a rate of return assumption of 6.5%.[101] This is in contrast to public pension systems nationwide that use an average inflation rate assumption of 3.2% and a rate of return assumption of 7.5%.[102]

The Committee commends DCRB for its ongoing work to use sound judgment in managing the plan funds. However, the Committee notes that for FY 2017, the total increase in the ADEC is $21.8 million over last year's ADEC. Three drivers contributed to this year's increase. First, there is a normal expected increase over time due to assumptions on inflation. Second, the International Association of Fire Fighters prevailed in arbitration in Fiscal Year 2015 with the District which now reflects pay increases to its union members going forward, reflecting a "new normal." Third is an additional increase reflecting the new union wages for past years, which should be a one-time "true up" reflecting the 2 year lag in the actuarial valuation.[103]

Fossil Fuel Investments: During Council Period 20, the Committee was considering legislation[104] that would have required DCRB to divest from its portfolios the top 200 companies that have the largest coal, oil, and natural gas reserves. At a hearing on the legislation, DCRB expressed concern that the bill would interfere with the management of the pension funds for political, rather than fiduciary purposes. The Committee did not move forward with the legislation, but urged that the DCRB work with concerned advocates, and adopt policies to limit investment in carbon producers without affecting DCRB's fiduciary responsibilities.[105]

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[99] D.C. OFFICIAL CODE § 1-907.03(a).
[100] D.C. OFFICIAL CODE § 1-907.03(b).
[101] *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2015) (oral testimony of Eric Stanchfield, Executive Director, District of Columbia Retirement Board).
[102] *See* NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS AND COBALT COMMUNITY RESEARCH, 2015 NCPERS PUBLIC RETIREMENT SYSTEMS STUDY (November 2015).
[103] *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Edward Kobel, Cavanaugh Macdonald).
[104] Bill 20-481, Council Period 20 (2013).
[105] *Bill 20-481 - Fossil Fuel Divestment Act of 2013: Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. Nov. 26, 2013) (oral testimony of Lyle Blanchard, Trustee, District of Columbia Retirement Board).

DCRB has since adopted an Environmental, Social, and Governance Policy to evaluate investment opportunities furthering the environment, such as climate change. As a result, in November 2015, the Board notified the Committee that it had sold the last of its holdings in carbon and fossil fuel companies. The Committee appreciates the efforts of the advocacy community and the Board for advancing this issue and recognizing carbon as a less than desirable investment and making the District a leader in the move for divestment.

Agency Management: The Committee is concerned over the large increase in the budget for DCRB itself. The Board has budgeted $39.1 million for its FY 2017 operations – a $6.8 million 21% increase over the previous fiscal year. This increase is largely attributable to benefits, legal compliance, and information technology increases and an accompanying 7.0 FTE increase. According to DCRB, the information technology increase is necessary as a part of its ongoing implementation of the new Pension Management Information System (PMIS). The funding will support a service oriented network architect and a master data architect. Addition of these staff and the new system functionality should decrease DCRB's reliance on federal IT systems.[106]

The Committee is skeptical of the large increases in administrative costs, especially in a single year. DCRB is funded entirely out of the Police and Fire Fighters' Retirement Fund and the Teachers' Retirement Fund, and not out of local dollars. Therefore, the DCRB has the ability to set its own budget. However, it is important to note that every dollar spent on administrative support of the funds vis-à-vis the DCRB, is a dollar that is not available in pension benefits to employees and annuitants. DCRB should make efforts to maximize its resources and efficiency and work to keep administrative overhead expenses of the fund to a minimum.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the District of Columbia Retirement Board as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that DCRB continue to monitor its investments in line with its ESG policies to avoid investments in fossil fuels.

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[106] *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Peter Dowar, Chief Technology Officer, DCRB).

2. The Committee recommends that DCRB find efficiencies to reduce the pace of growth in personal services and contractual services to minimize administrative expenses paid from the retirement funds.

POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Police Officers' and Fire Fighters' Retirement System (POFFRS) is to provide the District's required contribution as the employer to these two pension funds, which are administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, fire fighters and judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The cost for benefits earned after June 30, 1997 is the responsibility of the government of the District of Columbia. This proposed FY 2016 budget reflects the required annual District contribution. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget, and it is reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget[107]

The Mayor's fiscal year 2017 budget proposal for the Police Officer's and Fire Fighters' Retirement System is $145,631, an increase of $9,516, or 7.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

[107] The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Table FD-A: Police Officer's and Fire Fighters' Retirement System; Total Operating Funds Budget FY 2011-2017

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	127,200	116,700	96,314	109,199	103,430	136,115	145,631
FTEs	0	0	0	0	0	0	0

***Source**: Budget Books (dollars in thousands)*

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the POFFRS is set by law as a calculated annual required contribution, also known as an annually determined employer contribution. For Fiscal Year 2017, the calculated amount for POFFRS is $145,631,000. According to testimony at the budget hearing, some of the increase to POFFRS due to a one-time retroactive accounting for Fiscal Years 2012, 2013, and 2014 related to an arbitrator's award in favor of the International Association of Fire Fighters Local 36 that awarded retroactive overtime pay to current and retired fire fighters

The Committee notes that the D.C. Retirement Board testified last year that most of the $33 million increase from FY 2015 to FY 2016 was also attributable to the firefighters' award. Edward Koebel of the consulting firm Cavanaugh Macdonald, which performs the yearly valuation, testified at the FY 2017 budget hearing that because of the nature of the valuation taking into account multiple years, that additional increases were necessary to "true up" the retroactive years.

Table FD-B: Police Officers' and Fire Fighters' Retirement System; Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	$137,000	$137,000
2009	$106,000	$106,000
2010	$132,300	$132,300
2011	$127,200	$127,200
2012	$116,700	$116,700
2013	$96,300	$96,300
2014	$110,766	$110,766
2015	$103,430	$103,430
2016	$136,115	$136,115
2017	N/A	$145,631

Source: D.C. Retirement Board (*dollars in thousands*)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, POFFRS is currently 107.57 percent funded, approximately ¼ point higher than at the last valuation. The unfunded actuarial accrued liability is negative $102.9 million, a decrease of approximately $34.0 from the previous valuation.[108] The negative unfunded liability represents excess funding over the 100% ratio.

[108] CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS' RETIREMENT PLAN AND POLICE OFFICERS' & FIREFIGHTERS'' RETIREMENT PLAN p 11 (Oct. 1, 2015)

Table FD-C: Police Officers' and Fire Fighters' Retirement System; Plan Summary, Police Officers' vs. Firefighters'

SUMMARY OF PRINCIPAL RESULTS FOR POLICE OFFICERS' RETIREMENT PLAN ($ IN THOUSANDS)

VALUATION DATE	October 1, 2015	October 1, 2014
Total Number of Active Members	3,629	3,802
Total Annual Covered Payroll	$307,373	$305,765
Number of Retired Members and Survivors	1,923	1,707
Annual Retirement Benefits	$50,412	$49,271
Total Assets:		
Actuarial Value	$3,283,647	$3,061,936
Market Value	$3,177,374	$3,272,733
Liabilities:		
Actuarial Accrued Liability	$2,951,695	$2,750,014
Unfunded Actuarial Accrued Liability (UAAL)	($331,952)	($311,922)
Funding Ratios:		
Based on Actuarial Value	111.25%	111.34 %
Based on Market Value	107.64%	119.01 %
Amortization Period:	17 years	18 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016
Employer Normal Cost Rate*	33.78%	33.33 %
Amortization of UAAL Rate	(10.03)	(9.18)
Actuarially Determined Contribution Rate (ADC)	23.75%	24.15 %
Estimated Fiscal Year End Covered Payroll	$320,436	$318,760
Fiscal Year District Payment before 1-907.02(c)	$76,104	$76,981
Shortfall/(Overpayment)	591	(487)
Fiscal Year District Payment	$76,695	$76,494

*The normal cost rate includes the administrative expense rate of 1.20%.

SUMMARY OF PRINCIPAL RESULTS FOR FIREFIGHTERS' RETIREMENT PLAN ($ IN THOUSANDS)

VALUATION DATE	October 1, 2015	October 1, 2014
Total Number of Active Members	1,708	1,649
Total Annual Covered Payroll	$136,628	$132,650
Number of Retired Members and Survivors	686	658
Annual Retirement Benefits	$19,802	$18,179
Total Assets:		
Actuarial Value	$1,323,453	$1,226,791
Market Value	$1,264,654	$1,315,596
Liabilities:		
Actuarial Accrued Liability	$1,331,198	$1,248,524
Unfunded Actuarial Accrued Liability (UAAL)	$7,745	$21,733
Funding Ratios:		
Based on Actuarial Value	99.42%	98.25 %
Based on Market Value	96.52%	105.37 %
Amortization Period:	17 years	18 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016
Employer Normal Cost Rate*	38.59%	38.18%
Amortization of UAAL Rate	0.52	1.47
Actuarially Determined Contribution Rate (ADC)	39.11%	39.65%
Estimated Fiscal Year End Covered Payroll	$144,728	$138,288
Fiscal Year District Payment before 1-907.02(c)	$56,603	$54,831
Shortfall/(Overpayment)	12,333	4,790
Fiscal Year District Payment	$68,936	$59,621

*The normal cost rate includes the administrative expense rate of 1.20%.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Police Officer's and Fire Fighters' Retirement System as proposed by the Mayor.

TEACHERS' RETIREMENT SYSTEM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Teachers' Retirement System (TRS) provides the District's required contribution to this retirement plan, which is administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, firefighters and judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The costs for benefits earned after June 30, 1997 are the responsibility of the District government. The Mayor's proposed budget reflects the required annual District contribution to fund these earned benefits. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, the DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget as reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget[109]

The Mayor's fiscal year 2017 budget proposal for the Teachers' Retirement System is $56,781, an increase of $12,312, or 27.7 percent, over the current fiscal year. The proposed budget supports no FTEs.

Table GX-A: Teachers' Retirement System; Total Operating Funds Budget FY 2011-2017

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	3,000	3,000	6,396	31,573	39,443	44,469	56,781
FTEs	0	0	0	0	0	0	0

Source: *Budget Books (dollars in thousands)*

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the Teachers' Retirement System (TRS) is set by law as a calculated annual required contribution, also known as an annually determined employer contribution. For Fiscal Year 2017, the calculated amount for TRS is $56,781,000. According to testimony at the budget hearing, much of the increase is a result of the hiring of new teachers in the last several fiscal years.

[109] The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table GX-B: Teachers' Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017**

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	$5,964	$6,000
2009	($3)	$0
2010	$3,000	$0
2011	$3,000	$0
2012	$3,000	$2,983
2013	$6,396	$6,396
2014	$31,573	$31,636
2015	$39,443	$39,513
2016	$44,469	$44,469
2017	N/A	$56,781

Source: Actuarial Valuations and Budget Books (*dollars in thousands*)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, TRS is currently 88.67 percent funded, approximately ½ point higher than at the last valuation. The unfunded actuarial accrued liability is negative $221.3 million, an increase of approximately $10.6 million from the previous valuation.[110]

[110] CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS' RETIREMENT PLAN AND POLICE OFFICERS' & FIREFIGHTERS'' RETIREMENT PLAN p 10 (Oct. 1, 2015)

**Table FD-C: Teachers' Retirement System;
Plan Summary**

SUMMARY OF PRINCIPAL RESULTS FOR TEACHERS' RETIREMENT PLAN
($ IN THOUSANDS)

VALUATION DATE	October 1, 2015	October 1, 2014
Number of Active Members	4,866	4,499
Annual Covered Payroll	$417,090	$378,526
Number of Retired Members and Survivors	3,718	3,601
Annual Retirement Benefits	$62,899	$58,687
Assets:		
Actuarial Value	$1,732,017	$1,638,583
Market Value	$1,670,976	$1,746,030
Liabilities:		
Actuarial Accrued Liability	$1,953,305	$1,849,230
Unfunded Actuarial Accrued Liability (UAAL)	$221,288	$210,647
Funding Ratios:		
Based on Actuarial Value	88.67%	88.61 %
Based on Market Value	85.55%	94.42 %
Amortization Period:	17 years	18 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016
Employer Normal Cost Rate*	7.24%	6.63%
Amortization of UAAL Rate	4.93	5.00
Actuarially Determined Contribution Rate (ADC)	12.17%	11.63%
Estimated Fiscal Year End Covered Payroll	$434,816	$395,031
Fiscal Year District Payment before 1-907.02(c)	$52,917	$45,942
Shortfall/(Overpayment)	3,864	(1,473)
Fiscal Year District Payment	$56,781	$44,469

*The normal cost rate includes the administrative expense rate of 1.20%.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Teachers' Retirement System as proposed by the Mayor.

DISTRICT RETIREE HEALTH CONTRIBUTION (OPEB)

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of District Retiree Health Contribution is to contribute to the funding of the District's other post-employment benefits (OPEB) liabilities.

TITLE COW-C
RETIREMENT SURVIVOR BENEFITS CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to clarify that for the purpose of District retirement benefits, a modification of any order regarding qualification for spousal retirement benefits shall not be effective if the modifications were made after the death of the employee. The effect of this subtitle is to make this clarification in the law to codify court decisions finding that such modifications do not constitute a change in qualification for a spouse after the death of the employee. The impact on existing law would be to amend the District of Columbia Spouse Equity Act of 1988 to include the new clarification.

II. COMMITTEE REASONING

The D.C. Spouse Equity Act of 1988[154] provides that a former spouse of a District employee is eligible to receive District retirement plan survivor benefits from that employee's annuity only if the former spouse submits a "qualifying court order" that states that the former spouse is entitled to the benefits.

A recent opinion by the United States District Court for the District of Columbia found that a former spouse of a deceased retired District police officer was not entitled to spousal survivor benefits because, at the time of the retiree's death, there was no qualifying court order which would allow her to claim the benefits. Instead, the former spouse claimed she had a Property/Asset Settlement Agreement related to their divorce proceedings which entitled her to the benefit. The D.C. Retirement Board (DCRB) and United States Treasury[155] jointly denied her claim concluding that the settlement agreement was not a qualifying court order because it did not state her entitlement to a survivor annuity. After the initial denial, the former spouse petitioned another court to enter a *nunc pro tunc* order to posthumously amend the original settlement agreement to establish her entitlement to the entire survivor benefit.

The former spouse submitted the *nunc pro tunc* order to DCRB, again trying to claim the benefits, claiming there was now a qualifying court order. DCRB and Treasury did not recognize the posthumous order because the D.C. Spouse Equity Act only requires the DCRB to comply with a qualifying court order issued either prior to the employee's retirement, or after the employee's retirement only to the extent that the order is consistent with any election previously executed at the time of the retirement by the employee regarding that former spouse.[156] The former spouse

[154] D.C. Law 7-214, D.C. Official Code § 1-259.01 *et seq.* (2014 Repl.)
[155] The retiree was employed with the District before 1987, therefore benefits are paid by both the Treasury and the District, and the Treasury makes determinations for the portion of the federal funds involved.
[156] D.C. Official Code § 1-259.03 (2014 Repl.).

then appealed[157] the adverse decision to the U.S. District Court for the District of Columbia. That court affirmed the position of DCRB and Treasury. The former spouse then appealed the decision to the U.S. Court of Appeals for the District of Columbia, which certified the question to the D.C. Court of Appeals which certified in favor of DCRB and Treasury, opining that the DC Spouse Equity Act does not require the Mayor to comply with a posthumously-issued court order.[158]

DCRB and Treasury have now asked the U.S. Court of Appeals for a summary judgement in light of the certification ruling.[159] In prehearing responses to the Committee, DCRB indicated that an unfavorable outcome by the U.S. Court of appeals is "remote" but recommends that regardless of the outcome, the D.C. Spouse Equity Act should be amended to reflect the current practice of the District and clearly prohibit posthumous qualified orders.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Clarifies that the Mayor is not obligated to comply with a qualifying court order issued after an employee's death.

IV. LEGISLATIVE RECOMMENDATION

TITLE I, SUBTITLE COW-C. Retirement Survivor Equity Clarification

Sec. 1. Short title.

This subtitle may be cited as the "Equity in Survivor Benefits Clarification Amendment Act of 2016".

Sec. 2. Section 3 of the District of Columbia Spouse Equity Act of 1988, effective March 16, 1989 (D.C. Law 7-214; D.C. Official Code § 1-529.03) is amended by adding a new subsection (f) to read as follows:

"(f) The Mayor is not obligated to comply with a qualifying court order issued after an employee's death."

[157] Rivera v. Lew, 949 F. Supp. 2d 266 (D.D.C 2013)
[158] Rivera v. Lew, 99 A.3d 269 (D.C. App. 2014).
[159] Rivera v. Lew, No. 11-1305 (D.C. Cir.

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DISTRICT OF COLUMBIA RETIREMENT BOARD
Conference Travel Report for Trustees and Staff

Name(s): Mary A. Collins

Conference Name: CII Spring 2016 Conference

Sponsor(s): Council of Institutional Investor

Location: Wash., D.C **Date(s):** March 21–23, 2016

Purpose: Presentation of Investment Issues

Feedback:

1. Who would benefit most from this conference (e.g., staff, new trustees, experienced trustees)?

   All Persons involved in the investment and financial industry would benefit.

2. Would you recommend this conference to others? Yes ☒ or No ☐

3. Were the presentations readily understood by the attendee or did they seem to be aimed at other professionals in the audience?

   Presentation were presented toward all participants (See attachment)

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DISTRICT OF COLUMBIA RETIREMENT BOARD
Conference Travel Report for Trustees and Staff

Name(s): Mary A. Collins

Conference Name: Investment Revolution – Risk Management

Sponsor(s): Cantor Fitzgerald

Location: Georgetown Univ. **Date(s):** 4/5/16

Purpose: Speakers on the Future of Investing

Feedback:

1. Who would benefit most from this conference (e.g., staff, new trustees, experienced trustees)?

All persons in the financial industry would benefit from this Workshop

2. Would you recommend this conference to others? Yes ☒ or No ☐

3. Were the presentations readily understood by the attendee or did they seem to be aimed at other professionals in the audience?

The Presentations Were excellent. Topics Such as Passive Investing across Asset Classes, Future trends in allocation + investments, and risk + returns topics on Futures, Swaps and ETF's. (See attachment)

Agenda

TUESDAY, APRIL 5TH	
7:30am - 3:00pm	**Registration**
7:30am - 8:00am	**Breakfast**
8:00am - 8:15am	**Introductory Remarks:** Reginald M. Browne, Senior Managing Director, Cantor Fitzgerald ETF & Portfolio Trading Group
8:15am - 9:00am	**Topic: The Year Ahead – Fed Policy, Fiscal Policy, Oil, Geopolitical Forces and a Domestic Presidential Election, Just for Starters in 2016** **Moderator:** David Smith, Ph.D., CFA, CMA, Associate Professor & Director, Center for Institutional Investment Management, University at Albany **Panelists:** Alejandra Grindal, Senior International Economist, Ned Davis Research Michael Arone, CFA, Chief Investment Strategist, State Street Global Advisors Simeon Hyman, CFA, Head of Investment Strategy, ProShare Advisors LLC
9:00am - 9:45am	**Topic: Active and (or) Passive Investing Across Asset Classes in the Future** • The debate on risk-adjusted, net-of-fee returns for active versus passive strategies for institutional investors • The "Arithmetic of Active Management;" not limited to any one asset class • The spectrum of investment strategies from pure active to full replication indexing across asset classes • How ETFs are emerging as tools for institutional investors • How transparency and liquidity enter into the active and passive discussion **Moderator:** Albert S. Neubert, Plan Sponsor Relationship Consultant, Cantor Fitzgerald ETF & Portfolio Trading Group **Panelists:** Robert Bush, Investment Strategist, Deutsche Bank Joanne Hill, Ph.D., Head of Institutional Investment Strategy, ProShare Advisors LLC Rod Jones, Managing Director, North American Head of Business, STOXX
9:45am - 10:15am	**Refreshment Break**
10:15am - 11:00am	**Special Presentation:** Keith Brainard, Research Director, National Association of State Retirement Administrators **Topic: An Asset Allocation Profile for the Largest Public Plans in the U.S. and Future Trends in Allocation & Investments**
11:00am - 11:45am	**Topic: Senior Investment Officer Roundtable Overview: Strategy & Tactics in the Year Ahead** • A review of potential shifts in asset allocation under a rising interest rate environment • Re-thinking fixed income allocations in terms of duration, credit quality and diversification • Where to turn in the alternatives space given the slump in energy prices and other commodities • Will DC plans consider tactical alternatives in addition to their core strategic allocation options for their constituents • The importance of ESG in the future of investment decision making and allocations **Moderator:** Ronnie Jung, CPA, PFS, CGMA, Former Executive Director & CIO, Texas Teachers Retirement System **Panelists:** Edwin T. Burton, Ph.D., Professor of Economics, University of Virginia, Former Chairman of the Board, Virginia Retirement System Benjamin Holland, Controller, Butler County, Butler County Retirement System Penn Sanford Rich, Executive Director, New York City Board of Education Retirement System

Agenda

11:45am - 12:30pm	**Topic: Trends in the Institutional Use of ETFs** • ETF utilization for Fixed Income – high yield, cash management, duration management, hedging • Evaluating ETFs against other methods/products for beta exposure • Smart beta, factor investing, and other ETF product innovation investors **Moderator:** Randy Bullard, Senior Managing Director, ETF Solutions Group **Panelists:** Luke Oliver, Director, Deutsche Asset & Wealth Management Aaron Kehoe, Managing Director, Cantor Fitzgerald David LaValle, Vice President, US Head of ETF Capital Markets, State Street Global Advisors
12:30pm - 1:45pm	Lunch **Keynote Speaker:** Don M. Chance, Ph.D., CFA, James C. Flores Endowed Chair of MBA Studies & Professor of Finance, Louisiana State University **Topic: A Short Story of Investment Mandates, Time Horizons, Risk and Return Tradeoffs When Considering the Use of Futures, Swaps and ETFs**
1:45pm - 2:30pm	Track A - Main Room **Topic: The Alternatives to Alternatives** • Traditional mandates to get direct exposure and the on-staff expertise required • Master Limited Partnerships and the ETP wrapper • Individual commodity exposure versus using indexes • Commodity exposure through equities: benefits and drawbacks • Transparency, liquidity, fees and independent performance measurement and verification **Moderator:** Lori McKnight, CFA, Investment Consultant, former Compliance Manager of Public & Private Equities, and Index Portfolio Manager, Florida State Board of Administration **Panelists:** Sunil Pai, CFA, President & Managing Director, Pro Forza Advisors John Love, CFA, President & Chief Executive Officer, US Commodity Funds Ludwig Chincarini, Ph.D., Associate Professor, University of San Francisco Brad Carpenter, Director, Equity Research, Cantor Fitzgerald
	Track B - Breakout Room **Topic: Institutional Adoption of ETF Managed Solutions** • Types of ETF based solutions available to institutional investors • Access to information about the strategies through eVestment and other platforms • Consultant community awareness (or lack of) • Where do they fit as an allocation for a pension or endowment fund? • The value proposition: fees and net of fees risk adjusted performance **Moderator:** Jim Meynard, CFA, Investment Consultant, former Executive Director, Georgia Firefighter's Pension Fund **Panelists:** Rusty Vanneman, CFA, Chief Investment Officer, CLS Investments Brian Moonan, Senior Vice President Institutional Sales, NorthCoast Asset Management Mark C. MacQueen, Co-Founder, Principal, Managing Director, Sage Advisory
2:30pm - 3:15pm	Track A - Main Room **Topic: Specialized Strategies and Risk Management** • Currency hedging • Fees and execution costs • Managing asset and sub-asset class volatility **Moderator:** John Jacobs, CPA, Distinguished Policy Fellow and Executive Director of Center for Financial Markets and Policy, McDonough School of Business, Georgetown University **Panelists:** Luke Oliver, Director, Deutsche Asset & Wealth Management James Angel, Ph.D. Associate Professor, McDonough School of Business, Georgetown University Dan Kraninger, President & CEO, NorthCoast Asset Management

5

Agenda

2:30pm - 3:15pm	Track B - Breakout Room **Topic: Managing Market Volatility** • How does current market volatility compare to historically high volatility periods? • Is the VIX a good measure of volatility? • The range of tools available to measure volatility • The risks to managing volatility • The costs to managing volatility **Moderator:** Peter Cecchini, Co-Head of Equities, Chief Market Strategist and Head of Equity Derivatives, Cantor Fitzgerald **Panelists:** Joanne Hill, Ph.D., Head of Institutional Investment Strategy, ProShare Advisors LLC Joseph F. Burgoyne, Director, Institutional and Retail Marketing, The Options Industry Council Kevin Kelly, Chief Investment Officer, Recon Capital Partners
3:15pm - 4:00pm	**Topic: How Much You "Weight" Really Matters: Portfolio Construction Essentials** • Index benchmark construction and asset class performance measurement • Why market value weighting is more than just a traditional methodology • Equal weighting really can offer advantages to investment and risk management • Fundamental and other radical approaches: Is this really "Back to the Future?" **Moderator:** David Smith, Ph.D., CFA, CMA, Associate Professor & Director, Center for Institutional Investment Management, University at Albany **Panelists:** Rod Jones, Managing Director, North American Head of Business, STOXX Ludwig Chincarini, Ph.D., Associate Professor, University of San Francisco
4:00pm - 4:30pm	**Topic: An Overview of "Smart Beta"** Gerard O'Reilly, Co-Chief Investment Officer and Head of Research, Dimensional Fund Advisors
4:30pm - 5:00pm	**Topic: Demystifying Liquidity: The Real Causes of Fixed Income Market Destabilization** Chris White, CEO, ViableMkts
5:00pm	**Workshop Closing Remarks** Reginald M. Browne, Senior Managing Director, Cantor Fitzgerald ETF & Portfolio Trading Group
5:00pm - 6:00pm	**Networking and Cocktail Reception**

DISTRICT OF COLUMBIA RETIREMENT BOARD
Training & Travel Report
As of
May 19, 2016

Name	Description	Sponsor/Vendor	Location	Dates From	Dates To
Trustees					
Mary Collins	Conference	2016 NCPERS Annual Conference	San Diego, CA	05/15/16	05/19/16
Edward Smith	Conference	2016 NCPERS Annual Conference	San Diego, CA	05/15/16	05/19/16
Staff					
Justin Baker	Training	SharePoint Fest 2016	Washington, DC	04/27/16	04/29/16
Peter Dewar	Conference	PRISM 2016 Conference	Austin, TX	04/24/16	04/27/16
Sheila Morgan-Johnson	DCRB Due Diligence	Investment Consultant Services RFP-Sheila Morgan-Johnson, Patrick Sahm, and Michael Xanthopoulos conducted on site due diligence with Meketa Investment Group and NEPC LLC, the finalists	Boston, MA	05/04/16	05/04/16
	Conference	IFC/EMPEA 18th Annual Global PE Conference	Washington, DC	05/09/16	05/12/16
Patrick Sahm	DCRB Due Diligence	Investment Consultant Services RFP-Sheila Morgan-Johnson, Patrick Sahm, and Michael Xanthopoulos conducted on site due diligence with Meketa Investment Group and NEPC LLC, the finalists	Boston, MA	05/04/16	05/04/16
		IFC/EMPEA 18th Annual Global PE Conference	Washington, DC	05/09/16	05/12/16
Jason Todd	Conference	Prism 2016 Conference	Austin, TX	04/24/16	04/27/16
Michael Xanthopoulos	DCRB Due Diligence	Investment Consultant Services RFP-Sheila Morgan-Johnson, Patrick Sahm, and Michael Xanthopoulos conducted on site due diligence with Meketa Investment Group and NEPC LLC, the finalists	Boston, MA	05/04/16	05/04/16
	Conference	Cliffwater 2016 Client Conference and Odyssey Annual Partnership meeting. Also, to perform due diligence on Riverside Company and Altrinsic Global Advisors LLC	New York, NY	04/19/16	04/21/16
	Conference	IFC/EMPEA 18th Annual Global PE Conference	Washington, DC	05/09/16	05/12/16

DC Retirement Board Conference Listing as of May 19, 2016					
Sponsor	**Name of Conference**	**Date**	**Location**	**Cost**	**Description**
GFOA	Government Finance Officers Association 110th Annual Conference	May 22-25	Toronto, Ontario, CN	Advance Registration Before 04/14/2016 Member: $425 After 04/14/2016 Member: $475	The GFOA sessions provide leadership to the government finance profession through education, research, and best practices.
IFEBP	International Foundation of Employee Benefits Plans Washington Legislative Update	May 23-24	Washington, DC	Member: $1,145	The Washington Legislative Update will provide the latest legal and regulatory developments for plans and the future.
IFEBP	International Foundation of Employee Benefits Plans CAPPP Part I and II	June 7-10	Boston, MA	Member: $1,045	CAPPP provides knowledge and understanding on the core principles to provide trustees, policy makers and other staff supporting benefit plans with legal, legislative, plan design, and fiduciary aspects of public sector benefit plans.
MAPS	Mid Atlantic Plan Sponsors	June 8-10	Baltimore, MD	Member: $100	Mid Atlantic Plan Sponsors is a eleven-state organization that allows pension fund trustees, administrators and professional service providers to exchange ideas and information to enhance the professional development and awareness of our members.
NASP	National Association of Securities Professionals 27th Annual Pension and Financial Services Conference	June 13-15	Atlanta, GA	Registration After 04/08/2016 $125 After 04/13/2016 $175	The event provides three days of essential education, relationship building with key decision-makers, and access to business opportunities; In addition, gain professional development and career management skills.
IFEBP	International Foundation of Employee Benefits Plans Trustees and Administrators Institutes	June 27-29	Las Vegas, NV	Member: $1,245	The IFEBP Institute will prepare Trustees and Administrators who run pension and health and welfare funds with the most current information and latest trends to make effective decisions that will impact the fund positively.
IFEBP	International Foundation of Employee Benefits Plans International and Emerging Market Investing	July 25-27	San Francisco, CA	Registration Through 06/13/2016 Member: $3,750 After 06/13/2016 Member: 4,000	This course is designed for individuals who have a solid base in investment management principles and seek to explore the opportunities available through international investing. Fiduciaries from both defined benefit and defined contribution plans represent various industries, sizes and geographic areas (United States and Canada).