At the Board’s meeting on March 19, 2015, I was honored to be reelected as Chairman for this next year. At that meeting, the Trustees also elected the following officers: Joseph Clark, Secretary; Lyle Blanchard, Treasurer; Thomas Tippett, Parliamentarian; and Gary Hankins, Sergeant-at-Arms. Since the Board did not have a meeting in April, I will appoint Chairs of the Board’s Standing Committees in May. The current Committee Chairs are: Edward Smith, Benefits Committee; Joseph Clark, Fiduciary Committee; Barbara Davis Blum, Investment Committee; Darrick Ross, Operations Committee; Lyle Blanchard, Legislative Committee; and Gary Hankins, Audit Committee.

New Standing Committee
Trustee Gary Hankins was appointed last year to Chair our newly established Audit Committee. The key responsibilities of this Committee are to provide independent review and oversight of DCRB’s financial reporting processes and internal controls.

Health of the Plans
As in the past, our spring Newsletter serves as your Summary Annual Report for the prior Plan Year (ending September 30, 2014). As such, the Investment Update on page 2 and the Statement of Net Assets on page 3 provide you with information on the status and health of the Trust Fund that supports the Plans, and illustrate Fund changes that have taken place over Fiscal Year 2014. The investment performance over the past year was 8.4%, and the Fund’s average annual return since its inception in 1982 is 9.1%. We are also pleased to advise you that the Plans are well funded. As of October 1, 2014, the Plans’ funded status was an aggregate 101.4%.

Technology Update
A few years ago, DCRB engaged a consulting firm to assess our benefits administration systems for the purpose of upgrading our operations to better serve you. As a result of that assessment, we scanned member records and improved our telephone system. This past year, we completed a review and reclamation of historical salary, service and contribution data that we receive from the District’s human resources and payroll offices and that existed primarily in paper form. This data is now being reviewed to assure its accuracy. Once that review is completed later this year, the data will be readily available for our use in calculating benefits. The goals are to provide new retirees and survivors with their initial pension pay-
Fiscal Year 2014 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 September 30, 2014, the Fund’s total assets were $6.3 billion, an increase of approximately $540 million compared to September 30, 2013. The Fund generated an annual gross return for the fiscal year of 8.4%, outperforming by 1.9% the actuarial return target of 6.5% (the long-term rate of interest needed to fully fund the Plans). Positive performance by investments in U.S. stocks, private equity, and infrastructure were the primary drivers of the 1.9% outperformance.

Global Market Review
US and international (“global”) equity markets were positive during the fiscal year ending September 30, 2014. The Russell 3000 Index (an index that measures the performance of the 3,000 largest U.S. companies by market capitalization), increased 17.8%. The MSCI World ex U.S. Index, which measures the performance of stocks in developed markets around the world, indicated an increase of 4.9%, and the MSCI Emerging Markets Index, a barometer of the performance of the stocks in the emerging markets, reflected an increase of 4.3%. U.S. fixed income markets rose by 3.1%, as measured by the Barclays Capital U.S. Universal Index, driven by a slight decline in U.S. interest rates.

Asset Allocation
The Board made no changes to the Fund’s strategic asset allocation during fiscal year 2014 and, as of September 30, 2014, the Fund’s asset classes were within their respective target ranges with the exception of the Absolute Return program, which was moderately below the targeted range minimum. The targeted and actual allocations as of September 30, 2014, are shown in the chart below.

Other Investment Updates
During fiscal year 2014, the Board continued to work with its general investment consultant, Meketa Investment Group, to: review the investment performance of the Fund, the asset class, and each investment manager; implement an allocation to bank loans, a category within fixed income; and select a new international developed markets equity manager. The Board also worked closely with Cliffwater, its alternative investments consultant, to commit additional capital to private equity and private real assets funds.

The Environmental, Social, and Governance (ESG) policy adopted by the Board in November 2013, was implemented and incorporated into the investment decision-making process. The Board thought it important to put into writing its commitment to considering the environmental, social, and governance impacts of its investments, as well as best practices in these areas, as part of its framework to make the most prudent investments on behalf of beneficiaries. The Board will continue to work with its investment consultants to identify investment managers who exhibit best practices in these areas.

During fiscal year 2015, the Board will fund the previously-approved mandates for international developed markets equities and U.S. bank loans. Additionally, the Board plans to review the services provided by its custodian bank and investment consultants. The Board may also consider changes to the current asset allocation and investment manager structure, if warranted by the market environment or manager-specific events.
Statement of Net Assets

For Fiscal Year 2014, the Board once again received a clean opinion from its external auditor. The following schedules compare the FY 2014 financial statements with those of FY 2013.

### Statement of Net Assets for the Fiscal Years ending September 30, 2014, and September 30, 2013 ($000s)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Teachers’ POLFF</td>
<td>Teachers’ POLFF</td>
<td>Total</td>
<td>Teachers’ POLFF</td>
<td>Teachers’ POLFF</td>
<td>Total</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>$7,236</td>
<td>$20,164</td>
<td>$27,400</td>
<td>$26,826</td>
<td>$69,232</td>
<td>$96,058</td>
</tr>
<tr>
<td>Receivables &amp; Prepaid expenses</td>
<td>43,458</td>
<td>111,885</td>
<td>155,343</td>
<td>28,853</td>
<td>70,820</td>
<td>99,673</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>1,729,571</td>
<td>4,546,197</td>
<td>6,275,768</td>
<td>1,630,294</td>
<td>4,144,784</td>
<td>5,775,078</td>
</tr>
<tr>
<td>Collateral from securities lending</td>
<td>6,885</td>
<td>18,097</td>
<td>24,982</td>
<td>23,566</td>
<td>59,912</td>
<td>83,478</td>
</tr>
<tr>
<td>Capital assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,787,150</td>
<td>4,696,343</td>
<td>6,483,493</td>
<td>1,709,539</td>
<td>4,344,748</td>
<td>6,054,287</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>1,781</td>
<td>4,623</td>
<td>6,404</td>
<td>22,249</td>
<td>11,253</td>
<td>33,502</td>
</tr>
<tr>
<td>Investment commitments payable</td>
<td>32,426</td>
<td>85,237</td>
<td>117,663</td>
<td>41,162</td>
<td>104,649</td>
<td>145,811</td>
</tr>
<tr>
<td>Obligations under securities lending</td>
<td>6,982</td>
<td>18,354</td>
<td>25,336</td>
<td>23,753</td>
<td>60,389</td>
<td>84,142</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>41,189</td>
<td>108,214</td>
<td>149,403</td>
<td>87,164</td>
<td>176,291</td>
<td>263,455</td>
</tr>
<tr>
<td>Net Assets Held in Trust For Pension Benefits</td>
<td>$1,745,961</td>
<td>$4,588,129</td>
<td>$6,334,090</td>
<td>$1,622,375</td>
<td>$4,168,457</td>
<td>$5,790,832</td>
</tr>
</tbody>
</table>

### ADDITIONS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer contributions</td>
<td>$31,636</td>
<td>$110,766</td>
<td>$142,402</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>28,751</td>
<td>32,821</td>
<td>61,572</td>
</tr>
<tr>
<td>Net investment income/(loss)</td>
<td>132,086</td>
<td>338,894</td>
<td>470,980</td>
</tr>
<tr>
<td>Other income</td>
<td>522</td>
<td>1,342</td>
<td>1,864</td>
</tr>
<tr>
<td>Total additions</td>
<td>192,995</td>
<td>483,823</td>
<td>676,818</td>
</tr>
</tbody>
</table>

### DEDUCTIONS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit payments</td>
<td>59,832</td>
<td>52,784</td>
</tr>
<tr>
<td>Retirement benefits payable to U.S. Treasury</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refunds</td>
<td>5,790</td>
<td>1,637</td>
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<tr>
<td>Administrative expenses</td>
<td>3,787</td>
<td>9,730</td>
</tr>
<tr>
<td>Total deductions</td>
<td>69,409</td>
<td>64,151</td>
</tr>
</tbody>
</table>

### Change in net assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>123,586</td>
<td>419,672</td>
</tr>
<tr>
<td></td>
<td>118,889</td>
<td>486,603</td>
</tr>
</tbody>
</table>

### Net Assets Held in Trust For Pension Benefits, Beginning of Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,622,375</td>
<td>4,168,457</td>
<td>5,790,832</td>
</tr>
</tbody>
</table>

### Net Assets Held in Trust For Pension Benefits, End of Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
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DC Retirement Board
900 7th Street, NW
Second Floor
Washington, DC 20001

Inside this DCRB Report
Fiscal Year 2014 Investment
Summary and Financial
Statements

2015 COLA Notices to Members
The D.C. Human Resources Office announced the following cost-of-living adjustments (COLAs) for retired police officers, firefighters, and teachers, and their survivors, for 2015.

- Police officers and firefighters:* 0.8%
- Teachers: 0.3%

These increases were effective March 2, 2015, and they were included in pension payments that were issued on April 1, 2015.

For more details about the 2015 COLAs, please visit DCRB’s website at dcrb.dc.gov. The COLA Notifications are located under Newsroom, then click on Press Releases.

*D Police and firefighter retirees who retired before February 15, 1980 (Tier 1) receive equalization payments based on pay increases granted to active members and, therefore, do not receive COLAs.

DCRB Hosts Teachers’ Retirement Workshop
On March 30 - 31, DCRB and DC Public Schools (DCPS) joined forces to present the 2015 Teachers’ Retirement Workshop, which was held at DCRB’s office at 900 Seventh Street, NW. On the first day of the Workshop, teachers were provided with information on Social Security and Medicare, and with an overview of the District of Columbia Teachers’ Retirement Plan. The presenters also fielded questions on post-retirement health care and life insurance coverage, and the steps in the retirement process. On the second day, DCPS’ 403(b) plan providers presented attendees with information and materials on those plans.

Chairman’s Corner
continued from page 1
ments much sooner, and to enable our ability to provide you with annual benefit statements.

While the review of the recovered data is in progress, our Information Technology Department will work on a Data Management Project, which contains applications that will assist us in assuring the integrity of pension-related data that is added to our pension database going forward. They are also gathering requirements and reviewing market research aimed toward transitioning pension calculation and record keeping from the U.S. Treasury Department to a system that will be owned and maintained by DCRB.

Although the implementation of this system is still a few years away, we are excited that with the completion of each step of the project, we are that much closer to being able to provide you with more comprehensive benefits administration services.

TRUSTEES
Lyle M. Blanchard
Treasurer
Council Appointee
Barbara Davis Blum
Mayoral Appointee
Joseph M. Bress
Chairman
Council Appointee
Joseph W. Clark
Secretary
Mayoral Appointee
Mary A. Collins
Elected Retired
Teacher
Gary W. Hankins
Sergeant-at-Arms
Elected Retired
Police Officer
Darrick O. Ross
Elected Active
Police Officer
Nathan A. Saunders
Elected Active
Teacher
Edward C. Smith
Elected Active
Firefighter
Thomas N. Tippett
Parliamentarian
Elected Retired
Firefighter
Michael J. Warren
Council Appointee
Lenda P. Washington
Mayoral Appointee
Jeffrey Barnette
Ex Officio,
Non-Voting

D.C. Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001
Voice (202) 343-3200
Fax (202) 566-5000
www.dcrb.dc.gov

Eric O. Stanchfield
Executive Director
Joan M. Passerino
Editor