

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



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

EXECUTIVE DIRECTOR REPORT
January 21, 2016

Activities	Updates
ICMA-RC Recordkeeping Changes and Savings	In June 2015, the District selected ICMA-RC (DCRB's 401(a) Plan Administrator) to administer both its 401(a) Plan and the 457 Deferred Compensation Plan. In response to DCRB's request to join the District's agreement with them, DCRB and ICMA-RC executed an amendment to our 2009 ICMA-RC agreement, which has resulted in an average savings of 89.5 bps across all investment choices. Although our investment choices are not identical to those for the District plans, our employees have a variety of options. We greatly appreciate the efforts of the City Treasurer's Office in facilitating these changes. ICMA-RC conducted information sessions for DCRB staff on January 12 and 13 and provided them with written materials to review.
DCRB Newsletter - Police/Fire Edition	A newsletter specifically for District police officers and firefighters has been drafted and is scheduled to be distributed toward the end of this month. The newsletter announces Tom Tippet's reelection to the Board, and contains articles about the treatment of unused sick leave at retirement, how the Plan's COLAs are calculated, tax-deductible health care premiums, QDROs, Medicare eligibility, and Social Security benefits. This is similar to the Teachers' Edition that was published last summer.
Performance Oversight Hearing	The District Council's Committee of the Whole has tentatively scheduled a performance oversight hearing for DCRB on Tuesday, March 8, 2016 at 10:30 a.m. On January 11, a first set of questions related to the Performance Hearing was received from Chairman Mendelson's office, with responses due on February 10.
Roundtable on Certified Business Enterprise Requirements	On January 3, 2016, DCRB received notice of Councilmember Orange's annual Public Roundtable on compliance with the FY 2016 Certified Business Enterprises (CBE) requirements, which include expending 50% of goods and services with CBEs each fiscal year. Although DCRB has informed the oversight agency and Councilmember Orange that DCRB is exempt from the 50% expenditure goal, DCRB does include CBEs with its procurement solicitations and has met its assigned CBE goals each year. In an attempt to resolve this ongoing issue, we are drafting a letter to the Director of the Business, Consumer and Regulatory Committee stating our position on this matter. This year's Roundtable is scheduled to take place on January 25 at 9 a.m.
Staffing	<p>New Hires</p> <p>Tahir Kazmi joined DCRB on January 4, 2016 as our IT Operations Manager. Tahir was previously the Critical Events Manager at WMATA. Along with his responsibilities for our IT infrastructure, both in DC and at the data center in</p>

Board Meeting - Executive Director's Report

	<p>Ashburn, VA, as well as the cloud in Amazon Web Services, Tahir will monitor adherence with our governance policies and procedures, have strategic input into IT plans, and he will maintain our disaster recovery programs. Tahir has a BS degree in Electrical Engineering from George Mason University and he holds the IT Infrastructure Library (ITIL) certification.</p> <p>DCRB is actively recruiting qualified candidates to fill the following vacancies: Quality, Compliance and Projects Analyst (Benefits) and a Staff Attorney (Legal).</p>
<p>Recent Retirement-Related Articles (attached)</p>	<p><i>“Investment Returns: Defined Benefit vs. Defined Contribution Plans,”</i> <u>Center for Retirement Research of Boston College</u>, Alicia H. Munnell, Jean-Pierre Aubry, and Caroline V. Crawford, December 2015.</p> <p><i>“State and Local Governments’ Fiscal Outlook – 2015 Update,”</i> <u>GAO-16-260SP</u>.</p> <p><i>States’ Pension Woes Split Democrats and Union Allies,”</i> <u>Wall Street Journal</u>, Timothy W. Martin and Kris Maher, December 29, 2015.</p>

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



Telephone (202) 343-3200
 Facsimile (202) 566-5001
 E-mail: dcrb.@dc.gov

January 11, 2016

The Honorable Muriel Bowser
 Mayor of the District of Columbia
 1350 Pennsylvania Avenue, NW, Suite 306
 Washington, DC 20004

The Honorable Phil Mendelson
 Chairman, Council of the District of Columbia
 1350 Pennsylvania Avenue, NW, Suite 504
 Washington, DC 20004

Re: Certification of the FY 2017 Normal Cost and Unfunded Pension Liability (Actuarially Determined Contribution) for the Teachers' Retirement Fund and the Police Officers and Fire Fighters' Retirement Fund

Dear Mayor Bowser and Chairman Mendelson:

Pursuant to D.C. Official Code, § 1-907.03(b) (2001 Ed), the District of Columbia Retirement Board ("Board") is required to certify the normal cost and unfunded pension liability, which are collectively referred to as the Actuarially Determined Contribution ("ADC") to the Mayor and the Council of the District of Columbia. The ADC is the required contribution amount to the Teachers' Retirement Fund and the Police Officers and Fire Fighters' Retirement Fund. Accordingly, the law requires the Mayor and the Council to include the entire certified ADC in the District of Columbia annual budget.

On December 17, 2015, Trustees of the Board accepted the enrolled actuary's (Cavanaugh Macdonald Consulting, LLC) FY 2017 ADC, which was determined based on data maintained by the District's Office of Pay and Retirement Services and the United States Treasury's Office of D.C. Pensions. This letter constitutes the Board's statutorily required certification of the Actuarially Determined Contribution Amount in FY 2017, as noted in the following table:

Retirement Fund	Actuarially Determined Contribution Amount (in thousands)
Police Officers and Fire Fighters' Retirement Fund (Combined)	\$145,631 ¹
Teachers' Retirement Fund	\$56,781 ²
Total FY 2017 District Contribution	\$202,412

¹ The Actuarially Determined Contribution Rate is 28.53%

² The Actuarially Determined Contribution Rate is 12.17%

Jeffrey Barnette • Lyle M. Blanchard • Barbara Davis Blum • Joseph W. Clark • Mary A. Collins • Gary W. Hankins
 Darrick O. Ross • Nathan A. Saunders • Edward C. Smith • Thomas N. Tippett • Michael J. Warren • Lenda P. Washington

Joseph M. Bress
 Chairman

Eric O. Stanchfield
 Executive Director

Page 2
January 11, 2016

Should you have any questions or concerns, please do not hesitate to contact me at (202) 343-3200.

Sincerely,

A handwritten signature in cursive script that reads "Eric O. Stanchfield". The signature is written in black ink and is positioned above the printed name.

Eric O. Stanchfield
Executive Director

Enclosure: Required Actuarial Certification

cc: Trustees of the D.C. Retirement Board
Jeffrey S. DeWitt, CFO



Required Actuarial Certification
Under District of Columbia Code §1-907 for Fiscal Year 2017 (\$Thousands)

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2017 Employer Normal Cost Rate	N/A	7.24%	33.78%	38.59%	35.28%	21.73%
FY 2017 Unfunded Accrued Liability Cost Rate	N/A	4.93%	(10.03)%	0.52%	(6.75)%	(1.11)%
Estimated FY 2017 Covered Payroll	N/A	\$434,816	\$320,436	\$144,728	\$465,164	\$899,980
FY 2017 Employer Normal Cost	1-907.03(a)(3)(A)	\$31,481	\$108,244	\$55,850	\$164,094	\$195,575
FY 2017 Unfunded Accrued Liability Payment	1-907.03(a)(3)(C)	\$21,436	\$(32,140)	\$753	\$(31,387)	\$(9,951)
FY 2017 District Payment before 1-907.02 (c)	N/A	\$52,917	\$76,104	\$56,603	\$132,707	\$185,624
FY 2015 Shortfall/Overpayment	1-907.02 (c)	\$3,864	\$591	\$12,333	\$12,924	\$16,788
FY 2017 District Payment	N/A	\$56,781	\$76,695	\$68,936	\$145,631	\$202,412
Present Value of Future Benefits	1-907.03(a)(3)(B)	\$2,475,025	\$4,396,162	\$2,179,657	\$6,575,819	\$9,050,844
Current Value of Assets	1-907.03(a)(3)(D)	\$1,670,976	\$3,177,374	\$1,284,854	\$4,462,228	\$6,133,204
Actuarial Value of Assets	1-907.03(a)(3)(E)	\$1,732,017	\$3,283,847	\$1,323,453	\$4,607,300	\$6,339,317

Actuarial Assumptions

The actuarial assumptions used for the valuation represent the actuary's best estimates of the future experience for the plans. Upon review of recommended economic assumptions, the Board elected to choose an interest rate assumption slightly more conservative than the actuary's recommended rate.

Edward J. Koebel

1/8/2016

(Date)

Edward J. Koebel, EA, FCA, MAAA

DISTRICT OF COLUMBIA RETIREMENT BOARD
Training & Travel Report
As of
January 21, 2016

Name	Description	Sponsor/Vendor	Dates		
			Location	From	To
Trustees					
No trustees traveled during this period					
Staff					
Erie Sampson	Training	D.C. Bar Primer on Nonprofit Law in District of Columbia 2015	Washington, DC	12/09/15	12/03/15
Leslie King	Training	D.C. Bar Continuing Legal Education	Washington, DC	12/09/15	12/09/15
Deborah Reaves	Education	Strayer University Leadership and Conflict Resolution	Prince Georges Campus	01/04/16	03/21/16