

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need to amend District of Columbia Retirement Reform Act to allow for the Executive Director of the DC Retirement Board to be a resident of the National Capital Region upon approval by the Retirement Board, and to raise the allowable salary of the Executive Director..

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “District of Columbia Retirement Board Leadership Emergency Declaration Resolution of 2021.”

Sec. 2. (a) The District of Columbia Retirement Board (DCRB) has an urgent need to hire an Executive Director. Both the Chief Financial Officer and Inspector General have expressed concern that there are too many senior level vacancies at the DCRB negatively affecting operations including the Executive Director, Chief Operating Officer, Chief Procurement Officer, and Director of Internal Audits.

(b) The residency requirement imposed on all subordinate and independent agency heads was made more stringent by a 2019 law that removes flexibility for waivers of District residency,

37 which is now affecting the Board's ability to hire. DCRB's professional search firm has
38 indicated that the residency requirement is an impediment. The position has been advertised
39 since last July, but the firm indicates that there are prospective applicants who do not actually
40 apply because they would have to relocate.

41 (c) The Executive Director requires a hard-to-find skill set. In addition to managerial
42 experience, the successful candidate must encompass (1) knowledge of and experience in
43 pension plan administration; (2) knowledge of financial management and investment policy; (3)
44 understanding of functions and inter-relationships of custodial banks, investment consultants,
45 and auditors; and (4) ability to understand complex financial data and actuarial reports.

46 (d) DCRB is competing currently with 15 other pension funds to find an executive
47 director, including searches by both Arlington County and the State of Maryland, neither of
48 which has a residency requirement.

49 (e) The District's residency requirement is not that norm among pension funds. A partial
50 survey of government pension funds found that the majority of pension fund administrators are
51 not required to be state residents.

52 (f) DCRB is different than most government agencies in that it has a fiduciary
53 relationship to its customers. DCRB has a responsibility to almost 27,000 members in the
54 pension plans it administers increasing the need for a highly qualified Executive Director. This,
55 in turn, increases the need for flexibility.

56 (g) DCRB is also different than most government agencies in that it does not serve
57 primarily District residents. DCRB serves retirees of the Metropolitan Police Department, Fire
58 and Emergency Medical Services, and teachers. Over 82% of annuitants reside in 49 of the 50

59 states – but not the District. Most of the dollars in the funds come from either employee
60 contributions or investment earnings – not District tax dollars.

61 (g) Relief in filling the Executive Director vacancy could be limited to residents already
62 in the National Capital Region comprising the counties surrounding the District. Residency
63 becomes a significant issue for potential applicants who already live in the National Capital
64 Region for reasons such as relocating school age children or inconveniently rearranging a
65 spouse’s commute.

66 (h) A higher salary for the Executive Director is also necessary to attract top talent. A
67 survey of government pension funds indicates a wide range of salaries, but a little less than half
68 pay a salary greater than the most recent DCRB Executive Director and a quarter of the funds
69 paid more than \$300,000 per year.

70 (i) The principle of residency is important but should not trump the practical and urgent
71 need to fill a position as critical as the Executive Director at a time when DCRB has a dearth of
72 leadership in senior roles and is competing with other jurisdictions that do not have a residency
73 requirement. Moreover, the distinct role of the DCRB and its annuitants warrants flexibility
74 given the criticality of the Board’s importance of the District’s governance.

75 Sec. 3. The Council of the District of Columbia determines that the circumstances in
76 section 2 constitute emergency circumstances, making it necessary that the District of Columbia
77 Retirement Board Leadership Emergency Amendment Act of 2021 be adopted after a single
78 reading.

79 Sec. 4. This resolution shall take effect immediately.