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Chairman Phil Mendelson

A PROPOSED RESOLUTION

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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

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

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

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

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

(g) DCRB is also different than most government agencies in that it does not serve primarily District residents. DCRB serves retirees of the Metropolitan Police Department, Fire and Emergency Medical Services, and teachers. Over 82% of annuitants reside in 49 of the 50 states – but not the District. Most of the dollars in the funds come from either employee contributions or investment earnings – not District tax dollars.

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

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

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

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

Sec. 4. This resolution shall take effect immediately.