

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



Office of Finance and Treasury

March 9, 2021

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

Dear Chairman Mendelson:

This letter is to provide a response to the performance and oversight questions from the Committee of the Whole regarding the Other Post-Employment Benefits Fund.

1. Please provide, as an attachment to your answers, a current organizational chart for OPEB Administration with the number of vacant and filled FTEs marked in each box. Include the names of all senior personnel. Also include the effective date on the chart.

Please see Attachment 1.

We continue to carry a number of vacancies in the organization due to several factors including the following:

- Staff promotion
- Staff turnover
- Need to source qualified candidates

Until we are able to staff vacant positions, the management team and other staff within the Office of Finance and Treasury (Cash & Investments Officer, Investments Manager, Accounting & Compliance Manager) have been leveraged to provide additional assistance in performing necessary OPEB functions.

2. Please provide, as an attachment, a Schedule A for OPEB Administration which identifies all employees by title/position, current salary, fringe benefits, and program office as of March 1, 2021. The Schedule A also should indicate all vacant positions in the agency. Please do not include Social Security numbers.

Please see Attachment 2.

3. Please list, in chronological order, every reprogramming of funds into or out of OPEB Administration for fiscal years 2020 and 2021 (as of March 1). Include a “bottom line” that explains the revised final budget for your agency. For each reprogramming, list the

reprogramming number (if submitted to the Council for approval), the date, the amount, and the rationale.

There have been no reprogrammings in or out of the Other Post-Employment Benefits Fund during fiscal year 2020 or fiscal year 2021, to date.

4. Please list, in chronological order, every reprogrammings within OPEB Administration during fiscal year 2021 to date. Also, include both known and anticipated intra-agency reprogramming. For each, give the date, amount, and rationale.

There have been no reprogrammings with the Other Post-Employment Benefits Administration during fiscal year 2020 or fiscal year 2021, to date.

5. Please list all memoranda of understanding (MOU) either entered into by OPEB Administration or in effect during fiscal years 2020 and 2021 (as of March 1). For each, describe its purpose, indicate the date entered, and provide the actual or anticipated termination date.

An MOU to reimburse OCFO for staff costs incurred for those overseeing/supporting the OPEB Trust was entered into on October 1, 2019 with a termination date of September 30, 2020.

Effective fiscal year 2021, we no longer have an MOU between OPEB and the OCFO to fund OPEB staff salaries. We are now using Special Purpose Revenue Fund (SPRF) 0623, which is funded by the OPEB Administrative Fund to pay OCFO for OPEB staff salaries. SPRF 0623 is exclusively used for OPEB and is part of AT0 the OCFO account.

6. D.C. Law requires the Mayor and the Chief Financial Officer to submit to the Council, simultaneously with a proposed budget submission, actual copies of all agency budget enhancements requests, such as the "Form B" for all District agencies (See D.C. Code § 47-318.05a). In order to help the Committee understand agency needs, and the cost of those needs for your agency, please provide, as an attachment to your answers, all budget enhancement requests submitted by your agency to the Mayor or Chief Financial Officer as part of the budget process for fiscal years 2019, 2020 and 2021.

An actuarial analysis was performed for 2019 and fiscal year 2020 which was used to determine the budget for the District's annual required contribution to the OPEB Trust. The budget amount for fiscal year 2019 was \$46.0 million, fiscal year 2020 budget amount was \$47.3 million. There were no changes nor enhancements to either budget amount. Similar actuarial work was done for fiscal year 2021 and the budget impact will be \$53.3 million.

7. (a) Please list and describe any investigations, studies, audits, or reports on OPEB Administration or any employee of your agency that were completed at any time in fiscal years 2020 or 2021 (as of March 1).

CAFR audit and financial statements were prepared for fiscal year 2020. The financial statements were prepared by local accounting firm BCA Watson and the financial

statements were audited by McConnell Jones (the CAFR auditors). The OPEB Trust received an unqualified (clean) opinion.

We engaged our actuarial firm to perform an experience study analyzing the participation rates of the Plan to make sure they align with the modeled participation assumptions. The report will be issued by the end of March 2021.

There were no other investigations, studies, audits, or reports conducted during fiscal year 2020 and fiscal year 2021 to date.

(b) Please list and describe any ongoing investigations, audits, or reports of OPEB Administration.

There are no ongoing investigations, audits, or reports on the OPEB Administration or any its employees.

8. In table format, please provide the following information for fiscal years 2020 and 2021 (as of March 1) regarding your agency's authorization of employee travel: (1) each trip outside the region on official business or agency expense; (2) individuals (by name and title/position) who traveled outside the region; (3) total expense for each trip (per person, per trip, etc.); (4) what agency or entity paid for the trips; and (5) justification for the travel (per person and trip).

OPEB Administration did not authorize employee travel in either fiscal year 2020 or fiscal year 2021 to date.

9. Please provide and itemize, as of March 1, 2021, the current number of When Actually Employed (WAE), term, and contract personnel within your agency. If your agency employs WAE or term personnel, please provide, in table format, the name of each employee, position title, the length of his or her term or contract, the date on which he or she first started with your agency, and the date on which his or her current term expires.

No members of the OPEB Administration are WAE, term, or contract employees.

10. What efforts has your agency made in the past year to increase transparency? Explain.
- Provided testimony on OPEB plan performance and OPEB Administration budget including follow up with more detailed information
  - Conducted advisory committee meeting
  - Incorporated OPEB financial data into the CAFR, which is reviewed internally by OFOS and the CAFR auditor
  - Continue to produce a public annual OPEB report with more detailed information
  - In process of creating a broad employee financial wellness portal which will also include more information about the OPEB program and increase employee awareness of the OPEB plan
11. Please identify any legislative requirements that your agency lacks sufficient resources to properly implement. Explain.

OPEB has sufficient resources to fulfill all requirements.

12. Please identify any statutory or regulatory impediments to your agency's operations.

The OPEB Administration is able to manage statutory and regulatory requirements within agency resources. If OPEB needs to seek a change to a statute, we will reach out to the staff of the Committee of the Whole.

13. What are your top five priorities for the agency? Please provide a detailed explanation for how the agency expects to achieve or work toward these priorities in fiscal years 2020 and 2021.

1. Implement Outsourced Chief Investment Officer (OCIO) model as co-fiduciary to source best in class asset managers and diversify the portfolio. A RFP was issued last year and the contract was awarded to Aon Investments in January 2021.
2. Work in conjunction with new OCIO, Aon Investments, to review and update Investment Policy Statement to allow for more dynamic investment management and exposure to new asset classes
3. Transition current OPEB assets to new investment allocation strategy
4. Complete new experience study. Use results to validate and/or update plan assumptions. Engage actuary to determine potential future financial impacts to the Plan based on updated assumptions
5. Hire/replace staff vacancies

Please contact me at 202-727-6288 should you have any questions regarding this matter,

Sincerely,



Bruno Fernandes  
Deputy CFO and Treasurer