

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



Office of Finance and Treasury

February 15, 2017

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

**Re: Other Post Employment Benefit Fund**

Dear Chairman Mendelson:

This letter is to provide a response to the preliminary questions from the Committee of the Whole regarding the Other Post Employment Benefits Fund hearing scheduled for Monday, March 13, 2017.

Please list, in chronological order, every reprogramming of funds into and out of the agency for fiscal years 2016 and 2017 (to date). Include a “bottom line” that explains the revised final budget for your agency. For each reprogramming, list the reprogramming number, the date, the amount, and the rationale.

- We had no reprogramming of funds for FY16 and don’t intend to reprogram in FY17.

Please list all memoranda of understanding (MOU) either entered into by your agency or in effect during fiscal years 2016 and 2017 (to date). For each, describe its purpose, indicate the date entered, and provide the actual or anticipated termination date.

- We had no MOU’s during either Fiscal Year.

Please list and describe any investigations, studies, audits, or reports on your agency or any employee of your agency that were completed at any time in fiscal years 2016 or 2017 (to date).

- CAFR Audit and financial statements were prepared for FY 2016. The financial statements are prepared by local accounting firm Regis and Associates and the financial statements are audited by SB and Company (the CAFR auditors).

Please list and describe any ongoing investigations, audits, or reports of your agency or any employee of your agency.

- Actuarial Study. The Fund has begun to work on the full year actuarial study. The study will reexamine the main actuarial methods and assumptions which include; cost method, amortization method, investment return, inflation rate, healthcare trend and salary increases. The study is scheduled to be completed by March 1<sup>st</sup> 2017.

- OPEB Fund Annual Report. The Fund has begun preparing the FY16 annual report. The annual report provides background information on the Fund, description of the investment managers, Fund highlights, comparison analysis tables to DCRB, the audited financial statements and the latest actuary report. The annual report is scheduled to be completed by April 1<sup>st</sup> 2017.

Please list, in chronological order, all employee grievances filed against your agency in fiscal years 2016 and 2017 (to date). Include on the chronological list any earlier grievance that is still pending in any judicial forum. For each, give a brief description of the matter as well as the current status. If the entirety of you answer was covered by question no. 10, indicate that here and do not repeat the answer.

- No employee grievances.

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 2017 and 2018.

- 1) Complete ongoing Actuarial Study  
We will continue working with our Actuarial Firm to support their review of the Trust. Once the draft report is completed we will share with the CFO and the Advisory Board. This will be completed prior to the Budget process so any potential impact can be included in the FY18 budget.
- 2) Complete conversion to a new Custodian Bank.  
We are working with various parties to transition the trust assets from State Street Bank to Northern Trust. We expect this transition to be completed in the next 60 days.
- 3) Complete the FY16 Annual Report  
We are currently working with the development team to incorporate all the necessary information to complete the FY16 Annual Report by April 2017.
- 4) Engage our Consultant team and the Trust Advisory Board in an allocation study.  
The trust investments and allocations will be reviewed by our internal and external groups; however the Trust Investment Consultant will lead the review. Following the review the study will be shared with the Advisory Board and approved changes to the investment profile will be implemented.

If you have any questions regarding this matter, please contact me on (202) 727-6055.

Sincerely,



Jeffrey Barnette  
Deputy Chief Financial Officer and Treasurer