

[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WAS NO PORTION OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

A regular meeting of the Board of Trustees of the Fire and Police Disability and Retirement Fund was called to order on the 23rd day of September 2014 at 1:04 p.m.

Board Members Present Included:

Mayor Charlie Hales, Chair
Mr. Jason Lehman, Fire Trustee
Mr. Robert Foesch, Police Trustee (entered meeting at 1:40 p.m.)
Mr. Justin Delaney, Citizen Trustee
Mr. David Dougherty, Citizen Trustee

Also Present Were:

Mr. Samuel Hutchison, FPDR Director
Ms. Kimberly Mitchell, FPDR Claims Manager
Ms. Nancy Hartline, FPDR Finance Manager
Ms. Sheri Miller, FPDR Sr. Business Systems Analyst
Ms. Derily Bechthold, Deputy City Attorney
Mr. Ty Walthers, Retired Fire Member
Mr. Henry Groepper, Retired Police Member
Mr. Del Stevens, Retired Fire Member
Mr. Lorne Dauenhauer, Outside Legal Counsel
Mr. Ken McGair, Deputy City Attorney
Mr. Daryl Turner, PPA President
Mr. Alan Ferschweiler, PFFA President
Mr. Mike White, PFFA
Ms. Crystal Viuhkola, Police Liaison
Mr. Gabe Sansone, Fire Liaison
Mr. Nelson Hall, Attorney
Ms. Julie Falender, Attorney
Police Chief Mike Reese
Fire Chief Erin Janssens
(Other unknown audience members)

Mayor Hales called the meeting to order and roll call of the trustees present was taken. Mayor Hales then asked for a motion to approve the minutes.

Mr. Delaney made a motion, which was seconded by Mr. Dougherty and unanimously passed to approve the May 27, 2014 minutes. (Mr. Foesch was absent from the vote).

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<i>Aye</i>	<i>Mr. Dougherty, Mayor Hales, Mr. Delaney, Mr. Lehman</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>Mr. Foesch</i>

There was no General Public Comment.

Action Item No. 1 – Resolution No. 491 – Administrative Rule Amendments (Housekeeping)

Mr. Hutchison explained the housekeeping changes to the Administrative Rules. He stated that the changes related to spacing, pagination, capitalization, section letters, cross-references and spelling and did not impact the meaning of the Administrative Rules. He added that staff, the City Attorney’s Office and the Fire and Police liaisons reviewed the housekeeping changes and had no objections or comment.

Mayor Hales called for a roll call on Resolution No. 491 adopting the housekeeping amendments to the Administrative Rules.

<i>Aye</i>	<i>Mr. Dougherty, Mayor Hales, Mr. Delaney, Mr. Lehman</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>Mr. Foesch</i>

Action Item No. 2 – Resolution No. 492 – Administrative Rule Amendments to Section 5.1

Mr. Hutchison explained that the amended rule to Section 5.1 would allow FPDR staff to make changes to minor errors without having to present those corrections to the Board for approval. He explained that any such housekeeping changes would need to have the unanimous agreement between staff, the liaisons and the City Attorney’s Office. He added that he would notify the Board when housekeeping changes are made and then will publish and distribute the changes. In addition, the Board may rescind any housekeeping changes. Mr. Hutchison also explained that the City of Portland allows the Auditor’s Office to make similar changes to the City Code and the State of Oregon allows their agencies to make housekeeping changes without public notice or hearing.

Mayor Hales called for a roll call on Resolution No. 492 adopting proposed rule 5.1.04(D) to allow staff to make housekeeping changes to the Administrative Rules.

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<i>Aye</i>	<i>Mayor Hales, Mr. Delaney, Mr. Lehman, Mr. Dougherty</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>Mr. Foesch</i>

Action Item No. 3 – Resolution No. 493 – Administrative Rule Amendments to Section 5.2

Mr. Hutchison explained Resolution No. 493 and stated that he wanted to take the resolution adopted at the last board meeting empowering him as the Fund Administrator to make benefit and expense payments and move it into a rule so anyone could locate it and it was easy to find. Mr. Lehman suggested that since the Board did not meet monthly anymore he suggested removing the last four words “at each Board meeting” from the proposed rule amendment. There was consensus on the Board to remove the last four words from the proposed amendment as stated on Exhibit “A”. Staff will prepare the benefit and expense summary and provide to the Board on a monthly basis.

Mayor Hales called for a roll call on Resolution No. 493, as amended, adopting proposed rule 5.2.05(L) which authorizes the FPDR Director to make pension, disability and administrative expense payments.

<i>Aye</i>	<i>Mr. Delaney, Mr. Lehman, Mr. Dougherty, Mayor Hales</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>Mr. Foesch</i>

Action Item No. 4 – Resolution No. 494 – Amendments to Sections 5.7 and 5.8

Mr. Hutchison explained Resolution No. 494 and stated that it was a rule about how the FPDR offsets wages. The first thing he addressed was rental income and went over what the IRS considers rental income. He also went over the IRS exceptions. He added that the rule provides no change from the FPDR’s current practice. Mr. Hutchison then explained the changes made to Sections 5.7.01, 5.8.01 and 5.8.13 concerning Preexisting Income. Mr. Delaney proposed splitting Resolution No. 494 into two resolutions. He stated that he had no problem with the rental income rule, but felt there might need to be more discussion on the preexisting income language. It was the consensus of the Board to split Resolution No. 494 into two resolutions: 1) clarification language on rental income in Section 5.7.01 and 5.8.01, and 2) Preexisting Income.

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Mayor Hales called for a roll call on Resolution No. 494 regarding the clarification language on rental income in Section 5.7.01 and 5.8.01.

<i>Aye</i>	<i>Mr. Lehman, Mr. Dougherty, Mayor Hales, Mr. Delaney</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>Mr. Foesch</i>

Mr. Hutchison then walked through the changes to the rules regarding preexisting income. He explained that they are attempting to bring the rule in line with what was standard practice with most other plans and offset only the increased amount.

Mr. Delaney questioned a rule change that is a benefit enhancement. He added that every time the Board adopts a rule that impacts benefits in the opposite direction, there is a grievance filed and they are confronted with statements that it has to be bargained for. Mr. Dougherty stated that it is a change in the benefit and asked why then are they allowed to do this in rules versus a Charter change.

Ms. Bechthold explained that she thought administratively the FPDR could offset benefits. She added that what the rule change is trying to get at is a member going out on disability and starting to work in another position thereby potentially increasing their potential for getting injured and also kind of gaming the system. She stated that it is a built-in deterrent to engaging in activities that could prolong their disability. However, she also stated that it does contemplate that individuals may have an additional income stream so it protects that but it prevents them from increasing their activity so as to increase the amount of money they are receiving while they're out on disability.

Mr. Delaney stated that his concern was more in the legal challenges that are working their way through and, on a philosophical level, wondered if they should wait until those are resolved before the Board makes benefit changes in either direction. After further discussion, it was the consensus of the Board to table this matter and staff will do further work on it, revise it and bring it back to the Board at their next meeting.

Action Item No. 5 – Resolution No. 495 Disability Payment Process Analysis Contract Authorization

Ms. Hartline explained that the disability payment process analysis contract is a companion piece to the disability program audit. She explained that the contract is for \$13,182 and would be looking at the FPDR payment process and how to make it more efficient.

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Mr. Del Stevens addressed the Board and commented about the disability study that was authorized by the Board in May 2014. He asked why the Board could not authorize Milliman to expand the study and look at a disability system that would have a tax-protected disability for the members. He added that it was suggested that he come up with additional directives for that study and he did provide that information to Mr. Lehman to pass along to Mr. Hutchison but he has not yet heard back from FPDR. Mr. Stevens passed out his suggested directives to the Board for their review. Mayor Hales advised Mr. Stevens that the disability study contract was a process review rather than an inquiry into different methods of payment. Mr. Stevens concluded by saying that his purpose in this matter is to have the Pension Board take serious his request to look at a tax-protected disability system. He added that perhaps a study revealing the pluses and negatives of such a system could be helpful.

Mr. Hutchison explained that the study that Mr. Stevens is referring to is a disability or workers' compensation study. He stated that it has nothing to do with retirements so adding retirement into it would be a total scope change and staff would have to come back to the Board for an additional amount of money and the Board would need to define what the scope of that study would be.

Mayor Hales called for a roll call on Resolution No. 495 authorizing the FPDR Director to enter into an agreement for a disability payment process analysis with Framework LLC in an amount not to exceed \$13,182.

<i>Aye</i>	<i>Mr. Dougherty, Mayor Hales, Mr. Delaney, Mr. Lehman</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>Mr. Foesch</i>
<i>Absent</i>	<i>None</i>

Information Item No. 1 – State of FPDR

Mr. Hutchison stated that staff will be providing an overview of the FPDR and will address some things in the disability program, the pension program and in the finance and administrative portions of FPDR and also technology issues.

Chief Reese addressed the Board. He prefaced his remarks by saying that one of his top priorities as Chief is the health and welfare of the men and women in his organization. He wanted to thank the Board for their service to the City and the men and women of the Portland Police Bureau and Portland Fire and Rescue. He then shared a positive story of a traumatically injured police officer who has now returned to full-time work. He stated that he was proud of the work that FPDR and their staff did in reaching out to the family and the officer and working quickly to accommodate his needs in the short term as well

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as the long term. He also stated that the Police Bureau is committed to having a liaison with the FPDR and see it as a positive benefit to both FPDR and the Police Bureau.

Chief Janssens then addressed the Board and stated that she echoes Chief Reese's comments. She wanted to thank both the FPDR, Mr. Hutchison and the work of the Board for their support for the health and wellness efforts and ongoing benefits to Portland police and firefighters. She also added that their new liaison Gabe Sansone has been very positive and encouraging and she felt like they are moving forward in making improvements to the system and to policy.

Mr. Delaney stated that he had been on the Board for some time and one of the things they spend time on is looking at the incentives and inducements for return to work and the health and wellness of Fire and Police employees. He asked about the new exercise equipment in the stations and whether the Chiefs had any feedback.

Chief Reese replied that the situation that transpired with the police officer that was injured is a template for how they can bring people back to work in a very productive fashion and allow them to remain a vital part of their organization.

Chief Janssens responded that from the Fire side, the light duty positions that they utilize to bring people back to work before they have actually recovered to perform the duties of a firefighter is a very positive and valuable program. She added that she thought it was very helpful to keep people engaged and to reengage them as early as possible back into the workplace. She went on to state that the workout facilities and the ability to support more preventative actions is also a very critical link in the health and wellness of their members.

Mr. Delaney stated that the Board is always open to ideas to help disabled employees get back to work sooner or to prevent disabilities.

Staff then presented the State of FPDR. Mr. Hutchison went over a new mission statement and values and provided a brief program overview. He also went over customer service enhancements and legal and legislative impacts. Ms. Mitchell provided an update on interim benefits and highlights of the disability program. She explained that for fiscal year 2013-2014 the number of claims filed totaled 343 with 93 percent of claims approved. She touched on the increase in Fire claims filed. Ms. Mitchell also reported on the reduction in medical costs due to two network fee agreements that allow FPDR access to Oregon Fee Schedules and other overall savings. She went over the disability numbers pre- and post-Charter reform. She concluded by stating that staff's goal is to continue to work on procedures to ensure that benefits are delivered consistent with the Charter and rules, to use the disability audit findings to improve processes and enhance benefit delivery to members and to continue outreach to members.

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Mr. Delaney stated that the statistics showing the reduction and percentage of people out on disability was “fantastic” and is a win for everyone. He also stated that he did not remember if in prior benchmarks that statistic was included from other systems and that it would be something that would be interesting to compare.

Ms. Hartline provided an overview of the pension program. She stated that they had a busy year with three large projects: 1) the pension overpayment settlement was implemented, 2) the additional tax offset benefit was eliminated for both new and current employees who were not subject to Oregon personal income tax by SB 822 and made effective January 1, and 3) the Fire Apparatus Operator settlement was implemented in June. She stated that their goals for the current year are to conduct a pension audit, to take the Windsor-ruling Charter changes to City Council in the fall, and to complete a Plan Summary document for members’ use. She went over the numbers for the pension program and stated that on average pension benefits have grown about four percent a year for the last five years. Ms. Hartline then went over the goals for FPDR’s overall finances and administration. She also went over implementation of GASB 67 and 68.

Ms. Miller reviewed what has been happening in technology. She informed the Board about the new phone system, creation of online fillable member information forms, the completed migration to Office 365 and database enhancements. She stated that technology goals for this year include looking at transitioning to TRIM for some of FPDR’s email, web document management and some other records that FPDR will need to keep, continuing to review data reporting compatibility with City Risk and creation of a member web portal. Ms. Miller also stated that staff is currently working on continuity of operations and disaster recovery issues as well as data security and records management.

Mr. Hutchison concluded the staff portion of the State of FPDR presentation by stating that there will be a few things coming their way, e.g., decisions in SB 822 and 861, disability and pension audits, the technology five-year plan, creation of the member portal and a disability claim filing timeliness analysis.

Mr. Gabe Sansone, Fire Liaison, addressed the Board and stated that he has been the Fire Liaison for about two years now and it has been a pleasure and honor to do his work. He welcomed the new Police Liaison Crystal Viuhkola and stated that he is looking forward to working with her. He added that he works well with staff and stated when you put folks that are trying to do a good job together you get a good result. He added that they have not had any new litigation in a couple years now and felt that of lot of that is making sure the critical information is given to people in a timely fashion. The one thing he wanted to touch on was working with the Fire Bureau and FPDR staff to do a better job of preventing injuries. He also shared information about the ExerSafe Pilot Program and that their preliminary numbers showed 10 percent fewer injuries by program participants than non-participants.

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Ms. Crystal Viuhkola, Police Liaison, then addressed the Board and stated that she is still learning and will work on continued communication between the Police Bureau and FPDR and taking a more proactive role in getting police officers help and seeing them through retirement.

Mr. Daryl Turner, PPA President, thanked the FPDR for their work with the traumatically injured officer Chief Reese had referred to. He then stated that it was important to note that there have been fewer denials than in the past. He added that in terms of their membership, they would like to see more communication by FPDR. He went over what his members ask his office about their claims and the importance of making sure they have a clear understanding about the process.

Mr. Alan Ferschweiler, PFFA President, went over the increased injuries on the Fire side and felt that some of those injuries were probably non-preventable and gave some examples of how a couple of members were injured. He stated that he would be remiss if he did not also mention Charter changes and increasing age of members in their bureau as reasons as well. He went over operational changes being made by the bureau to help prevent injuries as well as other ways like the peer strength-training program. He also touched on some of the legal issues. Lastly, he stated that the Board and FPDR staff have been very much a partner with him and the members he represents. He also added that he believes Fire Liaison Gabe Sansone has been one of the reasons why they do not have as many denials as in the past.

Del Stevens then addressed the Board and stated that he was not exactly sure what State of FPDR was referring to. He stated that staff are qualified, caring people and the City by and large is very responsible and supportive of the members. He also stated that they need to be alert to possibilities for change and good ideas for improvements. He added that it seems like he and the Board have an awkward relationship. He questioned the public comment policy and the lack of a Board meeting for three months. He stated that there is an Oregon public meetings law that talks about the responsibility of public agencies to have meetings. Mr. Stevens also stated that the Board and FPDR need to pursue opportunities for saving money, but not at the expense of individuals. He felt that individuals deserve the best care and best support they can get. He raised the possibility of a tax-protected disability system and could not understand why nobody wanted to look at it further.

Mr. Hutchison then presented a Power Point presentation with his views and opinions regarding FPDR entitled "As the World Turns". He covered taxes, pension reform, workers' compensation, and other changes and why they were important for FPDR.

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Information Item No. 2 – Internal Revenue Service Determination Letter

Mr. Hutchison went over the Internal Revenue Service Determination Letter. He stated that the FPDR's tax qualification is good for another five years with the Internal Revenue Service.

Information Item No. 3 – FPDR Updates

Mr. Hutchison provided information to the Board regarding:

- 1) Disability audit. Milliman will present their findings in January.
- 2) Pension audit RFP will be posted in October.
- 3) Board training manual. Mr. Hutchison stated he would be reaching out to the Board to gather information to put together a training manual.
- 4) MHN contract. Mr. Hutchison explained the MHN contract and advised the Board that the MHN contract is being amended to increase the compensation and will be presented to City Council via ordinance.

Information Item No. 4 – Future Meeting Agenda

The November meeting is scheduled for November 18, 2014. Mr. Hutchison advised that, at the present time, the November agenda will just be general business and one rule amendment regarding preexisting income.

Information Item No. 5 – FPDR Summary of Expenditures

There was no discussion on this item.

Samuel Hutchison
Director