A regular meeting of the Board of Trustees of the Fire and Police Disability and Retirement Fund was called to order on the 28th day of July at 1:08 p.m.

Board Members Present Included:

   Mayor Charlie Hales, Chair
   Mr. Justin Delaney, Citizen Trustee
   Mr. Jason Lehman, Fire Trustee
   Mr. David Dougherty, Citizen Trustee

Trustees Absent Were:

   Mr. Robert Foesch, Police Trustee

Also Present Were:

   Mr. Samuel Hutchison, FPDR Director
   Ms. Kimberly Mitchell, FPDR Claims Manager
   Ms. Nancy Hartline, FPDR Finance Manager
   Mr. Kenneth A. McGair, Deputy City Attorney
   Mr. Lorne Dauenhauer, FPDR Outside Legal Counsel
   Mr. Matt Larrabee, Milliman
   Ms. Debby Deering, Moss Adams
   Ms. Colleen Rozillis, Moss Adams
   Mr. Gary Volland, Moss Adams
   Mr. Mark Steranka, Moss Adams
   Mr. Gabe Sansone, Fire Liaison
   Ms. Crystal Viuhkola, Police Liaison
   Mr. Alan Ferschweiler, President PFFA
   Mr. Tom Perkins, PPA
   Mr. Leo Krick, Portland Fire Bureau
   Mr. Nelson Hall, Attorney
   Mr. Ken Olsen, Retired Fire Member
   Mr. Henry Groepper, Retired Police Member
   Mr. Josh Alpert, Chief of Staff, Office of the Mayor

Mayor Hales called the meeting to order and asked for approval of the minutes.
Mr. Delaney made a motion that was seconded by Mr. Dougherty and passed by a roll call vote of 4-0 to approve the minutes of the May 26, 2015 Board meeting.

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<th>Aye</th>
<th>Mr. Delaney, Mr. Lehman, Mr. Dougherty, Mayor Hales</th>
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Mr. Hutchison discussed procedures for motions. In order to make sure there was no confusion about what the motion is, he asked that the Board agree to the wording of the motion before it is voted on.

There were no general public comments.

**Action Item No. 1 – Actuarial Assumptions – FPDR Two Future Benefit Adjustments**

Ms. Hartline explained that for the June 30, 2014 actuarial valuation, future FPDR 2 benefit adjustments were assumed to be 1.25 percent rather than the 2.00 percent used in 2012. However, given the Board’s decisions at the May meeting to increase the 2013 and 2014 adjustments to 2.00 percent and to set the 2015 adjustment at 2.00 percent, Ms. Hartline asked the Board to review the 1.25 percent adjustment assumption as GASB 67 requires that changes to the FPDR’s assumptions about plan provisions be reflected in the roll forward of the 2014 valuation to June 30, 2015 for their statements and the City’s Comprehensive Annual Financial Report. The two options she presented for the Board’s consideration for the future benefit adjustment assumptions were: 1) 2.00 percent benefit adjustments for all FPDR 2 participants or 2) a percentage for each participant determined by pre- and post-amendment percent of service. She explained that staff’s recommendation was the service blend calculation (option 2). She stated that staff has discussed the options with the City’s Chief Financial Officer Ken Rust and Controller Michelle Kirby and they both support staff’s recommendation.

Mr. Delaney then made a motion that they “adopt the percentage for each participant determined by pre- and post-amendment percent of service blending COLA methodology.” Mr. Dougherty clarified that the motion was “for GASB purposes for the valuation” to which Mr. Delaney agreed was part of his motion. Mr. Larrabee then stated “for purposes of the financial accounting for the system and the City” to which Mr. Delaney also agreed was included in his motion.

**Mr. Delaney made a motion which was seconded by Mr. Lehman and passed by a roll call vote of 4-0 to adopt the percentage for each participant determined by pre- and...**
[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WAS NO PORTION OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

post-amendment percent of service blending COLA methodology for GASB purposes for the valuation for purposes of the financial accounting for the system and the City.

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**Action Item No. 2 – Pension Program Performance Evaluation**

A team from Moss Adams appeared before the Board to present their final report on the FPDR Pension Program Performance Evaluation. Mr. Mark Steranka introduced the team and went over the study purpose, the areas of focus and the study methodology. He stated that the pension program was a well-run organization and the staff was highly competent and had a high level of knowledge and expertise. He added that there was nothing earthshaking in their audit but every organization has opportunities for improvement.

Commendations to the program included a positive, team-oriented environment that was highly focused on providing excellent service, a database that is robust and stable, that proper SDLC practices are being followed, and employee access security controls are in place and being followed. The Moss Adams team then went over their findings and recommendations. Ms. Hartline followed their presentation with the FPDR’s responses. The report by Moss Adams and FPDR’s responses are filed with the meeting records.

Mr. Delaney stated that for a future meeting he would like to know whether the bureau or the City as a whole does any business recovery testing as they are on a fault line in Oregon. Mr. Hutchison also stated that at a future board meeting he will be going over the FPDR’s Continuity of Operations Plan (COOP). Ms. Hartline stated that while it is low tech, they do keep a backup copy of the direct deposit file from each pension and disability run. Mayor Hales stated that at some point he would like to hear from Mr. Ferschweiler about the liaison role and what PFFA and PPA think about improving that.

Mr. Dougherty then made a motion “to accept the Moss Adams report”. Mr. Lehman seconded the motion.

*Mr. Dougherty made a motion which was seconded by Mr. Lehman and passed by a roll call vote of 4-0 to accept the Pension Program Performance Evaluation Report by Moss Adams.*
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Fire & Police Disability & Retirement Fund
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[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WAS NO PORTION OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

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Mayor Hales with his “aye” vote stated that, like a lot of things they get to do with respect to the FPDR pension system, the lack of headline is affirmation that the system is well-designed and well-managed and supported by the members. He added that he appreciates the recommendations and will be making sure that the people in Human Resources are supporting the system as well and he will follow through to make sure the silos are bridged.

**Action Item No. 3 – Disability Claims Timeliness Study**

Mr. Hutchison explained that he did a study of claim timeliness because of comments from members and others who thought the 30-day time within which to file a claim was too restrictive. He said the goal of the study is to provide the Board with information about the disability timeliness requirement, background information and some statistics as well as some potential options. He added FPDR is looking for direction from the Board: should FPDR study this further and come up with specific rule changes or to not study it further and take no further action? Mr. Hutchison then provided some background and history and summarized his report. He shared some key statistics about timeliness denials. He stated that over the last seven years, 2,167 claims were filed. Of those, 91 percent of disability claims were timely filed but only 0.4 percent of those claims were denied solely for late filing. The options he presented in the report were: 1) no change; 2) increase time to file to 60 days; 3) increase time to file to 90 days; and 4) match Oregon Workers’ Compensation (ORS 656.265, et al.)

Mayor Hales stated that it seems like Mr. Hutchison was articulating that filing sooner is better and that the 30-day time is good. Mr. Dougherty suggested an intermediate step to filing a notice of intent to file within 30 days and filing a full report within 90 days. Mr. Lehman stated that more education was needed for their firefighters.

Public Comment:
Mr. Nelson Hall addressed the Board. He stated that he was appearing on behalf of the PFFA and PPCOA and that his comments are consistent with those that would be reported to the Board by Ms. Rosenthal for PFA. He thanked Mr. Hutchison and the staff for “opening this book” which he did not think was closed. He stated that for the disability side, FPDR is the Oregon workers’ compensation program for Portland fire and police officers. He added that it is only because of Oregon Revised Statutes 656.027(6) that the disability piece of FPDR exists. He stated that what they are talking about is at which point is a claim filed. He stated that when there is an incident, the employer is
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given notice immediately by way of an incident log. He added that there is a world of difference in giving the employer notice and then getting around to filing a form that is a claim. Mr. Hall went on to state that the statute under Section 656 recognizes the difference between filing a piece of paper and notice to the employer. He stated that any claim denied only for timeliness is one too many if it is a righteous claim. Mr. Hall stated that the question then becomes “what is necessary” and asked the Board if they really want a claim form filed for every bump and bruise. He stated that as long as the incident has been logged, there would not be spoliation. He went on to state that the Board did not have to adopt the entire Oregon workers’ compensation statute and what they are really only talking about is notice and claim filing. He stated that good cause and the application under Oregon workers’ compensation law is now well tested and has been examined by the courts and would, among the options suggested, address so many of the concerns on both sides. He stated it allows for 90 days for filing a claim unless the employer had notice of that and then you have up to one year to file that piece of paper called a claim. On occupational diseases like cancer, workers’ compensation uses the first date of treatment as the trigger date. He again urged the Board to direct staff to continue to look at the issue and come up with a proposal.

Mr. Delaney stated that the problem he cannot get past is that FPDR is not the employer, they are not receiving notice of the incidents and that is a fundamental difference from workers’ compensation. He added that the employer pays workers’ compensation premiums and the FPDR does not.

Mayor Hales stated that on a statistical basis they could say no change would be fine, but he felt that no valid claim should be denied solely for timeliness.

Fire Liaison Gabe Sansone then addressed the Board and related a current situation with a member who had a valid claim that was not timely filed.

Mr. Lehman reiterated the importance of member education. He stated that his members do not know what to do until after they are injured and he did not want the door closed on the issue.

Mr. Hutchison stated that he was not certain what more staff can do regarding the timeliness study without getting some direction from the Board. Mr. Delaney stated that they had the exact discussion four years ago and could not reach a consensus then. He stated that the Board at that time agreed to change the time to 90 days but the stakeholders did not want that.

Mayor Hales stated that he was not ready to say make no changes. However, he was also not prepared to arbitrarily change the time as a cure for whatever level of dysfunction, if any, they think there is in the current structure. He stated that he would like to ponder the
issue and continue the matter until the next meeting. Mr. Dougherty stated that he thought 30 days was too short, but a year a too long and felt 90 days is a reasonable amount of time.

Mr. Delaney stated that he did not have specific guidance but that staff needs to balance their legitimate concerns around spoilage and prejudicing their ability to determine whether the injury or illness was caused in the workplace with their desire not to deny valid claims based on an arbitrary number of days. To get there he encouraged staff to get Mr. Hall and an employer’s workers’ compensation attorney to try to work it out.

Mr. Hutchison stated that he would bring the matter back to the Board at its November meeting.

**Information Item No. 1 – Service Death Before Retirement Update**

Ms. Hartline explained that, as a result of discussions at recent Board meetings about the proper taxation of service-connected disability retirement benefits, staff and outside legal counsel reviewed the tax reporting of other FPDR benefits. She stated that while FPDR was correctly reporting taxation of most benefits, they found that since 2011 ten FPDR survivors received pre-retirement service-connected death benefits whose benefits were incorrectly reported as taxable income to them. Ms. Hartline stated that they have corrected the error and corrected 1099-Rs have been issued. She thanked Fire Retiree Del Stevens whose comments prompted the review.

**Information Item No. 2 – Summary of Legislative Session**

Ms. Hartline provided a recap of the 2015 Oregon Legislature. She stated that the only bill that would change what FPDR does is SB 370. She added that SB 370 would permit domestic relations orders to assign a member’s death benefit to a former spouse if the member dies before retirement. She then briefly went over the other bills from the 2015 session.

**Information Item No. 3 – FPDR Updates**

None.

**Information Item No. 4 – Future Meeting Agenda Items**

Mr. Hutchison stated that for the September Board meeting staff would present 1) State of FPDR, 2) COOP, 3) Administrative Rule changes.

There will be no meeting scheduled for August.
Information Item No. 5 – FPDR Summary of Expenditures

There was no discussion on this item.

There being no further business, the meeting was adjourned at 3:49 p.m.

Samuel Hutchison
Director

/kk