Regular Meeting on January 26, 2016 of the Board of Trustees
Fire & Police Disability & Retirement Fund
Page 1 of 5
Minutes - Summary

[[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 26th day of January 2016 at 1:03 p.m.

Board Members Present Included:

Mr. Jason Lehman, Fire Trustee
Mr. David Dougherty, Citizen Trustee, Chair Pro Tempore
Mr. Robert Foesch, Police Trustee

Board Members Absent Were:

Mayor Charlie Hales
Mr. Justin Delaney, Citizen Trustee

Also Present Were:

Mr. Samuel Hutchison, FPDR Director
Ms. Kimberly Mitchell, FPDR Claims Manager
Ms. Nancy Hartline, FPDR Finance Manager
Ms. Stacy Jones, FPDR Sr. Financial Analyst
Mr. Kenneth A. McGair, Deputy City Attorney
Mr. Lorne Daunenhauer, FPDR Outside Legal Counsel
Mr. Gabe Sansone, Fire Liaison
Ms. Crystal Viuhkola, Police Liaison
Mr. Nelson Hall, Attorney
Ms. Haley Rosenthal, Attorney
Ms. Janet Woodside, Fire Bureau EMS Program Manager
Ms. Kerrie Andersen, Fire Bureau Statistician
Mr. Del Stevens, Retired Fire Member
Mr. Henry Groeppper, Retired Police Member

Mr. Dougherty called the meeting to order and asked for approval of the minutes.

Mr. Lehman made a motion that was seconded by Mr. Dougherty and unanimously passed to approve the minutes of the November 17, 2015 Board meeting.

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<th>Aye</th>
<th>Mr. Lehman, Mr. Dougherty, Mr. Foesch</th>
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<td>Nay</td>
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<td>Abstain</td>
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<td>Mr. Delaney, Mayor Hales</td>
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Mr. Hutchison announced that FPDR Financial Manager Nancy Hartline will be resigning in May and Stacy Jones has been hired as her successor. He explained that Ms. Jones has been with FPDR for several years and has a lot of experience for the position. He further explained that Ms. Hartline would be double filling the position and training Ms. Jones as well as working part time through the summer to assist with financial reports and audits.

General Public Comments:
Mr. Del Stevens addressed the Board and asked about the overpayment recovery issue. He stated that the Mayor was going to pursue the issue with Risk Management because they have the ability to indemnify the City if a mistake was made through error or negligence or omitted decision. He also brought up the issue that PERS had an overpayment issue as well but went ahead and covered it for their members and did not make their members pay it back. He added that at the last meeting he was informed that the Mayor was told that Risk Management would not take up the issue. However, since then, Mr. Stevens stated he had done a little research and spoke with someone at Risk Management who told him that if a mistake was made, that is what Risk Management handles, but that anything over $5,000 would require an ordinance passed by City Council. Mr. Stevens stated that if FPDR would take the leadership and submit an ordinance to City Council, the overpayment could be fairly adjudicated.

Action Item No. 1 – Adopt 2016-2017 Budget

Ms. Hartline stated that she would be going over the recommended budget, the five-year forecast, tax rates and key performance measures. She explained the methodology and assumptions and stated that for retirements in the current year FPDR will be using the actuarial projection of 72 expected retirements with no additional cushion. She also went over benefit adjustments and explained that the CPI-W change was only 0.3 percent so staff will be using a 1.00 percent assumption for FPDR One, instead of the 1.70 percent that was originally used. The Portland Police Association and Portland Police Commanding Officers Association contracts specify a minimum increase of 1.0 percent. Ms. Hartline also informed the Board that, because the Portland Fire Fighters Association was in negotiation for a contract renewal, it could be some other number for FPDR One Fire participants depending on the outcome of the negotiations.

Ms. Hartline stated that for the FPDR Two adjustments, assuming that the Board follows PERS’s service-blend COLA, the assumption for most retirees would be 2.00 percent for the percentage of service prior to October 2013 and 1.25 percent maximum for service after October 2013. However, the retirees in the current fiscal year may get less than 2.00 percent for pre-October 2013 service because the CPI-U change was 1.23 percent.
Ms. Hartline stated that the FPDR 3 PERS contribution rate is going to remain at 20.64 percent but she expects it to increase significantly in the next two biennia, by 16 percent in fiscal year-end 2018 and almost 13 percent in fiscal year-end 2020. She added that the disability components are trended with wage and medical inflation. Ms. Hartline also reported that in administration, personnel services is increasing by 6.9 percent with step increases, cost-of-living adjustments, benefit inflation and also an add package that would create two full-time positions in lieu of two current part-time positions. She went on to explain the components of the increase in materials and services, but also stated that capital is actually going down. Ms. Hartline stated that staff recommends contingency remain at eight percent, but they decreased it to seven percent in the out years. She then went over the risks to the forecast and the revenue sources other than property tax.

Ms. Hartline also explained resources and requirements for the recommended budget and stated that the property tax number for fiscal year 2016-17 of $128 million includes $2.4 million in prior year taxes. The recommended budget was $180 million. She went over the decreases and increases and stated that the five-year forecast shows a similar picture. She stated that the tax levy graph forecasts levy rates and the gross Measure 5 real market value rate remains at $1.29, increasing up to $1.38 over the five years, but that it is still below one-half of the FPDR’s levy cap of $2.80 per $1,000 of real market value.

Ms. Hartline then explained the key performance measures and stated that, because FPDR does not provide a service to the general public, they focus on what drives their budget and the tax rates that people have to pay.

Mr. Lehman made a motion that was seconded by Mr. Foesch and passed by a roll call vote of 3-0 to approve the budget as presented.

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Ms. Hartline then pointed out where key performance measures are located on the City Budget Office website.

Action Item No. 2 – Resolution No. 507 and PF&R Loss Prevention Program Presentation

Ms. Woodside explained that she is the EMS program manager for Portland Fire and Rescue and she oversees the wellness aspect of the Fire Department. She stated that she was coming to the Board with an injury prevention program called Stability and Mobility. She explained the goals and objectives and their desire to partner with the pension and
disability fund to reduce workplace injuries. She stated they would be reporting progress to FPDR at six months and one year. She also stated that they are going to target the highest type of injuries and they are going to utilize peer fitness trainers. The cost of the program would be not to exceed $50,000: $6,950 in the current fiscal year and $43,050 for next year.

*Mr. Lehman made a motion that was seconded by Mr. Dougherty and passed by a roll call vote of 3-0 to approve Resolution No. 502 and approve the requested funds for the program and that the requested funds be inserted into the budget approved by the Board.*

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**Information Item No. 1 – Discussion of Gender-Neutral Language in FPDR Policies**

Mr. Hutchison stated he wanted to give the Board a heads up that staff will be proposing a rule change for the March meeting. Mr. Hutchison explained that the rule change is the result of a City Council resolution passed in December requiring all bureaus to convert all single gender restrooms to multiple-use restrooms and to implement gender-neutral policies. He stated that the gender-neutral policies will affect FPDR and he will be asking the Board to approve a rule to allow FPDR to make any necessary gender-neutral language changes.

**Information Item No. 2 – Financial Audit**

Ms. Jones went over the financial audit and stated that, once again, FPDR has a clean bill of health and there were no findings or recommendations from the external auditor.

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

There was no discussion on this item.

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

Mr. Hutchison stated that the next meeting is scheduled for March 15, 2016. He added that the FPDR Two benefit adjustment would be an agenda item.
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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 1:55 p.m.

/ kk

Samuel Hutchison
Director