ADMINISTRATION

The following consent item(s) are considered to be routine and will be acted upon by the Board in one motion, without discussion, unless a Board member, staff member or the public requests an item be held for discussion.

1 Approval of Minutes – May 23, 2017 Meeting

INTRODUCTION OF VISITORS

PUBLIC COMMENT PERIOD

A sign-up sheet for members of the public wishing to make public comments will be available at the meeting. The public comment period will not exceed 30 minutes. Therefore, the Board may limit individual comments to three minutes per person. In addition, a sign-up sheet will be available prior to the meeting to allow public members the opportunity to sign up for an agenda item which they wish to provide comment on. When discussion on a specific agenda item is to begin, the public member will be allowed three minutes to provide comments, unless additional time is allowed by the Board.

ACTION ITEMS

There are no Action Items

INFORMATION ITEMS

The following information items do not require action by the Board and are solely for informational purposes unless a Board member, staff member or the public requests an item be held for discussion.

1 State of FPDR
2 FPDR Updates
3 Future Meeting Agenda Items
4 FPDR Summary of Expenditures
# 5 Legal Update (Executive Session)

Copies of materials supplied to the Board before the meeting, except confidential items and those referred to Executive Session, are available for review by the public on the FPDR website at www.portlandoregon.gov/fpdr or at the FPDR offices located at: 1800 SW First Avenue, Suite 450, Portland, Oregon 97201

NOTE: The City of Portland complies with all non-discrimination, Civil Rights laws including Civil Rights Title VI and ADA Title II. To request translation, interpretation, accommodation, modifications, or additional information call (503) 823-6823, or use City TTY (503) 823-6868, or Oregon Relay Service: 711, at least 48 hours before the meeting.

#denotes items will be in Executive Session pursuant to ORS 192.660(2)(h) and not open to the public
A regular meeting of the Board of Trustees of the Fire and Police Disability and Retirement Fund was called to order on the 23rd of May, 2017 at 1:04 p.m.

Board Members Present Included:

- Jason Lehman, Fire Trustee, Chair Pro Tempore
- Justin Delaney, Citizen Trustee
- Catherine MacLeod, Citizen Trustee
- Brian Hunzeker, Police Trustee

Board Members Absent Were:

- Jennifer Cooperman, Mayoral Delegate

Also present were:

- Samuel Hutchison, FPDR Director
- Kimberly Mitchell, FPDR Claims Manager
- Stacy Jones, FPDR Finance Manager
- Franco Lucchin, Senior Deputy City Attorney
- Lorne Dauenhauer, FPDR Outside Legal Counsel
- Crystal Viuhkola, FPDR Police Liaison
- Alan Fershweiler, President, PFFA
- Del Stevens, President Fire Retirees Association
- Dave Short, Vice President Fire Retirees Association

Trustee Lehman called the meeting to order. A roll call of those present was taken. Trustee Lehman then asked for approval of the minutes.

**Trustee Delaney made a motion that was seconded by Trustee Hunzeker and passed by a unanimous vote of 4-0 to accept the March 21, 2017 minutes.**

<table>
<thead>
<tr>
<th>Aye</th>
<th>Trustee Delaney, Trustee Hunzeker, Trustee Lehman, Trustee MacLeod</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nay</td>
<td>None</td>
</tr>
<tr>
<td>Abstain</td>
<td>None</td>
</tr>
<tr>
<td>Absent</td>
<td>Trustee Cooperman</td>
</tr>
</tbody>
</table>

There were no General Public Comments.
Action Item No. 1 – Resolution 516 – State of Oregon, Office of Administrative Hearings/Employment
Department (OAH) Intergovernmental Agreement

Director Hutchison provided some background about Resolution 516 and explained that the Oregon Office of Administrative Hearings (OAH) hears disputed disability claims and disputed pension decisions and has been providing its services to FPDR since 2007. Director Hutchison explained that after some research, the Board in 2006 determined that there were no other organizations besides OAH to hear FPDR’s contested disability and pension claims with the qualifications required by the Charter. Director Hutchison also added that staff has intermittently done some research on this matter as well and no other organization has the experience and appellate process that compares to OAH. The last renewal of the Intergovernmental Agreement between FPDR and OAH was approved in 2013. FPDR is now at the end of that four-year agreement and staff requests the Board approve authorizing the FPDR Director to enter into another four-year agreement with OAH for a not to exceed amount of $400,000, which is the same amount as the prior agreement.

Trustee Delaney made a motion that was seconded by Trustee Hunzeker and passed by a roll call vote of 4-0 to adopt to approve Resolution 516.

<table>
<thead>
<tr>
<th>Aye</th>
<th>Trustee MacLeod, Trustee Delaney, Trustee Hunzeker, Trustee Lehman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nay</td>
<td>None</td>
</tr>
<tr>
<td>Abstain</td>
<td>None</td>
</tr>
<tr>
<td>Absent</td>
<td>Trustee Cooperman</td>
</tr>
</tbody>
</table>

Action Item No. 2 – Resolution 517 – Tax Anticipation Notes (TANs)

FPDR Financial Manager Stacy Jones explained that every year FPDR issues tax anticipation notes. Stacy went on to explain that TANs are short term bonds used to fund FPDR from July 1st which is the start of the fiscal year until property tax revenue comes in around the middle of November. Resolution 517 authorizes FPDR to issue up to $44.3 million in TANs. Stacy added that staff will continue to update and refine that number until the middle of June. Stacy also stated that in the past FPDR has benefited and earned more money from TANS, but this year FPDR may break even or have a loss as a result of City Council’s decision to discontinue investing in all corporate securities. Trustee Delaney asked what option FPDR has to invest elsewhere. Stacy replied that there were no other options because under the Charter FPDR has to deposit the funds with the City Treasurer. The Board expressed interest in conveying to City Council their concern as fiduciaries with the reduction in FPDR’s interest earnings as a result of City Council’s decision. The FPDR’s outside legal counsel, Lorne Dauenhauer, addressed the Board and stated that it would be an appropriate exercise of fiduciary responsibility to express to City Council how their decision is impacting the FPDR and that the funds are to be invested solely for the benefit of plan
participants. Director Hutchison and Stacy will strategize on how best to address this issue and will get back to the Board.

_Trustee Hunzeker made a motion that was seconded by Trustee MacLeod and passed by a roll call vote of 4-0 to approve Resolution 517._

<table>
<thead>
<tr>
<th>Aye</th>
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</thead>
<tbody>
<tr>
<td>Nay</td>
<td>None</td>
</tr>
<tr>
<td>Abstain</td>
<td>None</td>
</tr>
<tr>
<td>Absent</td>
<td>Trustee Cooperman</td>
</tr>
</tbody>
</table>

**Information Item No. 1 – Legislative Updates**

Director Hutchison provided updates to some legislative bills that could impact FPDR. Director Hutchison stated: 1) There were no bills regarding workers’ compensation this legislative term that would affect the FPDR’s disability plan; 2) There were six tax remedy bills that may have affected FPDR 1 and 2 retirement benefits, but none of those bills made it out of committee; and 3) There are two major PERS reform bills that will affect FPDR 3 members. Senate Bill 559 and 560 are both designed to help manage the cost of PERS. Both bills went to the Ways and Means Committee but no action has gone forward at this time. The intent of these bills are to lower the employee cost of PERS, which could help with FPDR’s levy and expenses.

Director Hutchison also remarked that some of these proposed changes to PERS could make FPDR employees close to retirement consider retiring earlier than planned. Forty-five percent of FPDR’s staff are retirement ready and Director Hutchison expressed concern that not only could FPDR lose a large portion of its staff but that recruiting for new employees could be hindered by a loss in benefits.

**Information Item No. 2 – FPDR Updates**

Director Hutchison explained that the City by resolution in December 2015 instituted a policy for all-gender bathroom facilities and directed that all City bureaus examine their written policies and procedures to evaluate and, if possible, replace gender specific language. FPDR has reviewed all its forms and documents and all of its forms are gender neutral. FPDR also changed its Administrative Rules to be gender neutral. No substantive changes were made but per the FPDR Administrative Rules it is being reviewed by the FPDR liaisons and the City Attorney’s office before it is finalized and printed.

Director Hutchison also mentioned that PFFA and PPCOA have filed a grievance against the City. In November, City Council passed an ordinance to change Chapter 5 of the City Charter to restore the 27 pay
[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WAS NO PORTION OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

period calculations for union represented members. The non-union represented members left out of this decision have stated they should be included. FPDR will keep the Board updated on this matter.

**Information Item No. 3 – Future Meeting Agenda Items**

Director Hutchison stated staff has no topics to discuss in July and asked the Board whether a July board meeting should be held. The Board stated they would like to keep the July meeting date on the schedule and make a decision later if there continues to be no agenda topics. Director Hutchison added that staff will present the State of FPDR at the September meeting and in November tax remedy rules will be presented and the 27 pay period rules originally introduced in November 2016 will be reintroduced.

**Information Item No. 4 – FPDR’s Summary of Expenditures**

Trustee Lehman asked Stacy if there was anything she would like to point out about the Summary of Expenditures. Stacy explained that pension expenses were high in April because a couple of times a year two pension payments are made in one month if the 1st day of the month lands on a weekend.

There being no further business, the meeting was adjourned at 2:12 p.m.

____________________________________
Samuel Hutchison
FPDR Director

/jh
State of FPDR
Fiscal Year 2016 - 2017

Fire and Police Disability and Retirement
September 26, 2017

We deliver peace of mind to our fire and police members and their survivors by providing disability and retirement benefits in a timely, compassionate and fiscally responsible manner.
What Happened This Year

- Final resolution of nearly all legal actions against the Fund and FPDR Related City grievances
- Onboarded three new trustees; created Board of Trustees Handbook and new trustee orientation program
- City Council approved Charter changes for final pay, alternate payee, tax remedy and actuarial assumptions
- Restructured the finance and disability teams
What Happened This Year

- Approved/extended: contracts for IT services and actuarial services; IA with OAH for appeal services; office lease
- Rolled out the FPDR Member Portal to all active members and retirees
- Continued equity activities to increase staff awareness and inspire diversity development
- Continued work on the FPDR Continuity of Operation Plan
Key Performance Measures

Percent of Workforce on Disability at June 30

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>2012</td>
<td>4.1%</td>
<td>4.6%</td>
<td>4.2%</td>
<td>3.4%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
Key Performance Measures

FPDR 2 Retirements & FPDR 3 Percent of Workforce

- Number of FPDR 2 retirements
- Percent of workforce FPDR 3
Key Performance Measures

FPDR Tax Levy: Measure 5 Real Market Value Rate

- Actual
- Projected at 50th Percentile
- Projected at 5th Percentile

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rate per $1,000 Value</th>
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<tbody>
<tr>
<td>2012-13</td>
<td>$1.55</td>
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<tr>
<td>2013-14</td>
<td>$1.62</td>
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<td>2014-15</td>
<td>$1.55</td>
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<tr>
<td>2015-16</td>
<td>$1.48</td>
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<tr>
<td>2016-17</td>
<td>$1.14</td>
</tr>
<tr>
<td>2017-18</td>
<td>$1.13</td>
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<td>$1.30</td>
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<td>2019-20</td>
<td>$1.37</td>
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<tr>
<td>2020-21</td>
<td>$1.21</td>
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<td>2021-22</td>
<td>$1.13</td>
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<td>$1.13</td>
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<td>2025-26</td>
<td>$1.37</td>
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<td>2027-28</td>
<td>$1.13</td>
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<td>2031-32</td>
<td>$1.37</td>
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<tr>
<td>2032-33</td>
<td>$1.21</td>
</tr>
<tr>
<td>2033-34</td>
<td>$1.13</td>
</tr>
<tr>
<td>2034-35</td>
<td>$1.37</td>
</tr>
<tr>
<td>2035-36</td>
<td>$1.21</td>
</tr>
</tbody>
</table>
Key Performance Measures

Administrative Costs as Percent of Total Budget

- FY 12-13: 1.80%
- FY 13-14: 2.20%
- FY 14-15: 1.57%
- FY 15-16: 1.61%
- FY 16-17: 1.41%
Disability Program

Number of Claims Filed

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fire</th>
<th>Police</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-13</td>
<td>144</td>
<td>169</td>
<td>313</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>175</td>
<td>168</td>
<td>343</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>167</td>
<td>193</td>
<td>360</td>
</tr>
<tr>
<td>FY 15-16</td>
<td>151</td>
<td>228</td>
<td>379</td>
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<tr>
<td>FY 16-17</td>
<td>147</td>
<td>197</td>
<td>344</td>
</tr>
</tbody>
</table>
Disability Program

Approve / Deny Rates

<table>
<thead>
<tr>
<th></th>
<th>Approved</th>
<th>Denied</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 16-17</td>
<td>91%</td>
<td>6%</td>
</tr>
<tr>
<td>FY 15-16</td>
<td>93%</td>
<td>3%</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>92%</td>
<td>7%</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>93%</td>
<td>5%</td>
</tr>
<tr>
<td>FY 12-13</td>
<td>91%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Remaining percentage represents claims that were incomplete or withdrawn by the member after filing.
Disability Program

**Approved Fire Claims in Fiscal Year 2016-17**

**Injury Cause**
- In Lifting: 23%
- Over-Exertion: 47%
- Communicable Diseases-Exposure: 7%
- Fall on Same Level: 7%
- In Pulling or Pushing: 7%
- Others: 9%

**Injury Location**
- At Scene of Fire or Call: 60%
- Precinct/Station: 22%
- Training Site: 5%
- Multiple Locations: 5%
- Others: 8%

**Body Part**
- Back: 30%
- Shoulder(s): 25%
- Knee: 16%
- Multiple Parts: 6%
- Abdomen: 6%
- Respiratory System: 6%
- Others: 8%
Disability Program

Approved Police Claims in Fiscal Year 2016-17

Injury Cause

- Assault by Human/Altercation: 47%
- Fall on Same Level: 17%
- Motor Vehicle Accidents (Injured Worker In Vehicle): 11%
- Over-Exertion: 10%
- In Pulling or Pushing: 8%
- Others: 7%

Injury Location

- At Scene of Fire or Call: 63%
- Training Site: 14%
- In Vehicle (In Transit): 8%
- Precinct/Station: 6%
- Others: 9%

Body Part

- Multiple Parts: 36%
- Back: 21%
- Finger(s): 14%
- Knee: 11%
- Shoulder(s): 9%
- Others: 9%
Disability Program

Disability Costs by Fiscal Year ($ Millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Medical</th>
<th>Time Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-13</td>
<td>$2.52</td>
<td>$3.87</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>$2.98</td>
<td>$4.16</td>
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<tr>
<td>FY 14-15</td>
<td>$2.13</td>
<td>$3.90</td>
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<td>FY 15-16</td>
<td>$2.22</td>
<td>$4.04</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>$2.85</td>
<td>$3.53</td>
</tr>
</tbody>
</table>
Medical Savings for FY 2017

- Total Billed: $4,881,598
- Total Paid: $2,776,470
- Savings: $2.1M, 43% of billed overall

Savings Breakdown

- 40%, $1.9M
  Utilization of the Oregon fee schedule
- 3%, $146,335
  Additional fee schedule reduction allowed on MHN medical providers billings
Disability Program

Days to Claim Decision by Fiscal Year

- **FY 12-13**
  - 1-30 days: 80%
  - 31 - 60 days: 10%
  - 61 - 90 days: 10%
  - Over 90 days: 0%

- **FY 13-14**
  - 1-30 days: 80%
  - 31 - 60 days: 10%
  - 61 - 90 days: 10%
  - Over 90 days: 0%

- **FY 14-15**
  - 1-30 days: 70%
  - 31 - 60 days: 20%
  - 61 - 90 days: 0%
  - Over 90 days: 0%

- **FY 15-16**
  - 1-30 days: 70%
  - 31 - 60 days: 20%
  - 61 - 90 days: 0%
  - Over 90 days: 0%

- **FY 16-17**
  - 1-30 days: 70%
  - 31 - 60 days: 20%
  - 61 - 90 days: 0%
  - Over 90 days: 0%
Medical Management

- Outreach/Hospital visit to establish direct line of communication
- Use of nurse case manager to assist in medical management of complex claim
- Collaboration with AP, NCM and member to ensure continuity of care after hospital discharge
- Home evaluation to support best possible recovery including special transportation and therapy needs
- Coordination and administration of all claims stemming from the 10/19/2016 natural gas explosion
Disability Program Highlights

Subrogation

- Notice of lien given to insurers of persons/entities responsible for the 10/19/2016 natural gas explosion

Post-Retirement Benefits (PRMB)

- Reclassified analyst position to senior analyst because of increasing complexity of PRMB claims
- Successfully defended against CMS demand that FPDR pay them $28,303 for conditional payments CMS made to service providers.
- Review of PRMB claims from participants of the Retire/Rehire program to determine if claim is FPDR’s or City Risk’s
Pension Program

Pension Counts* as of June 30 Each Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FPDR 1</th>
<th>FPDR 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-13</td>
<td>1795</td>
<td>65%</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>1776</td>
<td>66%</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>1789</td>
<td>68%</td>
</tr>
<tr>
<td>FY 15-16</td>
<td>1814</td>
<td>71%</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>1846</td>
<td>73%</td>
</tr>
</tbody>
</table>

*Members and Survivors
Service Retirements by Bureau by Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fire</th>
<th>Police</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-13</td>
<td>23</td>
<td>22</td>
<td>45</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>11</td>
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<td>26</td>
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<td>FY 14-15</td>
<td>14</td>
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<td>FY 15-16</td>
<td>26</td>
<td>31</td>
<td>57</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>19</td>
<td>38</td>
<td>57</td>
</tr>
</tbody>
</table>
Pension Program

Active Members as of June 30 Each Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FPDR 2</th>
<th>FPDR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-13</td>
<td>1,616</td>
<td>24%</td>
</tr>
<tr>
<td>FY 13-14</td>
<td>1,594</td>
<td>25%</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>1,561</td>
<td>27%</td>
</tr>
<tr>
<td>FY 15-16</td>
<td>1,546</td>
<td>31%</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>1,524</td>
<td>35%</td>
</tr>
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OPS RP Contributions are Paid on FPDR 3 Member Wages
Pension Program

Pension Costs by Fiscal Year ($ Millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Millions</th>
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<tbody>
<tr>
<td>FY 12-13</td>
<td>$99.42</td>
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<td>$103.51</td>
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<tr>
<td>FY 14-15</td>
<td>$103.36</td>
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<tr>
<td>FY 15-16</td>
<td>$107.07</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>$113.83</td>
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</tbody>
</table>

- **Pension Benefits (FPDR 1 & 2)**
- **OPSRP Contributions (FPDR 3)**
Pension Program

Number of Pension Estimates by Month

- Fire
- Police
- Linear (Fire)
- Linear (Police)
27 Pay Date Impact

✓ Average increase in pension benefit for retroactive increases was 3.1%
✓ In FY 2016-17, 62% of retirements used a 27 pay date lookback
➢ 70% of those who could choose a 27 pay date lookback did so

Labor Contract Impacts

Portland Police Association
✓ Wage increases (3% each year for three years) have increased, and will continue to increase, pension costs
✓ Retire/rehire program

Portland Fire Fighter Association
✓ No contract = no COLA for active Fire members or FPDR One Fire pensions on July 1, 2016 or July 1, 2017
✓ Has held pension costs down; when retroactive payments are issued costs will “catch up”
Enhanced Active & Retiree Participant web portal

- Phase 2 launched in February for use on all devices

PORTAL STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>Actives</th>
<th>Retirees</th>
<th>Tax Withholdings</th>
<th>Contact Information</th>
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<tr>
<td>Logons</td>
<td>183</td>
<td>281</td>
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<tr>
<td>Updates</td>
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<td>49</td>
<td>254</td>
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</tr>
</tbody>
</table>
FPDR Website Improvement

- Goal to improve user experience by providing members with quick and easy access to information
- Modify page layout and navigation
- Update content and forms
- Standardize functionality and integrate member portal

Pension Estimate Automation

- Goal to increase estimate efficiency
- Automate portions of the pension estimate calculation process
Rolled out the enhanced member portal for all active members and retirees
  - Portal is accessible through all devices
Improved disability claim timeliness
Created an affidavit process to make it simpler for retirees and other beneficiaries to continue receiving tax offset benefits
Began offering four retirement workshops per year, up from three
- Addressed the special needs of our members who were injured in the 10/19/2016 natural gas explosion
- Personally visited 11 surviving spouses after their husbands died
- Calculated and issued 27 pay date retroactive payments within weeks of Council charter amendments
- 100% accurate 1099s
- Provided 69 in-person individual retirement sessions, in addition to phone and email consultations
- Conducted courtesy calls to members on disability
Chiefs Comments
Labor Comments
Liaison Comments
Questions
As the World Turns....

So Does FPDR

Presentation to the FPDR Board of Trustees

September 26, 2017
Disclaimer

Opinions expressed in this presentation are solely my own and do not express the views or opinions of FPDR, FPDR staff, FPDR Board of Trustees or the City of Portland.

Sam Hutchison
Director
FPDR

September 26, 2017
What the FPDR Management Team Looks For

**FPDR Funding:** Anything that could impact the funding of the Plan today or in the future.

**FPDR Retirement Benefits** (FPDR One and FPDR Two): Anything that could impact FPDR One or FPDR Two pension benefits today or in the future.

**PERS Employer** (FPDR Three): Any proposed PERS changes will impact employer contributions or anything that could impact PERS pension benefits today or in the future.

**Workers’ Compensation:** Anything that could impact FPDR’s disability plan today or in the future. Also, look for trends.

**Other:** Anything else that could impact the FPDR plan, benefits or fund today or in the future.
Tax Topics
2017 Oregon Legislative Session

- Corporate Taxes
  - Gross receipts
  - Income
  - Health Care*
- Vehicle & Gas Taxes*
- Property Taxes

*Signed into Law
Property Tax Reform
2017 Legislative Session
SJR 3
SJR 201 (2016) redux

Resolution to send an Oregon Constitutional amendment to voters to modify Measure 50 (1977) to require property taxes to be assessed on real market value of property.

Should this bill or a similar bill be introduced in a future legislative session, the City of Portland Office of Government Relations and FPDR will continue to raise our concerns to Sen. Hass and the legislature.
PENSION REFORM
Many public pension systems across the country are significantly underfunded
Oregon

No legislation changing the PERS structure was passed during the 2017 legislative session

PERS investment returns were 6.9% in 2016

PERS assumed rate of return lowered from 7.5% to 7.2% which increased PERS unfunded liability by $2.2 billion to $24.2 billion
FPDR is 99.6% “Unfunded”

$3.4 Billion
Others are looking

IRS
GASB
FASB
US Dept. of Labor (ERISA)
Employee Benefits Security Administration
US Dept. of Treasury
Pension Benefit Guaranty Corp
Moody’s
ASB
Pew Research Center
US Senate Finance Committee
WORKERS COMP
Trends / Issues

Cost of prescription drugs
Medical Marijuana
Opioid use/abuse

Medicare Set Asides
CMS (Centers for Medicare & Medicaid Services)

Workers’ Comp Reform
(Various States)
Aging Workforce

<table>
<thead>
<tr>
<th></th>
<th>FPDR</th>
<th>OPSRP</th>
</tr>
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<tbody>
<tr>
<td>Retirement Age</td>
<td>55</td>
<td>60</td>
</tr>
<tr>
<td>With 25 Years of Service</td>
<td>50</td>
<td>53</td>
</tr>
<tr>
<td>Reduced Benefits*</td>
<td>---</td>
<td>50</td>
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</table>

*8% reduction per year
THE CHANGING LOOK OF FPDR
<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tbody>
<tr>
<td>No. of Retirees</td>
<td>1,495</td>
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<tr>
<td>No. of active FPDR Two members</td>
<td>989</td>
</tr>
<tr>
<td>No. of active FPDR Three members</td>
<td>535</td>
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</table>
2024

No. of active FPDR Two members 675
No. of active FPDR Three members 925

• Active FPDR Three members will hold many officer and management positions in the Police and Fire Bureaus and in their unions. They may hold one or both of the elected FPDR Board of Trustees positions.
No. of FPDR One & Two Retirees 1,900
No. of active FPDR Two members 150
No. of active FPDR Three members 1,450

- See the first FPDR Three (OPSRP) retirees
- Active FPDR Three members will hold all officer and management positions in their unions and in the Police and Fire Bureaus. They will hold both of the elected FPDR Board of Trustees positions.
- Total annual FPDR pension payments will start decreasing.
Why is all this important?

Taxes

Pension Reform

Workers Comp

Changing Look of FPDR

Other
FY 2016-17 Budget to Actual YTD by Month

**Amounts**

<table>
<thead>
<tr>
<th>Mid Level Classification</th>
<th>Detail Classification</th>
<th>Month</th>
<th>Current Bud.</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
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<tbody>
<tr>
<td><strong>Fund Level Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Contingency</td>
<td></td>
<td>$7,668,111</td>
<td>$3,894</td>
<td>$14,060</td>
<td>$6,666</td>
<td>$672</td>
<td>$100</td>
<td>$90</td>
<td>$102</td>
<td>$23,984</td>
<td>$29,315</td>
<td>$29,315</td>
<td>$1,060</td>
<td>$730</td>
<td>$730</td>
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<td>Debt Retirement</td>
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<td>$3,894</td>
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<td>$6,666</td>
<td>$672</td>
<td>$100</td>
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<td>$102</td>
<td>$23,984</td>
<td>$29,315</td>
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<td>$730</td>
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<td><strong>Total</strong></td>
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<td>$23,368</td>
<td>$29,461,198</td>
<td>$29,681,035</td>
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**Total Expenses for the Month**

$318,749 $10,019,365 $19,325,853 $1,866,252 $11,787,320 $10,390,093 $11,690,312 $11,602,249 $21,118,637 $715,411 $13,322,625 $52,872,981 $163,058,841
### FY 2017-18 Budget to Actual YTD

#### FY 2017-18 Budget to Actual YTD by Month

<table>
<thead>
<tr>
<th>Amounts</th>
<th>Mid Level Classification</th>
<th>Detail Classification</th>
<th>Month</th>
<th>July</th>
<th>August</th>
<th>YTD</th>
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<td>Revenues</td>
<td>Beginning fund balance</td>
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<td>$-36,231,649</td>
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<tr>
<td>Miscellaneous Sources</td>
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<td>Interfund Cash Transfer Revenues</td>
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<td>Personnel</td>
<td>Personnel</td>
<td>$2,143,014</td>
<td>$172,680</td>
<td>$166,422</td>
<td>$166,422</td>
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<tr>
<td>Personnel Total</td>
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<td>$2,143,014</td>
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<td>$166,422</td>
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<td>Externals Materials &amp; Services</td>
<td>Other Externals Materials &amp; Services</td>
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<td>FPDR 1 &amp; 2 Pension Benefits</td>
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<td>Disability &amp; Death Benefits</td>
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<td>Externals Materials &amp; Services Total</td>
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<td>Return to Work/Light Duty</td>
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<td>Internal Materials &amp; Services Total</td>
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<tr>
<td>Capital Outlay</td>
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<td>Capital Outlay Total</td>
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<td>Fund Level Expenses</td>
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<td>Interfund Cash Transfer Expenses</td>
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</tr>
</tbody>
</table>

**TOTAL EXPENSES FOR THE MONTH**

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$147,038</td>
<td>$10,595,348</td>
<td>$10,595,348</td>
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