Regular Meeting January 23, 2018 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 WERE NO PORTIONS 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 January 2018 at 1:01 p.m.

Board Members Present Included:

Jennifer Cooperman, Chairperson  
Jason Lehman, Fire Trustee  
Brian Hunzeker, Police Trustee  
Catherine MacLeod, Citizen Trustee  
Elizabeth Fouts, Citizen Trustee

Board Members Absent Were:

None

Also Present Were:

Samuel Hutchison, FPDR Director  
Kimberly Mitchell, FPDR Claims Manager  
Stacy Jones, FPDR Finance Manager  
Franco Lucchin, Senior Deputy City Attorney  
Frank Del Carlo, FPDR Fire Liaison  
Crystal Viuhkola, FPDR Police Liaison  
Nelson Hall, Attorney  
Olivia Wotman, Attorney  
Henry Groeppe, Retired Police Member  
Lorne Dauphauer, Outside Legal Counsel  
Ken McGair, Senior Deputy City Attorney  
Commissioner Dan Saltzman  
Justin Delaney, former Citizen Trustee

Trustee Cooperman called the meeting to order.

Director Hutchison extended thanks to Trustee Justin Delaney for the work Trustee Delaney has done on the Board of Trustees. Trustee Delaney started as a trustee in January 2007 and ended his term after eleven years on December 31, 2017. Director Hutchison stated that Trustee Delaney was very impassioned and committed to FPDR and the Charter and always made decisions based on what was best for FPDR and its membership. Director Hutchison stated that he was honored to present Trustee Delaney with a plaque for his dedication and service to the FPDR. Commissioner Saltzman noted that Trustee Delaney served under four Mayors and on behalf of City Council thanked Trustee Delaney for his service. Commissioner Saltzman added that FPDR is vitally
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important not only to police and firefighters but to the residents of Portland and Trustee Delaney served them well. Commissioner Saltzman added that Trustee Delaney served on the board since the 2006 reform and appreciated all the work Trustee Delaney put in.

Attorney Nelson Hall thanked Trustee Delaney and stated that Trustee Delaney’s working relationship and professionalism with Mr. Hall and others was appreciated. Mr. Hall added that Trustee Delaney’s support on the concept of timeliness and how those claims need to be handled were especially appreciated.

Trustee Delaney thanked everyone and wished Citizen Trustee Elizabeth Fouts much luck and stated that the Board was in great hands with Trustee Fouts.

Director Hutchison then introduced Citizen Trustee Elizabeth Fouts as the newest member of the Board of Trustees. Trustee Fouts has been an attorney at Standard Insurance for 10 years and has experience on both the insurance and retirement side.

Trustee Cooperman then asked for a motion to approve the minutes.

**Trustee Lehman made a motion that was seconded by Trustee Hunzeker and unanimously passed to approve the minutes of the November 28, 2017 Board meeting.**

<table>
<thead>
<tr>
<th>Aye</th>
<th>Trustee Cooperman, Trustee Fouts, Trustee Hunzeker, Trustee Lehman, Trustee MacLeod</th>
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<td>Abstain</td>
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Introductions of those in attendance at the meeting was then made.

**General Public Comments:**

There were no public comments.

**Action Item No. 1 – Adopt 2018-2019 Budget**

Stacy Jones, FPDR Finance Manager, walked the board through the 2018-19 recommended budget. Stacy started by orienting the board with FPDR’s expenses. FPDR is funded mostly by property taxes that are received in mid-November. Stacy explained that until property tax monies are received, cash flow shortfalls are handled by the issuance of tax anticipation notes (TANs). The biggest chunk of expenses is FPDR 1 and 2 pension benefits. PERS contributions that are paid for FPDR Three contributions was
the next big chunk. Stacy added that there is not a whole lot of discretionary spending and the dedicated property tax is their major funding source.

Stacy explained the biggest contributing factors for the increase in pension expenses were:

- 27 pay dates
- Pay raises
- Pool of retirees keeps growing
- FPDR 3 PERS contributions are growing and PERS contribution rates go up every other year.

Stacy also went over factors affecting the forecast:

- Funding two generations of pensions simultaneously
- RMV growth is keeping tax rate low

Stacy explained things new to the forecast (higher PERS rates, higher wage COLA, higher PFFA longevity pay) and then went over the FPDR 1 and 2 benefits and FPDR 2 retirement projections. Trustee MacLeod stated that it would be nice to know the number of retirements as a percentage of the work force.

Stacy went over the FPDR 3 contributions and stated that it is still less than 10 percent of the total budget but will grow by 22 percent next year and 183 percent over five years. Stacy also added that the FPDR budget is increasingly vulnerable to PERS contribution rate changes. In addition, disability and death benefits are less than 5 percent of the FPDR’s budget but projected to grow almost 10 percent next year with medical payments being the largest component. Administrative costs are 2.23 percent of the budget and staff’s goal is to stay under 3 percent of the budget.

Trustee Lehman asked about staff’s goal to stay under 3 percent of the budget. Stacy explained that standard has existed for a long time and thought it was the typical way it is measured. Trustee Cooperman stated that it is a standard way to look at administrative costs and that it is a measure of efficiency. Trustee Cooperman also suggested adding a line that shows FTEs in the administrative costs.

Stacy then proceeded to go over property taxes and stated they are 98 percent of FPDR resources and that the increase in property taxes is in step with expenses. However, that tax growth next year will be less than the 7 percent in fund requirements because of a higher beginning balance. Stacy added that a homeowner with a median assessed value will see an increase in their tax bill of roughly $28 next year and $165 over the entire five-year forecast period. Stacy also went over the impact of the tax rate and stated that at no point in the forecast is it expected to be higher than where they already have been.
There is a diminishing possibility that they would hit the $2.80 cap and lower rates mean they would be causing less compression.

Stacy went through other revenue sources and stated that interagency revenues are expected to drop by about 10 percent next year, but projected to recover in FY 19-20. Stacy also explained the reserve fund. It is a separate fund established by City Charter. They have not had to use it in the last five years, but they always budget for it in case it is needed for cash flow. Also, interest income is expected to grow by 37 percent next year and 116 percent over the five-year forecast because interest rates are going up and fund balance is growing.

Stacy then went over the graph showing fund balance and contingency and stated that the fund balance drop last year was a consequence of a lot unexpected things happening, i.e., lawsuit settling, 27-pay dates, 3 percent Police pay increases. This year’s budget was designed to restore that back to where they should be. In addition, Stacy stated they think they will end up at 12.2 million in fund balance to start with next year instead of the 9.8 million they were aiming for. Stacy also stated that they are setting contingency level at 7 percent as they expect next year to be a low risk year.

Trustee Hunzeker questioned the reserve fund and asked if those monies could be brought into the budget for FPDR to use. Stacy explained that if they brought the money into the operating fund, it would earn the same amount as now. They cannot invest reserve fund monies. Director Hutchison explained that even if they brought the monies into the operating fund, they would have to send it back at the end of the year due to the Charter.

Trustee Cooperman pointed out that at page 6 of the Five-Year Forecast, it notes that "robust" stock market returns may lower PERS contribution rates. However, Trustee Cooperman added that because of the rate collaring, that would probably not happen. Stacy stated that she would fix the forecast to reflect that.

**Trustee Lehman made a motion which was seconded by Trustee MacLeod and passed unanimously to adopt the 2018-2019 Recommended Budget.**

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Stacy added that there will be some minor changes before the Mayor proposes the Citywide budget. Trustee Lehman asked that the board be emailed if anything significant changes.

**Information Item No. 1 – Review of Board Handbook Update**

Director Hutchison went over the Public Records and Public Records Request sections of the Board of Trustees Handbook. Director Hutchison explained that the trustees are public officials and are therefore governed by the statutes regarding public officials. Any documents produced in their position as trustees is considered public record. Director Hutchison also stated that any emails sent to FPDR are archived and if the trustees are sending emails or texts to another trustee or third party it should be carbon copied to FPDR so it can be archived.

Trustee Fouts asked whether they should scan notes and send to FPDR. Director Hutchison will follow up with trustees on this matter.

**Information Item No. 2 – FPDR Summary of Expenditures**

There was no discussion on this Information Item.

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

There was no discussion on this Information Item.

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

Director Hutchison stated that due to spring break, the March meeting will be held on the 3rd Tuesday in March (March 20, 2018) instead of the 4th Tuesday. Also, an agenda item for the March meeting will be determining the FPDR Two benefit adjustment. Agenda items for the May meeting will be approving tax anticipation notes (TANs) and further benefit adjustment discussions, if necessary.

Trustee Lehman asked about their request to have board materials sent out two weeks prior to board meetings. Director Hutchison stated that staff will do so beginning with the March meeting.

There being no further business, the meeting was adjourned at 3:00 p.m.

Samuel Hutchison
Director