1. Agenda

2. March 20, 2018 Board of Trustees Meeting Minutes

3. Resolution No. 522 – Tax Anticipation Notes

4. Summary of Expenditures
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 – March 20, 2018 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

1 Resolution No. 522 – Tax Anticipation Notes (TANs)
   o Issue: Each year, FPDR issues TANs to maintain a positive cash balance until the receipt of November property tax revenues.
   o Expected Outcome: Board authorizes TANs sale.

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 FPDR Summary of Expenditures
2 FPDR Updates
3 Future Meeting Agenda Items

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: If you have a disability that requires any special materials services or assistance call (503) 823-6823 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
Regular meeting on March 20, 2018 of the Board of Trustees
Fire & Police Disability and 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 20th of March 2018 at 2:00 p.m.

Board Members Present Included:

Jason Lehman, Fire Trustee, Chair Pro Tempore
Catherine MacLeod, Citizen Trustee
Elizabeth Fouts, Citizen Trustee
Brian Hunzeker, Police Trustee

Board Members Absent Were:

Jennifer Cooperman, Mayor’s Designee

Also present were:

Samuel Hutchison, FPDR Director
Kimberly Mitchell, FPDR Claims Manager
Stacy Jones, FPDR Finance Manager
Franco Lucchin, Senior Deputy City Attorney
Alan Fershweiler, President, PFFA
Hank Kaplan, Attorney, Bennett Hartman Morris & Kaplan, LLP
Frank Del Carlo, FPDR Fire Liaison
Crystal Viuhkola, FPDR Police Liaison
Dave Short, Portland Retired Firefighters and Widows Association
Olivia Wotman, Attorney, Public Safety Labor Group
Henry Groepper, Portland Retired Police and Widows Association
Travis Chipman, PFFA

Trustee Lehman called the meeting to order. A roll call of those present was taken. Trustee
Lehman then asked for approval of the minutes if there were no additions or corrections.

Trustee MacLeod made a motion that was seconded by Trustee Fouts and unanimously
passed to accept the January 23, 2018 minutes.
[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WERE NO PORTIONS OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

<table>
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<tr>
<td>Abstain</td>
<td>None</td>
</tr>
<tr>
<td>Absent</td>
<td>Trustee Cooperman</td>
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</table>

Introduction of visitors in attendance at the meeting was then made. There were no general public comments.

**Action Item No. 1 – Annual Adjustment Review**

FPDR Finance Manager Stacy Jones explained that a cost of living adjustment (COLA) is a plan benefit designed to reduce the impact of purchasing power erosion on a fixed amount of money. There are two kinds of FPDR retirees: FPDR Ones and FPDR Twos. FPDR Ones are those members who mostly retired by the middle of 1991 and a COLA is required for FPDR Ones per the City Charter. The Board of Trustees has no decision to make regarding their benefit amount as they receive the percentage increase that is in step with the percentage increase in wages that an active duty police officer or fire fighter would receive. Therefore, on July 1, 2018 FPDR One Police retirees will received a 6.71% increase, which is a combination of the 3% pay raise all top step police members received on January 1, 2018 and the 3.6% wage COLA for July 1, 2018. FPDR One Fire retirees will receive a 4.64% increase effective July 1, 2018, a combination of a 1% increase in longevity pay and the 3.6% wage COLA.

Trustee MacLeod asked if the changes were anticipated in the most recent actuarial valuation. Stacy wasn’t entirely sure but stated the 1% longevity increase was not anticipated and the wage COLA was assumed to be 2.9%. The 3% pay raise for Police was known. Stacy also mentioned that all the increases were included in the budget report presented in January.

Stacy explained that FPDR Twos are those retirees who worked from 1991 and were included in hiring until 2007. Stacy noted that the Board has broad discretion over whether to give Two’s a COLA including the timing and amount, if it doesn’t exceed the COLA that PERS gives its retirees. Stacy explained the history of FPDR Two COLA and explained that the Board has historically followed PERS methodology in giving the COLA until the Legislature changed the method in July 2015 to “new PERS”. FPDR has used “modified PERS” each year since that change. Stacy then described the modified PERS method and mentioned that it is the staff recommendation because it is consistent, maintains a connection to the PERS method and avoids applying different rates.
to different benefit levels, as the new PERS method does, that were selected for a different population than FPDR.

Trustee Hunzeker asked where the $60,000 benefit level in the new PERS formula originated. Stacy explained that FPDR has done research and is unsure how the legislature arrived at that amount. Trustee MacLeod noted that she has been involved in similar kinds of pricing and wouldn’t be surprised if someone involved had proposed to target savings at a set amount as the break point to forecast for savings in the future. Trustee MacLeod acknowledged that doing so is fine for a fund that has cost problems that need to be ameliorated, but if that’s not the problem with this plan then it’s unjustified to define a benefit cap. Trustee MacLeod also commented that COLAs are a very important plan benefit for members who aren’t covered by Social Security and that if the Plan is well financed and the increases can be forecasted then FPDR should continue using modified PERS to calculate them.

Public comment:
Attorney Hank Kaplan addressed the Board on behalf of the PFFA. Attorney Kaplan provided some history and mentioned that FPDR members who were not on long term disability in 1991 were advised to opt into Tier Two. He also mentioned that in 2003 the legislative changes did away with the money match formula in the PERS pension and also created the IAP fund into which 6 percent contributions are made, but there is no such option for FPDR Two participants. Anyone hired after December 2006 became members of the OPSRP system. Attorney Kaplan also agrees that consistency is valuable and that the Board has used the PERS methodology to calculate the COLA. Attorney Kaplan stated that Stacy referenced one external consideration for deviating from the methodology that the Board has consistently used over the last few years being the possible challenge of an ETOB test. Attorney Kaplan also added that there is also one other external consideration and that is that all of the public safety union collective bargaining agreements have existing conditions clauses which would make it legally difficult for the City to change the retirement benefits without violating those existing conditions clauses and that they have since 2007 had several cases that have gone to the arbitrators that have upheld those challenges. However, if the Board accepts Stacy’s recommendation of continuing the same past practice the external challenge would not be a consideration. Attorney Kaplan urged the Board to adhere to the same methodology and use modified PERS to calculate the COLA.

Trustee MacLeod said that she was comfortable with the recommendation and supports it but did think that over time as the percentage of Tier Two retirees with more service post 2013 becomes greater, their COLA is going to be reduced and that staff be mindful of that in the future.
and think about whether a recommendation in excess of 1.25 percent, but less than the maximum of 2 percent be something to be concerned about.

Trustee Fouts asked if FPDR Twos are eligible to participate in the 457(b) plan. Stacy said they are eligible but it’s not required and there is no employee matching.

Trustee Hunzeker asked if FPDR could start developing a plan to adjust the method before those members retire. Stacy said FPDR could start looking at when that impact will happen but cautioned that the present Board can’t bind future Board’s decisions.

**Trustee Hunzeker made a motion which was seconded by Trustee MacLeod and unanimously passed to apply the modified PERS COLA formula for the next 12-month period effective July 1.**

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

The Board thanked Stacy for the presentation before moving on to the information items.

**Information Item No. 1 – FPDR Summary of Expenditures**

Stacy explained that since the Board meeting was early this month there are some items that aren’t included on the YTD spending. The retroactive PFFA contract COLA payments were paid in February for pensions totaling approximately $250,000 and there will be an additional cost of approximately $300,000 paid for the disability and PERS contribution retroactive COLA payments as well. This expenditure report also doesn’t reflect the 2nd quarter PERS contributions made for active Police and Fire members. FPDR is expecting to spend more than normal on capital due to the database pension estimate automation project, PERS contributions were higher than expected because of a large uptick in hiring, and personnel costs are higher than expected because of unanticipated wage increases from the DCTU contract negotiations for FPDR’s four represented employees. Disability benefits are under budget and the pension budget is at its projected level.
[THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WERE NO PORTIONS OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.]

**Information Item No. 2 – Updates**

Director Hutchison said that the PFFA retroactive payments are the biggest update and that Stacy had mentioned them earlier during the adjustment presentation.

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

Director Hutchison stated that May’s meeting will include a presentation from Stacy regarding tax anticipation notes.

There being no further business, the meeting was adjourned at 3:04 pm.

________________________________________

Samuel Hutchison, Director

/jh
RESOLUTION NO. 522

WHEREAS, nearly all of the revenues required to fund the benefit and administrative expenses of the Fire and Police Disability and Retirement (FPDR) Fund derive from the FPDR property tax levy; and

WHEREAS, there will be insufficient cash balance in the FPDR Fund and FPDR Reserve Fund to discharge benefit and administrative expenses between August 1, 2018 and November 30, 2018, when the majority of property tax revenues will be received; and

WHEREAS, pursuant to Section 5-202(e) of Chapter 5 of the Charter of the City of Portland, the Board of Trustees is empowered to purchase bonds; and

WHEREAS, the Debt Management Division of the Bureau of Revenue and Financial Services of the City of Portland has the expertise and authority to issue bonds on behalf of City bureaus, including the FPDR;

NOW, THEREFORE, BE IT RESOLVED that the FPDR is authorized to issue tax anticipation notes, by and through the City of Portland’s Debt Management Division, in an amount not to exceed $57,700,000 and to be repaid prior to June 30, 2019, in order to meet the obligations of the FPDR Board of Trustees.

ADOPTED by the Board of Trustees at its regular meeting on May 22, 2018.

_________________________________________________________________________
Samuel Hutchison
Director
## FY 2017-18 Budget to Actual YTD

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

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**TOTAL EXPENSES FOR THE MONTH**

| Amount($) | | | | | | | | | | $147,038 | $10,595,348 | $20,336,940 | $2,189,877 | $12,282,511 | $10,713,300 | $10,784,798 | $12,690,593 | $23,118,371 | $813,131 | $103,671,906 |