

PROPOSED MINUTES – Not yet approved by the Board

Regular meeting on May 22, 2018 of the Board of Trustees
Fire & Police Disability and Retirement Fund
Page 1 of 4
Minutes – Summary

PUBLIC SESSION

[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 22nd of May at 1:00 p.m.

Board Members Present Included:

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

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
Olivia Wotman, Attorney, Public Safety Labor Group
Henry Groepper, Portland Retired Police and Widows Association
Lorne Dauenhauer, Outside Legal Counsel

Trustee Cooperman called the meeting to order. Introductions of those in attendance at the meeting was made. Trustee Cooperman then asked for approval of the minutes if there were no corrections or additions.

Trustee Lehman made a motion that was seconded by Trustee MacLeod and unanimously passed to approve the March 20, 2018 minutes.

<i>Aye</i>	<i>Trustee Cooperman, Trustee Fouts, Trustee Hunzeker, Trustee Lehman, Trustee MacLeod</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>None</i>

There were no general public comments.

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Page 2 of 4
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Action Item No. 1 – Resolution No. 522 – Tax Anticipation Notes

Financial Manager Stacy Jones first provided the Board with a budget update. Stacy stated that when the Board approved the FPDR budget in January they asked staff to notify them of any significant changes made by City Council to the City's budget that would affect FPDR's budget. Stacy added that they did have a significant change in that Council approved a budget that added 49 new police officer positions and 1 new firefighter position. Therefore, FPDR added \$307,000 to its budget to account for the PERS contributions of those new hires who will all be FPDR Three members. However, Stacy added that sum takes into account the fact that FPDR would not need to pay PERS contributions for the first six months of hire and that the new hires would not all be starting their employment on July 1, 2018. The full year cost of that many positions once they reached top step, but at the current PERS rates, would be \$1.125 million. Stacy stated that staff is budgeting for the \$307,000, which should get FPDR through next year. Stacy also stated that staff offset some of that new expense with a reduction in General Fund overhead and explained that the City had grabbed the wrong metrics for FPDR causing a lower charge than what the Board approved in January.

Stacy then went on to explain that Resolution 522 is for the Board to approve the issuance of tax anticipation notes or TANs. Stacy explained that TANs are short term bonds used to fund FPDR from July 1 until property tax revenues start coming in around mid-November. Stacy stated that every year staff gets the approval from the Board and then they ask City Council to authorize the issuance. The TANs amount requested is the full budgeted amount of \$57.7, although FPDR has almost never needed the fully budgeted amount. Staff's best guess is FPDR will need \$36.2 million, but staff will continue to update and refine that number.

Stacy also reminded the Board that they have a reserve fund as well that is available if needed. Stacy also went over the interest rate spread and explained the difference between the interest rate they pay on TANs and the interest rate they earn when proceeds are invested in the City Treasury pool which historically has been positive and has been between a third and a half percent. However, Stacy explained that may change because City Treasury has had to lower their earnings expectations in response to City Council's decision not to invest in corporate bonds any more. Stacy added that staff is keeping an eye on that and will keep updating the Board on this issue.

Stacy then stated that the Resolution may need amendment in the third paragraph. The paragraph states that the Board is empowered to "purchase" bonds. However, it should state that the Board is empowered to "issue" bonds.

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Regular meeting on May 22, 2018 of the Board of Trustees
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Page 3 of 4
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Trustee Fouts made a motion which was seconded by Trustee MacLeod and unanimously passed to amend paragraph 3 of Resolution No. 522 to change the word “purchase” to “issue”.

<i>Aye</i>	<i>Trustee Cooperman, Trustee Fouts, Trustee Hunzeker, Trustee Lehman and Trustee MacLeod</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>None</i>

Trustee Hunzeker made a motion which was seconded by Trustee Lehman and unanimously passed to approve Resolution No. 522 as amended.

<i>Aye</i>	<i>Trustee Cooperman, Trustee Fouts, Trustee Hunzeker, Trustee Lehman and Trustee MacLeod</i>
<i>Nay</i>	<i>None</i>
<i>Abstain</i>	<i>None</i>
<i>Absent</i>	<i>None</i>

Information Item No. 1 – FPDR Summary of Expenditures

Stacy Jones went over the Summary of Expenditures. Stacy explained that staff is tracking disability as they have had fewer people on short term disability than in the past and they will be under budget in that category. Stacy also stated that in the summary it looks like they are underspending in internal materials and services, but that is due to a billing delay. Staff did not have the Fire Bureau’s billing when they closed out the account.

Trustee Hunzeker stated that within the last ten years the City and unions have negotiated proactive health initiatives which Trustee Hunzeker felt has a positive effect on retirement and disability issues. Trustee Hunzeker asked if the FPDR had any contacts or whether they can reach out to other retirement boards that would have a similar characteristic for knowledge that proactive health initiatives are actually reducing disability costs.

Director Hutchison stated that there are a lot of studies about how wellness and health programs benefit people but they are very mixed and it is hard to measure. However, staff will be tracking the FPDR disability and going over it to try and look for trends. Director Hutchison also stated that

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Page 4 of 4
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he and Disability Manager Kim Mitchell will be discussing this issue further and will bring something back to the board.

Trustee Fouts would also be interested in learning more about the volatility of the short-term disability numbers and how long a time they can look at that to get the board some meaningful data. Trustee MacLeod added that it may be difficult to prove the negative or the non-existence of something, but it is still an exercise worth doing. Trustee MacLeod also stated that the longer the period that is considered, people can look at the trend and draw their own conclusion. Trustee Cooperman stated they will look forward to staff bringing something back to the board at the next meeting.

Information Item No. 2 – Updates

There was no discussion on this item.

Information Item No. 3 – Future Meeting Agenda Items

Director Hutchison stated that staff had no scheduled topics for July and will reach out to the Board at the end of June to determine whether a July board meeting will be needed. The September board meeting will consist of the State of FPDR and staff will also be presenting the board with some administrative rules. Director Hutchison explained that there were no substantive changes to the administrative rules that will be proposed, but rather clarification and clean up. Director Hutchison added that a public Q&A session will be scheduled in mid-August to take any comments on the proposed administrative rules.

There being no further business, the meeting was adjourned at 1:28 pm.

Samuel Hutchison, Director

/kk