Regular meeting on September 25, 2018 of the Board of Trustees  
Fire & Police Disability and Retirement Fund  
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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 25th day of September 2018 at 1:00 p.m.

Board Members Present Included:

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

Board Members Absent Were:

Brian Hunzeker, Police Trustee

Also present were:

Samuel Hutchison, FPDR Director  
Kimberly Mitchell, FPDR Claims Manager  
Stacy Jones, FPDR Finance Manager  
Sheri Miller, FPDR Sr. Business Systems Analyst  
Julie Barber, FPDR Sr. Claims Analyst  
Franco Lucchin, Senior Deputy City Attorney  
Nelson Hall, Attorney, Bennett Hartman Morris & Kaplan  
Olivia Wotman, Attorney, Public Safety Labor Group  
Chief Mike Myers, Chief, Portland Fire & Rescue  
Alan Ferschweiler, President PFFA  
Craig Morgan, President PPCOA  
Frank Del Carlo, FPDR Fire Liaison  
Crystal Viuhkola, FPDR Police Liaison  
Lorne Dauenhauer, FPDR Outside Legal Counsel  
Gerald McBurney, Retired Police Officer  
Allen Freauff, President, Portland Retired Police and Widows Association  
Henry Groepper, Portland Retired Police and Widows Association

Trustee Cooperman called the meeting to order and asked for approval of the minutes.
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Trustee MacLeod made a motion that was seconded by Trustee Fouts and unanimously passed to approve the May 22, 2018 minutes.

<table>
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<tr>
<th>Aye</th>
<th>Trustee Cooperman, Trustee Fouts, Trustee Lehman, Trustee MacLeod</th>
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<td>Nay</td>
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<td>Abstain</td>
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<td>Absent</td>
<td>Trustee Hunzeker</td>
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Introductions of those present at the meeting was then made. There were no general public comments.

**Action Item No. 1 – Resolution No. 523 – Administrative Rule Amendment to Sections 5.3 and 5.7**

Director Hutchison presented Resolution No. 523 which would amend Sections 5.3 and 5.7 of the Administrative Rules and stated that the amendments are housekeeping amendments. The first amendment was to grammatically correct Section 5.7.12(C)(1)(d). The second amendment was to correctly number a section in Section 5.7.14(B). The final amendment was to Section 5.3.09 which clarified public records requests and brings the FPDR up to speed on the City of Portland’s public records requests process. Director Hutchison stated that in the old public records request process requesters who wanted records from FPDR would write to the FPDR Director. However, now all requests must be submitted through the City of Portland’s public records system.

Trustee Lehman made a motion which was seconded by Trustee MacLeod and unanimously passed to adopt Resolution No. 523.

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<th>Aye</th>
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Director Hutchison notified the Board that while the last Information Item of the agenda was stated as an Executive Session, that agenda item will be conducted in public session unless the Board needs to go into Executive Session.
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Minutes – Summary

THE FOLLOWING SUMMARIZED MINUTES WERE CONDUCTED IN PUBLIC SESSION. THERE WERE NO PORTIONS OF THE MINUTES THAT WERE IN EXECUTIVE SESSION.

Information Item No. 1 – State of FPDR

Director Hutchison began the presentation of the annual State of FPDR and went over some of the significant things that happened last year:

1) Implementation of the new PFFA contract. Because it went back to 2016, FPDR issued $284,705 in retroactive benefit payments as a result of the pay changes, which was done effectively and quickly.
2) A new citizen trustee (Elizabeth Fouts) was appointed to the board to replace retiring citizen trustee Justin Delaney.
3) The Board contract with outside legal counsel, Lorne Dauenhauer, was extended.
4) Recovered $330,622 from third parties on all eligible claims as a result of the October 2016 gas explosion.

Director Hutchison went on to explain what is happening this year and stated that FPDR was:

1) Participating in the website refresh project with the City of Portland.
2) Working on security upgrades of the FPDR office.
3) Phase Two of the pension estimate automation process.
4) Updating plan valuation and tax levy adequacy analysis.
5) Creating injured worker packets for members receiving post-retirement medical benefits.
6) Reviewing all injured workers packets to enhance or improve quality and communication with member.

Trustee Cooperman asked when the final phase of the pension estimate automation process would be complete. Sheri Miller stated that it would be completed in 2019. Trustee Cooperman asked if that would mean a member can input data into the system and do their own estimate. Stacy Jones explained that FPDR currently does have an online estimate, but it is not as accurate as they like it to be. In addition, Stacy stated that because members ask for different scenarios and have different pay types, it is better to have an analyst get their hands on it to produce an accurate estimate. Stacy added that a lot of man hours are spent on the pension estimate process and they hope to shorten that time by automating some of it. In response to Trustee MacLeod’s questions regarding retirement workshops, Stacy replied that FPDR offers four workshops a year and they are always full. Stacy added that the next workshop is in October. The workshops are videotaped and presentations can be found online at the FPDR website and at the Fire Bureau. Liaisons also do a good job in getting members to go to the workshops.
Director Hutchison then went over key performance measures and explained that:

1) There are fewer people on disability. Fifteen years ago, the number of people on disability was 7-9 percent of the workforce as compared to 3.5 percent during this last fiscal year. Staff expects it to stay level at about the 3.5 percent area.

2) FPDR Three members are a growing percent of the workforce as FPDR Two members retire. Forty percent of active firefighters and police officers are now FPDR Three members.

3) The maximum amount that FPDR can levy is $2.80 and even at a worst-case scenario, it is projected that FPDR will stay below the maximum tax levy. The FPDR’s actuaries will provide an update to the Board at the January board meeting.

Stacy Jones went over administrative costs and stated that administrative costs as a percent of the total budget has been steady at 1.5 percent zone. Stacy explained that there was a spike in costs in FY 13/14, which is when they settled the tax overpayment lawsuit. Stacy looked at a different measure of administrative costs as operating budget per plan participant and stated that FPDR is spending about $600 per plan participant. In FY 17/18 administrative spending grew 2.02 percent and the year before that it grew 1.24 percent and the year before that it declined 2.62 percent, so we can also say administrative costs are not growing as quickly as inflation. Stacy also added it is very hard to benchmark this because the FPDR is both a pension plan and disability plan.

Stacy then explained that the pension population has grown over the last five years and that more people are retiring than dying. Pension costs are increasing because both direct pension benefits and PERS contribution expenses are going up. The main driver is that FPDR is funding two generations of pensions simultaneously.

Director Hutchison went over wellness programs and the impact on FPDR disability claims. Director Hutchison stated that FPDR’s challenge with wellness programs is whether it is really helping. Director Hutchison stated that he searched for academic studies and some citations and found that there was little effect on employer costs and most programs do not give instantaneous results. Trustee Lehman asked Director Hutchison to email him the studies that were looked at. Director Hutchison added that there was no proof that the City of Portland wellness programs have had any impact on FPDR claims as there is no concrete data.
Trustee Cooperman stated that it appears a study has not yet been developed to ask the kind of questions FPDR is looking for and from what Director Hutchison described about the City’s interest it is hard to say there is a correlation where there is no data and because the City is not tracking that data. Trustee Cooperman added that in the City’s case, the goal was to reduce medical premiums and be a more attractive employer and it is hard to measure what the outcome would be if they have not done a controlled experiment. Trustee Cooperman also stated that they may have to have this discussion in five or ten years when they can see the long-term benefits.

Kim Mitchell spoke about disability claims and stated that the number of claims filed in FY 17/18 declined and disability costs continue to decline. Kim explained that in FY 17/18, 89 percent of claims filed were approved and 6 percent were denied. Kim added that the remaining percentage represents claims that were incomplete or withdrawn. Kim then went over injury causes and the number of injuries.

Trustee Cooperman stated there is a lot of data and it would be interesting to look at trends over time instead of a snapshot in time. Trustee MacLeod stated in years where they have a number of claims or a number of pensioners per year, it would be helpful to get the number of active people as well so the Board can get a sense of whether the number itself was for a static population or if the population was increasing but the claims were level, then it’s actually an improvement.

Kim continued with discussion on the time loss components and the number of days to a claim decision. Kim explained the medical savings for FY 2018 and stated that there was a savings of $2.2 million. Trustee Cooperman stated that it would be interesting to look at medical savings over time.

Director Hutchison stated that FPDR strives to offer excellent service and are constantly striving to do better. Sheri Miller went over online services and stated that they rolled out the enhanced member portal and have 775 members with a portal account. Sheri went on to say that 98.8 percent of FPDR’s pension beneficiaries receive their benefit checks via direct deposit and 36 percent of FPDR’s pension beneficiaries are completely paperless. Sheri also stated that FPDR provides individual assistance in setting up members’ online portal accounts.

Comments:
Chief Myer addressed the Board and stated that nothing is more important to him than the condition of his firefighters and staff. Chief Myer stated that the FPDR presentation stated that there was no correlation between wellness programs and workers’ compensation claims incidences and Chief
Myer disagreed with that. Chief Myer went over the physicals instituted while he was a Fire Chief in Las Vegas and stated that while their expenses went up in the first year, they were able to detect cancers early and turn individuals around from heart attacks. Chief Myer stated that if they did not have that program in L.A. they would have never known of some of those conditions. Chief Myer stated that he can bring back dozens of reports if needed. Chief Myer added that physicals are not mandatory in Portland but will work to make it mandatory. Chief Myer also stated that he believes the physicals would help and has a goal of 0 firefighter casualties.

Alan Ferschweiler then addressed the Board and stated that after being hired in 2001 they started a wellness program at OHSU. Alan went on to say that under that program they had members who had stents placed and got one or two cancers diagnosed. Alan stated that they are looking at full implementation of 1582 physicals and that larger cities like Seattle and San Francisco have done them and they are seeing a good return on them. Alan stated that he will get those reports to Director Hutchison.

Alan also brought up COLA and stated that his organization hears from retirees that after five years COLA is very different. Alan also stated that something very concerning for their active members is that as the legislature looks at changing the IAP program, they are seeing an even more difficult chance of being able to retire. Alan also raised concern about members struggling with mental health. Alan thanked the staff for its professionalism and good work. Quick claim decisions are also very important. Also, with regards to cancer, cancer in the fire service has been prevalent and House Resolution 931 was passed by the federal legislature and that tracks cancer cases that they do have, and the State of Oregon is starting to comply with it.

Trustee MacLeod noted that Chief Myer and Alan Ferschweiler were very passionate about wellness and prevention efforts. However, Trustee MacLeod stated it can be difficult to understand what is medical screening and what is wellness, but applauds the efforts and asked what the Board can do. Alan Ferschweiler replied that part of the wellness program at the Fire Bureau is that they must go through a physical agility test every year which is a part of their wellness program. Alan added that in the past the Board had been a part of being active in programs reducing member injuries.

Director Hutchison stated that the challenge that they have at FPDR is not that they don’t want to participate in the different programs, it’s that the mission of the FPDR is laid out in the Charter and it is a very narrow mission. Trustee Cooperman stated that they could be narrow in scope or broad and look at it on a citywide basis and citywide, the whole City benefits financially and
physically if firefighters are healthy and they are minimizing the financial impact to the City overall as a taxpayer. So, while FPDR might not be able to pay for some of the things being asked for, the FPDR could present the financial impact it in words recommending that the City General Fund could pay for those things knowing that the taxpayers will benefit overall. Trustee Lehman stated that while they all recognize the Charter has a high standard regarding stress claims, maybe they should think about changing that standard. Trustee MacLeod asked that the discussion continue in the future.

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

Stacy Jones went over the expenditure report and stated that they did under collect on property taxes but there was no impact to their programs and they have a healthy fund contingency.

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

Director Hutchison advised the Board about:
1) Death of long-term employee, Julia Towne.
2) Upcoming trustee election for Police/Fire trustee positions held by Trustee Hunzeker and Trustee Lehman.
3) Update on Souders overpayment collection.

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

Director Hutchison stated that the following are future agenda items:
1) November agenda – Opioid Study results
2) November agenda – Financial Audit Report
3) 2019 Board schedule
4) January agenda – FPDR Budget
5) January agenda – Milliman Actuarial Valuation Report

**Information Item No. 5 – Legal Update**

Franco Lucchin updated the Board on the Gymkowski case and stated that the State court dismissed the case and all motions between the City and State. In addition, the time for filing an appeal has passed so the case is now concluded.
There being no further business, the meeting was adjourned at 3:14 pm.

Samuel Hutchison, Director