City of Portland Bureau of Fire and Police Disability and Retirement
Agenda for Regular Meeting – Board of Trustees
Tuesday, May 25, 2021 – 1:00 p.m.

Please note, City Hall is closed to the public due to the COVID-19 Pandemic. Under Portland City Code and state law, the Board of Trustees is holding this meeting electronically. All members of the board are attending remotely. The meeting is available to the public on the City's eGov PDX channel on YouTube, Channel 30, and www.portlandoregon.gov/video

The FPDR is taking these steps as a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications. Thank you for your patience, flexibility and understanding as we manage through this difficult situation to do the FPDR's business.

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 16, 2021 Meeting

2 Introduction of New Board Member

INTRODUCTION OF VISITORS

PUBLIC COMMENT PERIOD

Public comments will be heard by electronic communication (internet connection or telephone). If you wish to sign up for public comment, please register at the following link: https://zoom.us/webinar/register/WN_UUstGxUSTvaK1K-oZnuLNQ *You will be asked to provide your name, phone number, email address, agenda item number(s) you wish to provide comment on and zip code. After registering, you will receive a confirmation email containing information about joining the electronic/virtual meeting. Individuals will have three minutes to provide public comment unless otherwise stated at the meeting.* ***The deadline to sign up for the May 25, 2021 electronic board meeting is Monday, May 24, 2021 at 3:00 p.m. Individuals can also provide written testimony to the Board by emailing the FPDR Director Sam Hutchison at sam.hutchison@portlandoregon.gov by May 21, 2021.***

ACTION ITEMS

1 Annual Adjustment Review
   - Issue: What shall be the FPDR Two 2021 benefit adjustment? This matter was deferred from the March 16th Board meeting.
   - Expected Outcome: Board determines FPDR Two 2021 benefit adjustment.

2 Resolution No. 534 – Tax Anticipation Notes (TANs)
   - Issue: Each year, FPDR issues TANs to maintain a positive cash balance until the receipt of November property tax revenues.
   - Expected Outcome: Board authorizes TANs sale.

3 Resolution No. 535 – State of Oregon, Office of Administrative Hearings/Employment Department (OAH) Intergovernmental Agreement
   - Issue: OAH agreement will expire on June 30, 2021. OAH has the expertise to conduct hearings on disputed disability/pension claims and appellate reviews pursuant to the Charter.
   - Expected Outcome: Board adopts resolution authorizing FPDR Director to enter into a four-year agreement with OAH.

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 Mayor's Proposed Budget

3 Legislative Updates

4 FPDR Updates

5 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

[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 16th day of March 2021 at 1:04 p.m. As a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing, the meeting was held remotely via a Zoom webinar platform.

Board Members Present Included:

Josh Harwood, Chairperson
Jason Lehman, Fire Trustee
Catherine MacLeod, Citizen Trustee

Board Members Absent:

Brian Hunzeker, Police Trustee

Also present were:

Sam Hutchison, FPDR Director
Kimberly Mitchell, FPDR Claims Manager
Stacy Jones, FPDR Finance and Pension Manager
Julie Crisp, FPDR Business Systems Analyst
Julie Hall, FPDR Office Support Specialist
Franco A. Lucchin, Sr. Deputy City Attorney
Lorne Dauenhauer, Outside Legal Counsel
Rick Nixon, Bureau of Technology Services
Chris Rhoads, OpenSignal Pdx
Don Porth, President, Retired Firefighters and Widows Association

Chair Harwood called the meeting to order and asked for approval of the minutes.

Trustee MacLeod made a motion that was seconded by Trustee Lehman and unanimously passed to approve the January 26, 2021 minutes.

Aye	*Trustee Harwood, Trustee Lehman, Trustee MacLeod*
Nay	*None*
Abstain	*None*

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There were no General Public Comments.

Action Item No. 1 – Annual Adjustment Review

Stacy Jones, FPDR Finance and Pension Manager (Stacy) explained that they will be talking about pension cost-of-living-adjustment (COLA) for the upcoming fiscal year and started by going over the board's authority. Stacy explained that there are two kinds of beneficiaries:

- FPDR One whose COLA is a percent of Active Duty Fire or Police Officer pay. The board does not determine FPDR One COLA. FPDR One adjustments are driven by the union contracts and their pensions adjust automatically on July 1. Stacy stated that what they know right now is that the current firefighter contract calls for a 1.6 percent COLA. For police, their current letter of agreement includes last year's delayed COLA of 2.9 percent. So, FPDR One Police members will receive a 2.9 percent COLA and whether they will get an additional second adjustment for the current year is unknown because of ongoing labor contract negotiations. Staff is therefore planning on 1.6 percent for FPDR One Fire members and 2.9 percent for FPDR One Police members.

- FPDR Two who are members who have been retired since 1990. The board decides the FPDR Two COLA with a single limitation that they cannot approve a COLA greater than the percentage rate applied by PERS. The maximum is 2 percent.

Stacy explained what the board has done in the past and went over the different COLA methods that the Board and PERS have used. Stacy went over the range of the COLA and the method used. Before providing the board with options Stacy addressed some things for the board to consider.

Stacy went over purchasing power maintenance and explained that is the reason COLA exists, to help maintain purchasing power. Stacy also explained that COLA is paid with FPDR's property tax levy and a higher COLA means larger increases in property tax for taxpayers. Stacy pointed out the economic and political setting and asked where do they expect inflation to be over the next few years, what is the financial hardship either to retirees or taxpayers funding those benefits, what are others doing and how comparable is FPDR to other pension plans or other organizations. And, the last thing to consider was that there is no cost-of-living for FPDR Two members written in the Plan. It is up to the board every year, which makes it impossible to say

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how much COLA's will cost taxpayers or benefit retirees over the long-haul because they can never know what a future board will do. Stacy added that is a little unfortunate because COLA's are an incremental compounding benefit and it falls into a class of financial decision making that needs to be analyzed over a long stretch of time to think through the impacts, both the costs and the benefits. However, the difference in cost and benefit to the retiree of any approach in one year is pretty negligible, but the differences are pretty substantial over a 30-year time period to both the retirees and taxpayers in terms of cost to the Fund. Stacy stated that given that they cannot know what a future board will do, it is important for the trustees to think about whether their decision is part of a long term approach or a one-year decision in response to the circumstances of the year.

If all they were doing is making a decision for next year, Chair Harwood asked how would they make a decision of what can be changed next year and the year after that? Stacy replied that one thing would be they can assume they are the board for the next however many years and if they agree on an approach that they want to use while you are the board and say "this is the approach we want in the long run and we as a board adopt this and encourage future board's to do the same", future board's don't usually break precedence. That would sort of bind this board and carries weight with future boards. Stacy added that alternatively, if the board does not want a systematic approach, but there are year's where you want to break from it, then to be really explicit, i.e., like the year the board gave two percent to everyone, it was for that year only and not a long-haul thing. Stacy also stated that it is always within the board's purview to say they recommend a certain COLA approach be built into the Charter.

Trustee MacLeod felt that Stacy stated pretty well with what Trustee MacLeod's intention was and that they would like to have a logical concept of what they think is equitable and appropriate for the time that they are on the board, collectively or individually, and there may be individual years where economic circumstances are such that they feel like breaking from that temporarily and seems to be warranted but they do not want to be considering that change to be a precedent for future years and that is Trustee MacLeod's understanding of what feels logical. Trustee Lehman agreed and stated one thing that's missing from the conversation is a lot of the facts. Trustee Lehman stated that some of the stuff ends up being emotional and noted having all kinds of information on this that leads Trustee Lehman to believe they should do the 2 percent every year because there is so much background which Trustee Lehman can go over and will before they are done with this. But to try to think they are going to make a good decision today with the just the information that has been presented to the board is not a good idea. Trustee Lehman felt

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they need more information from all sides that lets them make a good decision on why they are deciding to do whatever it is they decide. If they decide "hey, this looks like a good idea, as a board let's do this moving forward", and then set a precedence that maybe will be carried on by future boards. Trustee Lehman felt they have not sat down as a group and studied this issue. Trustee MacLeod wanted to hear the rest of Stacy's presentation and then if the board wanted to get more information or vote on the matter, they can do so.

Trustee MacLeod asked if staff has continued the process of a carryover with a bank to which Stacy replied that they have but it has not mattered because inflation was over 2 percent. Trustee MacLeod asked what inflation was in 2018 and 2019. Chair Harwood stated that it has basically been between 1 and 3 percent for the last almost decade, and probably averages close to 2 percent.

Stacy went on to explain some of the options and stated that board can do anything between nothing and 2 percent. Stacy stated that the board chose the maximum option in 2019 and to Stacy's knowledge the board has never used the nothing option. Stacy added that the board has also never used the inflation option, although inflation is always discussed in the context of COLA. The inflation option for 2020 is 1.74 percent but in most years, it is more than 2 percent, so the board has never used it. There is also the Old PERS option and for 2021 what it would look like is 2 percent for everyone except the current retirees who would get 1.74 percent because they do not have any carryover bank.

Some of the other options are:

- New PERS (which is what PERS is doing right now) - 2 percent on service before October 1, 2013, except for the current year with no carryover and after October 1, 2013, it was a blend between 1.25% and 0.15%. For current year retirees – range would be 1.44 percent to 2 percent depending on both service timing and benefit amounts (percent of their benefit that is above $60,000 a year).

- Modified PERS One is the same as New PERS but there is no different rate for the benefit amount above $60,000. Everyone who retired before October 1, 2013 would get 2 percent; 1.25 percent after. For current year retirees range would be 1.56 percent to 2 percent depending on service timing.

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- Modified PERS Two (option used by the board last year) was 2 percent for everyone who retired before October 1, 2013; 1.75 percent after. For current year retirees range would be 1.74 percent – 2 percent depending on service timing.

Stacy compared the three methods and explained that three quarters of FPDR 2 beneficiaries will receive a 2 percent COLA under all three methods. Stacy stated that they are really only looking at the current year retirees who will get an even lower COLA under all three methods because inflation is less than 2 percent and they do not have any carryover built up. Stacy added that the board can do away with the carryover concept and give 2 percent to all for service before October 1, 2013. Stacy went on to explain that New PERS has an even lower COLA for those with benefits over $60,000 and 85 percent of FPDR 2 retirees have benefits over $60,000.

Stacy then went over a slide showing purchasing power maintenance examples and stated that if a retiree received a 2 percent COLA for 30 years, they would have 93 percent purchasing power maintenance. Stacy also stated that after their last Experience Study, the new long-term inflation assumption that was adopted is 2.25 percent. Stacy explained the cost to the Fund and stated that the COLA is funded from the tax levy. Stacy also stated that the board was making a was a one-year decision and the most expensive option is 2 percent for all and the least expensive is inflation for all. With the last slide Stacy provided examples using three retirees against the five different options.

<u>Public Comment</u>:
Don Porth, President of the Retired Firefighters and Widows Association (Don) addressed the board. Don stated that this matter gets confusing in some of the formulas to try to explain how it's sorted out but looking at the Charter the maximum is 2 percent and even at 2 percent they are losing ground as retirees. Don added on behalf of the membership, anything that can help them keep pace with inflation would be appreciated.

Chair Harwood stated, not necessarily in response to Don Porth's comments, but just for contextual purposes that Chair Harwood was not as married to calling the CPI measurements that they have as a purchasing power kind of measurement for a specific demographic group. Chair Harwood continued stating that this really is a broad base measurement and that there may be characteristics within a demographic group that it is applied to, that things are weighted differently perhaps. For example, roughly 1/3 to 40 percent, depending on the exact CPI measure used, these are really used to shoulder costs and if you are a renter you may easily see that jump

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much higher than inflation has been. And, if you are a homeowner, it can be very different because you may not have the income per se but you are accumulating wealth and so there becomes a different calculation so Chair Harwood did not want to get too bogged down in the weeds but also did not want to get too married to this keeping up with purchasing power kind of issue because Chair Harwood was not sure if the differences they are talking about are material for that discussion but also it is a little overly specified for the universe of beneficiaries that they are talking about.

In response to Trustee MacLeod's earlier inquiry about what the 2018 and 2019 inflation rate was, Stacy stated that in 2019 the CPI-U (West Region) was 2.69 percent and in 2018 was 3.35 percent. Director Hutchison also stated that Trustee MacLeod asked about the "bank" and stated that the bank is laid out in the FPDR Administrative Rules. Director Hutchison will email a link of the rules to the trustees. Stacy also stated that no carryover concept has ever been applied to service post 2013.

Chair Harwood expressed reluctancy to move forward on the matter without Trustee Hunzeker present. Trustee MacLeod agreed that hearing from all the representatives seem appropriate.

Trustee Lehman appreciated all the time and effort Stacy puts into the process. Trustee Lehman then stated that their discussions have been going on since the changes in the Charter and the PERS process and trying to come to a solution on what works best. Trustee Lehman went on to state that they are focusing so much on PERS and the fact of the matter is they are not PERS, they are not even really bound to PERS in their decisions other than they cannot give more than what PERS gives on this issue. As far as the benefits FPDR members receive after retirement, Trustee Lehman really feels they are not the same either. When they do the Equal to and Better Than test it is an all-encompassing comparison that is not down to the brass tacks of "how much do you get for retirement", are they close or the same? That is not what they do. Trustee Lehman also stated that PERS is set up like a three-legged stool for their retirement. They have their defined benefit retirement, which is what FPDR has. Trustee Lehman stated that the formula looks like FPDR retirement is more but when you put the other PERS pieces into the formula, Trustee Lehman's experience is the PERS benefit ends up being more if they want it to be. Trustee Lehman added that PERS also has social security, which FPDR members do not. PERS jurisdictions pay 6.2 percent into social security for their retiree. The City of Portland does not pay any money into social security for FPDR members and they do not receive the benefit. In addition, all PERS members have an IAP account which is their defined contribution portion of

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their retirement where their jurisdiction pays 6 percent into that account too. FPDR Three members, which are not affected by the benefit adjustment decision get 9 percent. Trustee Lehman stated that for FPDR Two members, the benefit adjustment is the only thing they have to keep their benefit going. Trustee Lehman added that while they are tied to PERS, they are not PERS and their retirement is not the same. Trustee Lehman stated that the benefit adjustment is one thing the board decides every year and it is a big deal and is very important. PERS made changes to their benefit adjustment formula because of financial deficits, the FPDR does not have that problem. Trustee Lehman stated their job is to advocate for the members and wants to keep the conversation going and was advocating for a 2 percent COLA across the board.

Trustee MacLeod's thanked Trustee Lehman and stated that the points Trustee Lehman made were very important. However, Trustee MacLeod was leaning toward the current year CPI, with carryover, but not more than cumulative 2 percent which sounds like the old PERS methodology. Trustee MacLeod proposed taking anything like the New PERS methodology off the table. Stacy stated that proposing the old PERS option with CPI up to 2 percent with carryover means everyone would get 2 percent except those without carryover who would get 1.74 percent.

Chair Harwood did not disagree with anything anyone said and was open to the idea of a carryover, but while PERS was budget related, they had financial issues that created necessity that the FPDR does not have, it does change people's property tax bills and so they need to understand that over the long haul it is funded by individual homeowners and business owners that own the property. So, Chair Harwood did not want to dismiss the idea that just because they are okay actuarially, that they can throw caution to the wind and not worry about it. Chair Harwood added that they do have a little bit of a duty to consider the fact that over time they are going to increase property taxes to pay for it. Chair Harwood also was more inclined to Trustee MacLeod's recommendation but also was not inclined to have a vote without having Trustee Hunzeker present to weigh in, unless they were unanimous, but it did not sound like it. Trustee Lehman wanted to hear everyone's opinion and would not mind deferring a decision until Trustee Hunzeker was present.

A decision on this action matter was therefore postponed until the May 25, 2021 board meeting.

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Information Item No. 1 - FPDR Summary of Expenditures

Stacy went over the expenditure summary and pointed out that they repaid TANs in January. Stacy also stated that as of the end of January they have gathered up 94 percent of the taxes that they had budgeted and added that it is a great sign that delinquencies and compression was not worse than they had planned for.

Information Item No. 2 - COVID-19 Claims Update

Disability Manager Kimberly Mitchell (Kim) provided an update on Covid-19 claims and stated that they have kind of returned to a "Covid normal" since November. Kim went on to state that with the number of claims that were filed, only 54 were positive for Covid and there have been no Covid deaths. Kim added that the best news is that those that have contracted the virus have recovered well. Kim also stated that the Fire Bureau was very aggressive in doing contact tracing. The hope is that with vaccinations and continued efforts to wear protective equipment on calls, staff will continue to see lower numbers. Trustee MacLeod stated that a poor job has been done nationally with contact tracing and was glad to hear the bureaus doing so well.

Information Item No. 3 – Legislative Updates

Director Hutchison went over the FPDR Legislative Review Criteria and explained how important it was. Director Hutchison stated that 2500 bills were presented this year and only 15 of them fell under the criteria. Director Hutchison went over a heart/lung presumption and noted that it has been available for all employers except the City of Portland. Director Hutchison also testified on the bill at the State Legislature in support of it. Director Hutchison also said they should know more about the status of the bill in May. Trustee Lehman thanked Director Hutchison for the support on that bill.

Information Item No. 4 – FPDR Updates

In response to a query by Trustee Lehman at the beginning of the meeting, Director Hutchison explained that Trustee Fouts position ended at the end of 2020. Per the Charter, the Mayor is to select another citizen trustee, but can designate this task to a commissioner and Commissioner Hardesty is working on this matter. Director Hutchison has put feelers out and Commissioner Hardesty's office has networked, but there have been no candidates found. Director Hutchison

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stated that Commissioner Hardesty would like someone from the public selected. Director Hutchison has stressed to the Mayor and Commissioner Hardesty the need to select someone as soon as possible. Trustee MacLeod stated that it is always nice to have someone with a legal background on the board and asked whether an effort was being made for someone with a legal background. Director Hutchison stated that the Charter requires someone with a disability or pension background, but Director Hutchison will relay Trustee MacLeod's request to Commissioner Hardesty.

Information Item No. 5 – Future Meeting Agenda Items

Director Hutchison stated that the May board meeting is scheduled for May 25, 2021 and the agenda topics will be continuation of the COLA discussion and TANs.

There being no further business, the meeting was adjourned at 2:45 p.m.

Sam Hutchison
FPDR Director

/kk

Board Authority and History | Considerations | Some Options | Option Comparison

PENSION COLA FOR JULY 1, 2021

FPDR Finance Staff

March 16, 2021

Board Authority

FPDR ONE

- No Board decision
  - ✓ FPDR One pensions are a percent of active fire fighter and police officer pay
- Fire fighters: Current contract calls for 1.6% cost of living adjustment (COLA)
- Police officers:
  - ✓ Current letter of agreement (LOA) includes last year's delayed COLA of 2.9%
  - ✓ Any additional COLA unknown since LOA expires June 30, 2021 and no successor contract in place

FPDR TWO

- Board has sole discretion over timing and amount, subject to a cap:
  - ✓ Charter Section 5-312: "The percentage rate of change shall not exceed the percentage rate applied to retirement benefits payable to police and fire employees by the Public Employees Retirement System of the State of Oregon"
- Therefore, Board may choose any increase between 0% and 2% (highest PERS rate)
- Board may grant increase at any time, may skip years, may give multiple increases a year, may vary increases from year to year

History: Past COLA Methodologies

"Old PERS" COLA Method

Inflation (CPI-U) up to a maximum of 2.0%

- When inflation was more than 2.0%, retirees got to "carry over" the excess and add it to their COLA in low inflation years to bring it up to 2.0%
- This meant that after a few years in retirement, most built up enough carry over to receive a 2.0% COLA each year
- Those retiring in a low inflation period often received less than 2.0% in first year(s)

"New PERS" COLA Method

- Result of 2013 legislative reforms and subsequent litigation
- Used by PERS since 2014 (applied retroactively in 2014 and 2015)

Percent of Service:	Benefits < $60K/Year	Benefits > $60K/Year
Before Oct 2013	CPI-U up to 2.0%, with Carryover	CPI-U up to 2.0%, with Carryover
After Oct 2013	1.25%	0.15%

History: Past COLA Methodologies

"Modified PERS One" COLA Method

- Developed by the FPDR Board in 2016, used for 2016 – 2018 COLAs
- Addressed Board concerns with lower COLA on benefits above $60K in New PERS method

Service Timing	Any Benefit Amount
Before Oct 2013	CPI-U up to 2.0%, with Carryover
After Oct 2013	1.25%

"Modified PERS Two" COLA Method

- Developed by the FPDR Board last year, used for 2020 COLA
- Addressed Board concerns with declining COLAs for future retirees, desire for a COLA "floor"

Service Timing	Any Benefit Amount
Before Oct 2013	CPI-U up to 2.0%, with Carryover
After Oct 2013	1.75%

History: Board Decisions 2014 - 2020

- Prior to July 1, 2014 Board used the same methodology as PERS: "Old PERS"
- Since then Board has awarded various COLAs:

Date	FPDR Two COLA	Method	More or Less Than PERS?
July 1, 2020	1.89% - 2.0%	Modified PERS Two	More (PERS applied New PERS method)
July 1, 2019	2.0%	2.0% for All	More (Totally different method)
July 1, 2018	1.75 – 2.00%	Modified PERS One	More (PERS applied New PERS method)
July 1, 2017	1.84 – 2.00%	Modified PERS One	More (PERS applied New PERS method)
July 1, 2016	1.23 - 2.00%	Modified PERS One (CPI 1.23% that year)	More (PERS applied New PERS method)
July 1, 2015	2.00%	Old PERS	More (PERS applied New PERS method retroactively)
July 1, 2014	2.00%	Old PERS	More (PERS applied New PERS method retroactively)

Considerations

Purchasing Power Maintenance

- Purpose of a COLA is to prevent or limit erosion in the buying power of a benefit or wage
- Full maintenance of purchasing power = a COLA equal to inflation each year

Fund/Taxpayer Cost

- Cost to Portland residents: Higher COLA requires larger increases in property taxes

Context

- Economic and political setting:
  - ✓ Ongoing recession
  - ✓ Lower inflation environment
  - ✓ Financial hardship and uncertainty: FPDR retirees and Portland taxpayers
- Comparison to similar plans: COLAs, value of average benefit, retiree reliance on benefit

Time Horizon

- Today's decision is just for July 1, 2021
- However, costs and benefits of a COLA method are best compared over the long run
- Is this year's decision unique or part of a long-term approach?

Some Options

Maximum Option

2.0% for all

Minimum Option

Nothing for all

Inflation Option

2020 Inflation = 1.74% (CPI-U West Region)

Old PERS Option

- 2.0% for all except FY 2020-21 retirees
- 1.74% for FY 2020-21 retirees, because no carryover bank to bring them up to 2.0%

Some Options

New PERS Option

- 2.0% (1.74% for FY 2020-21 retirees) for service before October 1, 2013; blend of 0.15% and 1.25% for service after, based on benefit amount
- Yields a July 1, 2021 COLA of 1.44% - 2.0%, depending on service timing and benefit amounts

Modified PERS One Option

- 2.0% (1.74% for FY 2020-21 retirees) for service before October 1, 2013; 1.25% for service after
- July 1, 2021 COLA of 1.56% - 2.0%, depending on service timing

Modified PERS Two Option

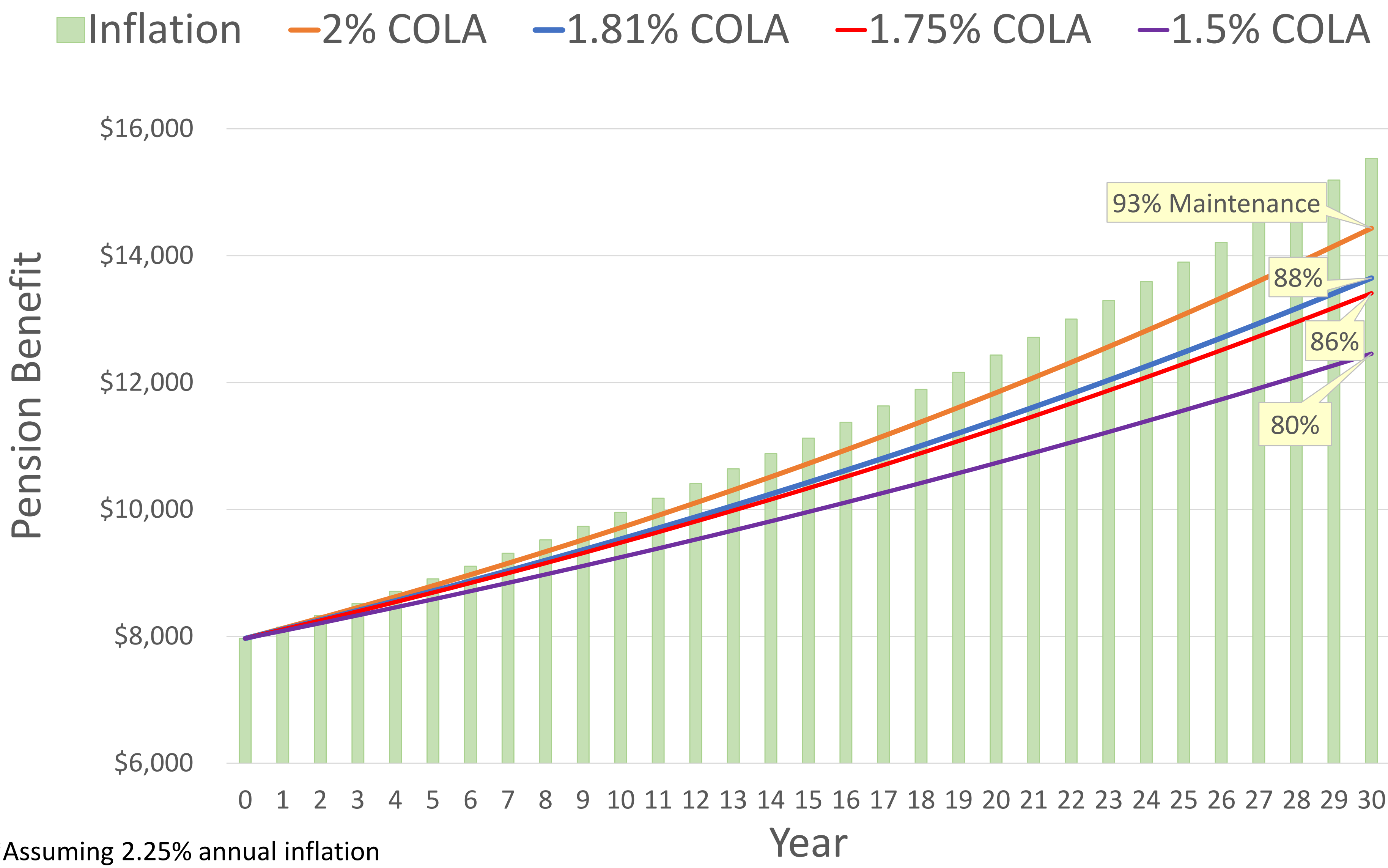
- 2.0% (1.74% for FY 2020-21 retirees) for service before October 1, 2013; 1.75% for service after
- July 1, 2021 COLA of 1.74% - 2.0%, depending on service timing

Some Options

Comparing New PERS, PERS One, and PERS Two

- 77% of FPDR Two beneficiaries will receive a 2% COLA under all three methods
- New PERS least generous, PERS One more generous, PERS Two most generous
- Under all three methods, post-2013 retirees receive lower COLAs than earlier retirees
- Under all three methods, FY 2020-21 retirees receive even lower COLAs
  - ✓ Because inflation is less than 2.0%, and they don't have carryover built up
  - ✓ This could be eliminated by applying 2.0% for pre-2013 service for all
- New PERS has even lower COLAs for those with annual benefits > $60K
  - ✓ 85% of post-2013 retirees have annual benefits > $60K
  - ✓ Median annual benefit for those who retired between January 2014 and present: $88K
  - ✓ Median annual benefit for those who retired thus far in FY 2020-21: $96K

Option Comparison:
Purchasing Power Maintenance Examples



*Assuming 2.25% annual inflation

Option Comparison

Option	Maximum (2.0%) for All	Inflation (1.74%) for All	New PERS	Modified PERS One (2.0%/ 1.25% Split)	Modified PERS Two (2.0%/ 1.75% Split)
Range of Increases on July 1	2.0% for all	1.74% for all	1.44% - 2.0%	1.56% - 2.0%	1.74% - 2.0%
Average Increase on July 1	2.0%	1.74%	1.95% Those with post-2013 service: 1.80%	1.96% Those with post-2013 service: 1.85%	1.98% Those with post-2013 service: 1.92%
Pension Maintenance After 30 Years*	93%	Depends, but less than 93%	Varies: 64% - 93%	Varies: 78% - 93%	Varies: 88%- 93%
Fund Cost in FY 2021-22	$2.497 M	$2.173 M	$2.414 M	$2.435 M	$2.464 M

*Assuming 2.25% annual inflation

Option Comparison

Option	Maximum (2.0%) for All	Inflation (1.74%) for All	New PERS	Modified PERS One (2.0%/ 1.25% Split)	Modified PERS Two (2.0%/ 1.75% Split)
Typical Retiree: ✓ 100% of service pre-2013	2.0%	1.74%	2.0%	2.0%	2.0%
Typical 2014-2021 Retiree: ✓ 86% of service pre-2013 ✓ $89K benefit	2.0%	1.74%	1.84%	1.89%	1.96%
Typical FY 2020-21 Retiree: ✓ 74% of service pre-2013 ✓ $96K benefit	2.0%	1.74%	1.50%	1.61%	1.74%

FPDR Two Pension COLA for July 1, 2021

- Questions?

- Discussion?

- Motion?

RESOLUTION NO. 534

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, 2021 and November 30, 2021, 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 issue bonds and also to borrow from the City General Fund; and

WHEREAS, the Debt Management Division of the Bureau of Revenue and Financial Services of the City of Portland requests authority from the City Council to issue short-term obligations, including tax anticipation notes and lines of credit, and once authorized by Council, arranges financings on behalf of City bureaus, including the FPDR;

NOW, THEREFORE, BE IT RESOLVED that the FPDR authorizes the financings of its FY 2021-22 cash flow deficit through the issuance of either tax anticipation notes or a line of credit, working through the City of Portland's Debt Management Division, in an amount not to exceed $45 million and to be repaid prior to June 30, 2022, in order to meet the obligations of the FPDR Board of Trustees.

ADOPTED by the Board of Trustees at its regular meeting on May 25, 2021.

Samuel Hutchison
Director

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RESOLUTION NO. 535

WHEREAS, the Charter requires that the Bureau of Fire and Police Disability and Retirement (FPDR) retain independent hearings officers to conduct hearings and appellate reviews on its contested claims; and

WHEREAS, the FPDR and the State of Oregon, Office of Administrative Hearings/Employment Department (OAH) have had Intergovernmental Agreements, from January 2007 to present, for OAH to conduct hearings and appellate reviews; and

WHEREAS, the Intergovernmental Agreement with OAH will terminate on June 30, 2021; and

WHEREAS, there are no other entities with the expertise of the OAH to conduct the FPDR's hearings; and

WHEREAS, the OAH has agreed to continue to conduct the FPDR's contested hearings and appellate reviews; and

WHEREAS, the FPDR requires the continued services of OAH and wishes to extend their services by extending the agreement for a four-year period ending on June 30, 2025 and for additional compensation in the amount of $225,000; and

WHEREAS, the not-to-exceed value of the contract is increased by $225,000 from $400,000 to $625,000; and

WHEREAS, a draft copy of an Intergovernmental Agreement between FPDR and OAH is attached hereto as Exhibit "A" and by this reference made a part hereof; and

WHEREAS, funds for the Intergovernmental Agreement are available within the FPDR budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the FPDR, that the FPDR Director be and hereby is authorized to execute and administer an Intergovernmental Agreement substantially in conformance with the agreement which is attached hereto as Exhibit "A" on behalf of FPDR for OAH to conduct hearings and appellate reviews on contested pension and disability claims in an amount not to exceed $625,000 for a four-year period beginning July 1, 2021.

BE IT FURTHER RESOLVED by the Board of Trustees of the FPDR that the FPDR Director is hereby authorized to pay for the Intergovernmental Agreement from the FPDR budget.

ADOPTED by the Board of Trustees on the 25th day of May 2021.

Samuel Hutchison
Director

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OED Agreement Number 17-196

AMENDMENT 001 TO
STATE OF OREGON
INTERGOVERNMENTAL AGREEMENT

This Amendment #001 to Agreement #17-196 is between the State of Oregon acting by and through its **Employment Department**, **Office of Administrative Hearings** hereinafter referred to as "OAH" or "Agency" and

City of Portland, Bureau of Fire and Police Disability and Retirement
Samuel Hutchison
1800 SW First Avenue, Suite 450
Portland, OR 97201
Telephone: 503-823-5500
Facsimile: 503-823-5166
E-mail address: sam.hutchison@portlandoregon.gov

hereinafter referred to as "FPDR", both individually without distinction as "Party" and collectively as the "Parties".

Purpose

The Purpose of this Amendment is to:

- Extend the Contract termination date and;
- Adjust Service Rates
- Increase the NTE amount

Amendment #001

1. This amendment shall become effective on the date this amendment has been fully executed by every Party. This Agreement is hereby amended as follows: language to be deleted or replaced is [bracketed]; new language is **underlined and bold**.

   a. Section 2, "EFFECTIVE DATE AND DURATION" to read as follows: This Agreement shall become effective on the date this Agreement has been fully executed by every party and, when required, approved by Department of Justice or on July 1, 2017, whichever date is later. Unless extended or terminated earlier in accordance with its terms, this Agreement shall expire on [June 30, 2021] **June 30, 2025**. Agreement termination or expiration shall not extinguish or prejudice either party's right to enforce this Agreement with respect to any default by the other party that has not been cured.

   b. Section 4, "CONSIDERATION" to read as follows: The maximum not-to-exceed amount payable to OAH under this Agreement, which includes any allowable expenses, is [$400,000.00] **$625,000.00.**

c. Exhibit A, Part 2, "PAYMENT AND FINANCIAL REPORTING" to read as follows:

1. Payment Provisions.

a. Payment for all work performed under this Agreement shall be subject to the provisions of ORS 293.462 and shall not exceed the total maximum not-to-exceed amount stated in Section 3, "Consideration" of this Agreement, for the term of this Agreement.

b. Interim payments shall be made to OAH following FPDR's review and approval of invoices submitted by OAH, but not later than 30 days after the invoice is sent to FPDR.

c. FPDR will reimburse OAH for Work completed under this Agreement per the schedule of fees and funding mechanisms established by ORS 183.655 and ORS 183.665.

d. **As of the effective date of this Amendment, OAH services will be billed at the following rates:**
$204 per hour for ALJ services
$80 per hour for support staff services

The OAH reserves the right to adjust these rates as necessary to comply with ORS 183.655 which requires the OAH to establish rates in an amount calculated to recover the cost of providing the administrative law judge, the cost of conducting the hearing and all associated administrative costs. The OAH will provide at least 30 days advance written notice of any such changes.

FPDR reserves the right to terminate this agreement immediately if FPDR disagrees with any change to the rates as set forth in this Agreement.

e. FPDR will reimburse OAH for all appropriate and actual costs **of additional services and supplies** incurred to provide said Work under Agreement. Such costs include, but are not limited to:

(1) Interpreter fees
(2) Postage
(3) Long-distance telephone calls; and
(4) Reasonable copying costs.
(5) Travel Costs

2. Except as expressly amended above, all other terms and conditions of the initial Agreement and any previous amendments are still in full force and effect. FPDR certifies that the representations, warranties and certifications contained in the initial Agreement are true and correct as of the effective date of this amendment and with the same effect as though made at the time of this amendment.

3. Signatures.

State of Oregon, acting by and through its Oregon Employment Department
By:

____
Authorized Signature Date

City of Portland acting by and through its Bureau of Fire and Police Disability and Retirement By:

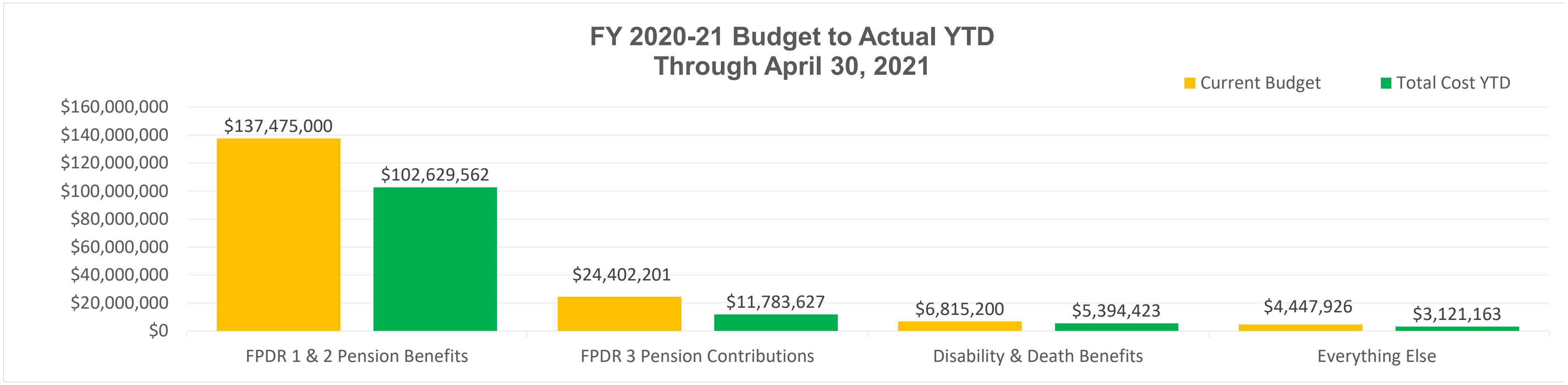
____
Authorized Signature Title Date

Approved for Legal Sufficiency (DOJ):

(See approval on attached email)
____
Assistant Attorney General Date

OAH Program Section
By:

____
Authorized Signature Title Date



FY 2020-21 Budget to Actual YTD by Month

Mid Level Classification	Detail Classification	Original Budget	July	August	September	October	November	December	January	February	March	April	YTD Total
Revenues	Beginning fund balance	$16,935,965	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Taxes	$166,062,018	-$573,181	$469,659	$367,635	$215,541	$111,969,411	$40,218,750	$2,815,172	$1,280,646	$4,633,128	$742,436	$162,139,198
	Bond and note proceeds	$42,000,000	$0	$31,658,596	$0	$0	$0	$0	$0	$0	$0	$0	$31,658,596
	Miscellaneous Sources	$1,382,800	-$54,972	$33,992	$37,209	$15,027	$21,430	$136,267	$93,806	$70,868	$71,543	$12,062	$437,233
	Interfund Cash Transfer Revenues	$750,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Interagency Revenues	$1,571,818	$1,225	$0	$619	$1,237	$0	$619	$619	$619	$619	$0	$5,555
Revenues Total		**$228,702,601**	**-$626,928**	**$32,162,247**	**$405,463**	**$231,806**	**$111,990,841**	**$40,355,636**	**$2,909,597**	**$1,352,133**	**$4,705,290**	**$754,498**	**$194,240,583**
Personnel	Personnel	$2,464,800	$164,292	$206,642	$206,249	$207,343	$197,903	$212,819	$207,120	$192,454	$226,351	$212,227	$2,033,401
Personnel Total		**$2,464,800**	**$164,292**	**$206,642**	**$206,249**	**$207,343**	**$197,903**	**$212,819**	**$207,120**	**$192,454**	**$226,351**	**$212,227**	**$2,033,401**
Ext. Mat. & Svcs.	Other External Materials & Services	$834,000	$2,676	$48,363	$58,830	$78,489	$81,048	$17,660	$56,647	$45,597	$126,578	$56,195	$572,083
	FPDR 1 & 2 Pension Benefits	$137,475,000	$10,942,002	$262,030	$11,193,868	$22,821,738	$16,590	$11,402,022	$11,376,344	$11,426,401	$11,596,366	$11,592,201	$102,629,562
	Disability & Death Benefits	$6,815,200	-$46,682	$545,286	$560,872	$560,610	$492,483	$889,111	$504,851	$744,583	$583,281	$560,028	$5,394,423
Ext. Mat. & Svcs. Total		**$145,124,200**	**$10,897,996**	**$855,679**	**$11,813,569**	**$23,460,837**	**$590,121**	**$12,308,793**	**$11,937,841**	**$12,216,582**	**$12,306,225**	**$12,208,424**	**$108,596,068**
Int. Mat. & Svcs.	Other Internal Materials & Services	$689,226	$43,572	$42,163	$54,380	$41,035	$56,107	$52,170	$43,225	$27,385	$85,111	$18,592	$463,740
	FPDR 3 Pension Contributions	$24,402,201	$0	$0	$0	$0	$2,856,860	$0	$0	$3,575,393	$5,351,373	$0	$11,783,627
	Return to Work/Light Duty	$409,900	$0	$0	$0	$0	$28,030	$0	$0	$0	$23,909	$0	$51,939
Int. Mat. & Svcs. Total		**$25,501,327**	**$43,572**	**$42,163**	**$54,380**	**$41,035**	**$2,940,997**	**$52,170**	**$43,225**	**$3,602,778**	**$5,460,394**	**$18,592**	**$12,299,305**
Capital Outlay	Capital Outlay	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Outlay Total		**$50,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Fund Expenses	Contingency	$11,518,151	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Debt Retirement	$43,152,972	$0	$18,634	$26,024	$0	$4,503	$1,250	$31,681,625	$0	$0	$0	$31,732,036
	Interfund Cash Transfer Expenses	$891,151	$11,035	$11,035	$11,035	$11,035	$15,397	$11,035	$11,035	$11,035	$11,035	$11,035	$114,712
Fund Expenses Total		**$55,562,274**	**$11,035**	**$29,669**	**$37,059**	**$11,035**	**$19,900**	**$12,285**	**$31,692,660**	**$11,035**	**$11,035**	**$11,035**	**$31,846,748**
Expenses Total		**$228,702,601**	**$11,116,896**	**$1,134,152**	**$12,111,258**	**$23,720,249**	**$3,748,921**	**$12,586,067**	**$43,880,847**	**$16,022,849**	**$18,004,005**	**$12,450,278**	**$154,775,523**