FPDR BOARD OF TRUSTEES MATERIALS
May 24, 2022
Table of Contents

(To see a specific document, click on the link below)

Note: There are no handouts for Information Items 4 and 5 of the agenda

City of Portland Bureau of Fire and Police Disability and Retirement
Agenda for Regular Meeting – Board of Trustees
Tuesday, May 24, 2022 – 1:00 p.m.

Please note, 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

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 15, 2022 Meeting

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://us06web.zoom.us/webinar/register/WN_mIHeyLR5TzqWkxTuEJzIAA
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 24, 2022 electronic board meeting is Monday, May 23, 2022 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 20, 2022.***

ACTION ITEMS

1 Resolution No. 544 – 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.

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 Future Board Meetings

3 Future Board Meeting Minutes

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.*

[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 15th day of March at 1:00 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:

Margaret Carter – Board Chair
Catherine MacLeod, Citizen Trustee
Christopher Kulp, Police Trustee
James Huang, Citizen Trustee
Kyle MacLowry, Fire Trustee

Also present were:

Sam Hutchison, FPDR Director
Kimberly Mitchell, FPDR Claims Manager
Stacy Jones, Deputy Director/FPDR Finance Manager
Julie Crisp, FPDR Business Systems Analyst
Julie Hall, FPDR Office Specialist
Franco A. Lucchin, Sr. Deputy City Attorney
Lorne Dauenhauer, Outside Legal Counsel
OpenSignal, Pdx

Board Chair Margaret Carter (Chair Carter) called the meeting to order.

Chair Carter made a motion which was seconded by Trustee MacLeod and unanimously passed to approve the minutes.

Aye	*Trustee Huang, Trustee Kulp, Trustee MacLowry, Trustee MacLeod, Chair Carter*
Nay	*None*
Abstain	*None*

There were no General Public Comments

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While waiting for the Annual Adjustment Review presentation to get set up, the Board discussed the Covid uptick in Europe and what would happen if there was an uptick in the United States and the impact on FPDR.

Information Item No. 2 – Future Board Meeting Location/City Vaccine Policy for Volunteers

Deputy Director/Financial Manager Stacy Jones (Stacy) was having some internet issues so while waiting for Stacy to get reconnected to the meeting, Director Sam Hutchison (Director Hutchison) went over this information item. Director Hutchison explained that the State of Oregon has lifted its mask mandate and the City of Portland has also done so. Director Hutchison added that employees no longer have to wear masks in the office, but they are strongly urging that they still do. In addition, Director Hutchison stated that the State of Oregon has also rescinded its vaccine mandate. However, the City of Portland has not yet indicated a change in their vaccine mandate which requires all employees to be vaccinated. Although the City of Portland was also talking about the vaccine for volunteers, which would include the three Board trustees that do not work for the City of Portland, Director Hutchison felt that was going to be changed. Director Hutchison stated that the Governor has indicated that the State of Oregon's declaration of emergency will be lifted by March 31st and believed that most emergency declaration components will be lifted with the possible exception of public meetings. Director Hutchison pointed out that if the Mayor lifts the City of Portland's State of Emergency, there is a 180-day sunset clause on the Covid administrative rules. Those administrative rules for Covid claims would expire 180 days after the ending of the State of Emergency. Director Hutchison explained that what that means is that if someone does get Covid after that point, they can still file a claim, but they would not have some of the protections or additional benefits that came with those special administrative rules. However, if any time during the 180-day period after the ending of the State of Emergency there is a Covid surge and the Mayor reinstates the City of Portland's State of Emergency, it would throw the 180-day clock out and the rules would stay in effect until that State of Emergency ends. Director Hutchison added that if Covid stays quiet and then flares up next fall and the Mayor declares a new State of Emergency, they will have to come back to the Board to discuss reinstating the rules. Director Hutchison stated that they are seeing a decline in Covid claims that seems to be mirroring what is happening within the rest of the state. Any claims filed now through the 180 days after the State of Emergency is lifted would be processed under the Covid administrative rules.

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Trustee Huang asked whether any communication was going to be sent out to Fire and Police members once the State of Emergency is lifted. Director Hutchison stated that once the State of Emergency is lifted and the 180-day clock starts to tick, they will be communicating that to the Active Duty Members with an explanation of what that would mean to them. Director Hutchison added that it does not change the status of an approved claim. Director Hutchison also stated that Chair Carter had raised a question when they spoke earlier in the week about long-haul Covid claims. Director Hutchison stated that if a member has filed a Covid claim under the Covid rules, the claim was approved, they are back at work, and then Covid catches up with them, and they get a long-haulers type rebound to it, they can file a worsening claim. Director Hutchison explained that they already have an approved claim, so they just have to show that it is worsening and that it is related to the initial claim that was approved and they are still protected under the plan. The challenge is when they have a member who never reported the initial Covid claim and then two or three years down the line has a rebound from Covid.

Trustee Huang asked whether the difficulty associated with those long haulers is because of the time bar or going back in time to substantiate that they were exposed or both? Disability Manager, Kimberly Mitchell (Kim) stated that what they have seen with the few long hauler cases that they have had is that the members have had symptoms from the onset and those never went away. They have not had the scenario yet where someone has had the short duration Covid, experienced symptoms, recovered and had symptoms come back. With respect to those who never filed a claim in the first instance and suffer long haul Covid symptoms much later on, Kim stated that there are definitely going to be challenges trying to tie it to an event that happened several months or a year later.

Action Item No. 1 – Annual Adjustment Review

Stacy began her presentation of the Annual Adjustment Review. Stacy stated that they will go over the Board's authority with respect to cost-of-living (COLA) adjustments for FPDR Two Members and some factors the Board might want to consider in making their decision.
However, Stacy first explained that there are two tiers: FPDR One and FPDR Two.

Stacy stated that FPDR One are members who were retired or were on long term disability in 1990 and that there are only about 300 members, including retirees and surviving spouses. Stacy explained that FPDR One pensions are calculated differently than FPDR Two pensions as they are a percent of the current pay of Active Duty police officers or firefighters. Stacy went on to

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say that FPDR One beneficiaries receive a COLA every July 1 that are equal to the wage increases of Active Duty firefighters and police officers. Stacy said the Police contract was ratified by City Council a few weeks ago and on July 1, 2022, all Active Duty police officers will be receiving a 5.0% COLA and by default that is what FPDR One beneficiaries will also receive. However, Stacy added that a new premium in the police contract for Crisis Intervention Training will add an additional 2.0% premium. It is included because there is a premium that virtually all police officers will receive and should hence be considered part of first class officer pay. Therefore, FPDR One police beneficiaries will receive a 7.1% COLA (5% + 2% compound to create 7.1%).

Stacy stated that FPDR One Fire beneficiaries will also receive a 5.0% COLA. Stacy also explained that the police contract also includes a 1.6% COLA that is retroactive to July 1, 2021, and that the Fire beneficiaries already received that COLA last July 1 because their contract was already in place. Stacy added that they will likewise issue a retroactive 1.6% COLA for FPDR One Police beneficiaries who did not receive a COLA on July 1, 2021, to bring them up to where the FPDR One Fire beneficiaries already were. Stacy stated that there was no decision for the board to make with regards FPDR One COLAs but wanted them to be aware of the FPDR One COLA. Stacy also added while their COLAs may be bigger, FPDR One pensions are less generous than FPDR Two pensions. At the maximum, FPDR One retirees get 60 percent of that First Class Police Officer or First Class Firefighter pay if they have 30 years of service.

Stacy then went on to state that the decision the Board needs to make is for FPDR Two COLAs. Stacy explained that FPDR Two's are members who have been retired since about 1990 and the Board has sole discretion for the COLAs, except for a cap. City Charter says the Board cannot grant a COLA that exceeds the percentage rate applied to retirement benefits payable to police and fire employees by PERS and the City Attorney's interpretation has been that the Board cannot award a COLA higher than the highest PERS COLA, which is 2.0%. Stacy then went over what the Board has done in the past and explained that from the time FPDR Two was created until 2013, the Board used the exact same COLA calculation, the exact same methodology that PERS did, and that was to get a method equal to inflation up to a cap of 2.0%. However, if inflation was more than 2.0% in a year, retirees got to carry over that excess for use in a year when inflation was less than 2.0%. However, Stacy went on to state that in 2013 the Oregon Legislature changed the PERS COLA and there was subsequent litigation at the Oregon Supreme Court. What PERS then wound up with since 2014 is a blend of up to three different COLA rates depending on the timing of member's service and the amount of member's benefit.

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Stacy explained the PERS methodology and stated that the Board has always used a method that was more generous than the current PERS method and went over a chart to show specifically what the Board has done each year since PERS changed its COLA method in 2014. Stacy also provided the Board with a sense of the issues that the Board had in mind when they were making COLA decisions over the last eight years.

Stacy talked about the potential considerations: 1) How well the COLA does in maintaining purchasing power and keeping up with inflation; 2) Cost to the taxpayer; 3) Economic context – future inflation and economic context remains unusually uncertain. Stacy added that compared to PERS retirees, FPDR members do not get social security and for FPDR members their pension is likely their only retirement income. Stacy also stated it is important for the Board to think about consistency and flexibility and asked whether the Board would rather be consistent year to year or have the flexibility to respond to unique circumstances that might arise in any given year. Stacy added that while the Board cannot bind future boards to a COLA approach or methodology, it is important to think about whether their decision in any given year is for future years as well, or is the board using their flexibility in that year.

Stacy showed the cost and impact of the different COLA options with 2.0% being the maximum and stated that there is not a big cost difference. Stacy also went over what the different COLAs would look like long term and the purchasing power maintenance of the COLAs at different levels. Stacy explained that if they isolate the cost of just the COLA and the impacts to the fund, at year 30, the difference between a 1.5% COLA and a 2.0% COLA is about $30 million.

Trustee Kulp stated that 7.0% is probably a truer COLA this year and had not realized that retirees had gotten less than inflation for six of the last eight years. Stacy replied that COLA has always averaged lower than inflation and has been the case since the Plan was created, even in the times when everyone got 2.0% every year. Trustee Kulp asked if there was a way to calculate how far behind they think retirees are? Stacy stated that it would be different for every retiree as they would have to look at each individual person, the year they retired, what inflation was at the time of retirement, what the COLA was at that time, and there are also a lot of assumptions. Stacy added that in the slide she presented to the Board, a 2.0% COLA almost gets the retiree to full purchasing power maintenance.

Trustee Kulp asked about changes in the real estate market and getting close to the $2.80 levy cap. Stacy replied that it would have to be a dramatic situation and explained that they are no

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where near the peak and even under the worse case scenario the most recent levy analysis showed that they were still under the cap. Trustee MacLeod recalled that the levy projections also built in a 2.0% COLA assumption.

Trustee MacLowry understood what Stacy was saying about the history and how the structure of the COLA was tied to PERS. However, as an FPDR Two member, Trustee MacLowry stated the FPDR benefit is all there is for them. Trustee MacLowry added that while PERS members have a defined benefit, and their contribution and social security (so their retirement is a three-legged stool), for FPDR Two members it is a one-legged stool. Trustee MacLowry then asked whether the Board has the ability to make recommendations to the Charter Change Commission.

Director Hutchison stated that the Charter Change Commission is an independent commission of the City, and the City has given a directive that because of its independence, none of the City bureaus or boards can influence what the commission is doing. Director Hutchison stated that it will be hard to get the Charter Change Commission to look at this issue and even if it did, it still has to go before the voters. Director Hutchison stated that a second avenue is to go to City Council and have them go through their referendum process, but Director Hutchison has been told City Council will not do that until the Charter Change Commission has completed its recommendations. Director Hutchison explored making some other changes but stated that they were not getting a lot of reception.

Senior Deputy City Attorney Franco Lucchin (Attorney Lucchin) asked why FPDR members did not get any social security benefits. Director Hutchison stated that part of that is why their percent of pension is higher than PERS. Stacy explained that Portland firefighters and police officers do not pay the 7.65% FICA tax that other City employees pay. The City also does not pay the matching 7.65% on behalf of those firefighters and police officers, so it is a savings to both sides. Stacy added that it is extremely rare for a pension plan to have a COLA that would keep pace with inflation and that many pension plans do not have COLAs at all.

Trustee MacLeod agreed with Stacy and stated that in the private sector COLA is really nonexistent. Trustee MacLeod added that in the public sector they used to be generous with a cap of 4.0 or 5.0%, however, they have come down and are now more typically limited to 2.0 or 3.0%. Trustee MacLeod went on to state that the fact that FPDR members are not covered by Social Security does cause an inflationary impact because Medicare and Social Security keep up with inflation to some extent and if the FPDR benefit is the sole source of retirement income,

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they are not getting that through a portion of their benefit with Social Security and Trustee MacLeod felt it does make it more meaningful and important for FPDR Two members. Trustee MacLeod also provided what Trustee MacLeod called a "biased" perspective on the Board's position during the years since Trustee MacLeod has been on the Board. Trustee MacLeod then stated that while the discussion was a challenging discussion with a challenging history, inflation has been so high and for Trustee MacLeod it seems to be a "no-brainer" to go with 2.0% for this year.

Trustee MacLowry provided a second to Trustee MacLeod if a motion was being made. Chair Carter asked whether a 2.0% COLA would not assume an increase in property taxes. Stacy responded that staff assumed a 2.0% COLA in the budget so it will not produce an increase in property taxes for the next year.

Trustee MacLeod made a motion that was seconded by Trustee MacLowry and unanimously passed that the FPDR Two 2022 benefit adjustment be two percent.

Aye	*Trustee Huang, Trustee Kulp, Trustee MacLowry, Trustee MacLeod, Chair Carter*
Nay	*None*
Abstain	*None*

Information Item No. 1 - FPDR Summary of Expenditures

Stacy went over the expenditure summary and stated that they have paid off the tax anticipation notes. Stacy explained that for the last two years they have only borrowed money for the first six months. Stacy added that normally they borrow as long as they can because they make money on the interest, but because they have been nervous about the volatility around the bond market, they repaid it as soon as possible. Trustee MacLeod asked about the low number in the August pension payment transaction. Stacy explained that it is the accrual – the August 1st pension payment was actually paid on July 30th and that it is a combination of the accrual and shifting the payment back one month.

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Information Item No. 2 – Future Board Meeting Location/City Vaccine Policy for Volunteers

Although this Information Item was briefly discussed at the beginning of the meeting, Director Hutchison stated that the Information Item was being "pulled" from the agenda. Director Hutchison added that with the State of Oregon and the City of Portland in the midst of changing their Covid rules and declarations of emergencies this item will be deferred until the May board meeting agenda for further discussion.

Information Item No. 3 – Legislative Updates

Director Hutchison explained that the Legislative Short Session just ended and there was one bill that will affect FPDR. HB 4113 added additional firefighter cancer presumptions for women in fire. Director Hutchison stated that FPDR supported the bill but expressed concern, along with several other organizations, about lack of data supporting the inclusion of some of the cancers in the bill. As a result of the concerns, the statute requires the Management Labor Advisory Committee to review a firefighter cancer study from the National Institute for Occupational Safety and Health (CDC) in two years. Director Hutchison added that no action is needed by the Board, but City Council will need to pass an ordinance to update the Charter to comply with the law which will be effective January 1, 2023.

Information Item No. 4 - FPDR Updates

Director Hutchison provided the following updates:

- Announced retirement of Sr. Legal Assistant
- Board meeting minutes – will be coming back to the Board at a future meeting to discuss how minutes should be done
- City is beginning to open its offices. FPDR staff will be coming back to the office on a hybrid schedule a minimum of one day a week. The trial period will last through Labor Day
- City Council approved the FPDR lease. FPDR is in the process of signing the lease and will be ordering furniture with construction to begin soon. A move in date of July 1, 2022, is being targeted.

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<u>Information Item No. 5– Future Meeting Agenda Items</u>

No discussion was held on this Information Item.

There being no further business, the meeting was adjourned at 2:30 p.m.

Sam Hutchison
FPDR Director

/kk

RESOLUTION NO. 544

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, 2022 and November 30, 2022, 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 2022-23 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, 2023, in order to meet the obligations of the FPDR Board of Trustees.

ADOPTED by the Board of Trustees at its regular meeting on May 24, 2022.

Samuel Hutchison
Director

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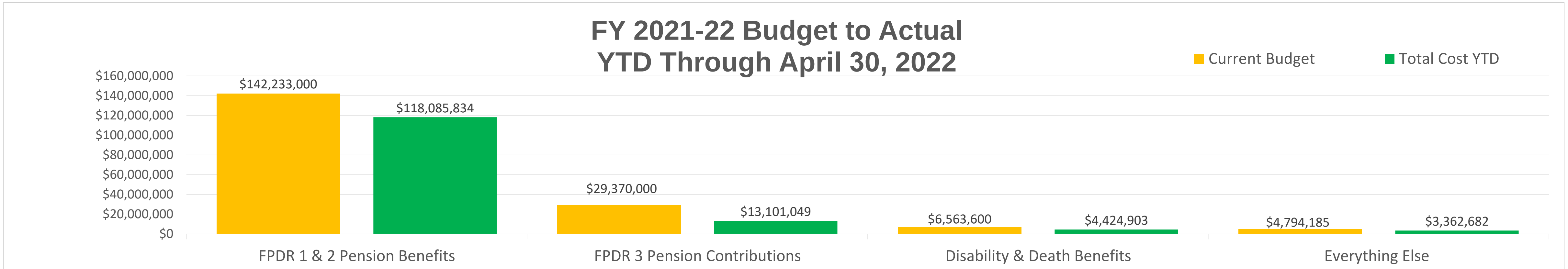

FY 2021-22 Budget to Actual YTD by Month

Mid Level Classification	Detail Classification	Original Budget	July	August	September	October	November	December	January	February	March	April	YTD Total
Revenues	Beginning fund balance	$8,043,625	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Taxes	$190,947,841	-$1,076,969	$406,607	$288,474	$223,464	$121,120,329	$57,646,953	$2,490,483	-$1,391,073	$4,693,085	$617,684	$185,019,036
	Bond and note proceeds	$60,470,000	$38,542,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$38,542,500
	Miscellaneous Sources	$409,000	-$18,475	$31,700	$15,808	$11,388	$13,364	$71,126	$66,614	-$49,527	$52,143	$57,735	$251,876
	Interfund Cash Transfer Revenues	$750,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Interagency Revenues	$228,200	$1,250	$0	$631	$631	$631	$631	$631	-$144,362	$631	$1,262	-$138,065
Revenues Total		**$260,848,666**	**$37,448,306**	**$438,307**	**$304,913**	**$235,482**	**$121,134,324**	**$57,718,710**	**$2,557,727**	**-$1,584,962**	**$4,745,859**	**$676,681**	**$223,675,347**
Personnel	Personnel	$2,665,674	$195,392	$229,678	$219,355	$209,165	$218,437	$206,018	$220,798	$200,500	$254,941	$208,620	$2,162,904
Personnel Total		**$2,665,674**	**$195,392**	**$229,678**	**$219,355**	**$209,165**	**$218,437**	**$206,018**	**$220,798**	**$200,500**	**$254,941**	**$208,620**	**$2,162,904**
Ext. Mat. & Svcs.	Other External Materials & Services	$771,350	$63,012	$26,194	-$14,039	$61,707	$95,592	$29,943	$68,234	$171,991	$59,326	$36,929	$598,890
	FPDR 1 & 2 Pension Benefits	$142,233,000	$11,750,513	$25,122	$11,810,765	$11,823,847	$11,817,500	$11,812,658	$11,777,017	$11,838,843	$11,860,248	$23,569,322	$118,085,834
	Disability & Death Benefits	$6,563,600	-$165,070	$562,554	$455,927	$452,885	$439,145	$625,937	$459,054	$547,671	$608,162	$438,637	$4,424,903
Ext. Mat. & Svcs. Total		**$149,567,950**	**$11,648,455**	**$613,870**	**$12,252,653**	**$12,338,439**	**$12,352,238**	**$12,468,538**	**$12,304,306**	**$12,558,505**	**$12,527,736**	**$24,044,888**	**$123,109,627**
Int. Mat. & Svcs.	Other Internal Materials & Services	$736,901	$43,154	$22,121	$164,583	$66,644	$24,773	$86,627	$76,183	-$72,379	$116,435	$53,119	$581,259
	FPDR 3 Pension Contributions	$29,370,000	$0	$0	$0	$0	$0	$0	$0	$6,982,214	$6,118,835	$0	$13,101,049
	Return to Work/Light Duty	$545,260	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Int. Mat. & Svcs. Total		**$30,652,161**	**$43,154**	**$22,121**	**$164,583**	**$66,644**	**$24,773**	**$86,627**	**$76,183**	**$6,909,835**	**$6,235,270**	**$53,119**	**$13,682,308**
Capital Outlay	Capital Outlay	$75,000	$0	$0	$0	$0	$2,990	$0	$2,210	$2,080	$4,680	$7,670	$19,630
Capital Outlay Total		**$75,000**	**$0**	**$0**	**$0**	**$0**	**$2,990**	**$0**	**$2,210**	**$2,080**	**$4,680**	**$7,670**	**$19,630**
Fund Expenses	Contingency	$16,114,447	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Debt Retirement	$60,886,741	$15,000	$19,764	$0	$0	$2,383	$0	$38,588,366	$0	$0	$0	$38,625,513
	Interfund Cash Transfer Expenses	$886,693	$10,467	$10,467	$10,467	$10,467	$16,011	$10,467	$10,467	$10,467	$10,467	$10,467	$110,214
Fund Expenses Total		**$77,887,881**	**$25,467**	**$30,231**	**$10,467**	**$10,467**	**$18,394**	**$10,467**	**$38,598,833**	**$10,467**	**$10,467**	**$10,467**	**$38,735,727**

FIRE AND POLICE DISABILITY AND RETIREMENT
City of Portland, Oregon

1800 SW First Ave., Suite 450, Portland, OR 97201 · (503) 823-6823 · Fax: (503) 823-5166
Samuel Hutchison, Director fpdr@portlandoregon.gov

City of Portland Bureau of Fire and Police Disability and Retirement
Board of Trustees
Tuesday, May 24, 2022

Information Item 2 – Future Board Meetings
Presenter: Sam Hutchison, Director

Objectives for today's discussion:

1. Review the Charter and FPDR Admin Rules on when and how the Board is to conduct Board of Trustee meetings.
2. Review relevant Oregon Revised Statues (ORS) on public meetings.
3. Determine when and where to conduct future FPDR Board of Trustee meetings.
4. Discuss proposed changes to Administrative Rule 5.2.01 REGULAR AND SPECIAL MEETINGS.

FPDR Plan, Charter Section 5-201(a)

"The Board shall keep a record of all of its proceedings and shall hold regular meetings at a time to be set by the Board."

FPDR Administrative Rule 5.2.01 REGULAR AND SPECIAL MEETINGS

Regular meetings of the Board are normally held on the fourth Tuesday of every month and commence at 1:00 pm. Unless otherwise stated, all meetings will be in the City of Portland Council Chambers. Special meetings may be called by the Chairperson, or by three or more members of the Board. All meetings are governed by the provisions of ORS 192.610 to 192.690 in effect at the time of the meeting. Except when in executive session pursuant to ORS 192.660, all meetings of the Board are open to the public. All meetings shall be recorded electronically or by a court reporter.

5.2.01 Annotated

When

"Regular meetings of the Board are normally held on the fourth Tuesday of every month and commence at 1:00 pm."

- "Normally" gives the Board the flexibility to change the day and start time of any meeting or cancel a meeting.

- This rule says that the Board meets every month. However, since in practice we only meet six times a year, I recommend changing the rule to:

  "Regular meetings of the Board are normally held on the fourth Tuesday *of every other month starting with January* and commence at 1:00 pm."

- Per ORS 192.640, the governing body shall provide public notice of a public meeting a reasonable time before the meeting. However, the statute does not specify what a reasonable time is. FPDR publishes FPDR Board of Trustees meeting notices almost two weeks before the meetings. In addition, FPDR posts the annual meeting schedule on the FPDR website.

Where

"Unless otherwise stated, all meetings will be in the City of Portland Council Chambers."

- "Unless otherwise stated" means the Board can change the location of a meeting or hold a virtual meeting.

Special Meetings

"Special meetings may be called by the Chairperson or by three or more members of the Board."

- This rule allows the Board to schedule additional meetings beyond the six regularly scheduled meetings.
- Per ORS 192.640, the governing body shall provide public notice of a special public meeting at least 24 hours prior to the meeting.

Governance

"All meetings are governed by the provisions of ORS 192.610 to 192.690 in effect at the time of the meeting."

Open to the Public

"Except when in executive session pursuant to ORS 192.660, all meetings of the Board are open to the public."

- Historically, this meant the public would have to attend in-person to observe and participate in a FPDR Board meeting
- As explained in more detail below, effective January 1, 2022, all meetings held by a governing body of a public body, excluding executive sessions, must provide to members of the general public, to the extent reasonably possible, an opportunity to: a) access and attend the meeting by telephone, video, or other electronic or virtual means; b) submit during the meeting oral testimony by telephone, video, or other electronic or virtual means; and c) submit written testimony, including by e-mail or other electronic means, so that the Board is able to consider the submitted testimony in a timely manner.

ORS 192.670 (3)

As summarized above, House Bill 2560's revisions to ORS 192.670(3) require the following:

(3) All meetings held by a governing body of a public body, excluding executive sessions, must provide to members of the general public, to the extent reasonably possible, an opportunity to:

(a) Access and attend the meeting by telephone, video or other electronic or virtual means;

- FPDR live streams all meetings and post a video recording on its website. No change is needed to comply with this provision.

b) If in-person oral testimony is allowed, submit during the meeting oral testimony by telephone, video, or other electronic or virtual means; and

- Presently, the public can virtually testify during Board meetings via Zoom. When Board meetings are held in person, the public must be allowed to attend the meeting and to submit testimony virtually or in person. FPDR will use the platform that the City of Portland has developed for hybrid public meetings.

(c) If in-person written testimony is allowed, submit written testimony, including by electronic mail or other electronic means, so that the governing body can consider the submitted testimony in a timely manner.

- Presently, anyone can send written testimony to FPDR via letter, email, or fax. All testimony is accepted up to the time noted in the meeting announcement. Historically, we have accepted last-minute written testimony. Therefore, no change is needed to comply with this provision.

Documentation of Meeting

"All meetings shall be recorded electronically or by a court reporter."

- We will discuss this during the following presentation.

Questions and Discussion

Decisions

<u>When</u>

1. Does the Board want to continue the practice of meeting once every two months, starting in January?
2. Does the Board want to make the recommended rule change to reflect this?

"Regular meetings of the Board are normally held on the fourth Tuesday ***of every other month starting with January*** and commence at 1:00 pm."

If so, the Director will submit the rule change resolution during the next Board meeting

Where

1. Where does the Board want to hold its future meetings, virtually, in City Council Chambers with virtual access?
2. If the latter, when does the Board want to start holding meetings in the City Council Chambers, July, September, or another month?

FIRE AND POLICE DISABILITY AND RETIREMENT
City of Portland, Oregon

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Samuel Hutchison, Director fpdr@portlandoregon.gov

City of Portland Bureau of Fire and Police Disability and Retirement
Board of Trustees
Tuesday, May 24, 2022

Information Item 3 – Future Board Meeting Minutes
Presenter: Sam Hutchison, Director

With Kathy Kakesako retiring in June, now is the time to review how Board meeting minutes are taken and written.

Objectives for today's discussion:
1. Review the FPDR Admin Rules on when and how the Board is to conduct Board of Trustee meetings
2. Review relevant Oregon State Statues on public meeting minutes
3. Decide what meeting minutes option FPDR will use for future Board meetings
4. Discuss proposed changes to Administrative Rule 5.2.01 REGULAR AND SPECIAL MEETINGS

FPDR Plan, Charter Section 5-201(a)

"The Board shall keep a record of all of its proceedings and shall hold regular meetings at a time to be set by the Board."

FPDR Administrative Rule 5.2.01 REGULAR AND SPECIAL MEETINGS

Regular meetings of the Board are normally held on the fourth Tuesday of every month and commence at 1:00 pm. Unless otherwise stated, all meetings will be in the City of Portland Council Chambers. Special meetings may be called by the Chairperson, or by three or more members of the Board. All meetings are governed by the provisions of ORS 192.610 to 192.690 in effect at the time of the meeting. Except when in executive session pursuant to ORS 192.660, all meetings of the Board are open to the public. All meetings shall be recorded electronically or by a court reporter.

5.2.01 Annotated

Documentation of Meeting

"All meetings shall be recorded electronically or by a court reporter."

- The FPDR Plan does not explicitly require the Board to produce written minutes during their meetings. However, the Board has always produced written minutes even though the Board video records their meetings.

  The videos are retained for 18 months and are not considered part of the meeting minutes.

- Oregon Public Meeting Statues require meeting minutes.

  ORS 192.650 – Recording or written minutes required

  (1) The governing body of a public body shall provide for the sound, video or digital recording or the taking of written minutes of all its meetings. Neither a full transcript nor a full recording of the meeting is required, except as otherwise provided by law, but the written minutes or recording must give a true reflection of the matters discussed at the meeting and the views of the participants. All minutes or recordings shall be available to the public within a reasonable time after the meeting, and shall include at least the following information:

  (a) All members of the governing body present;

  (b) All motions, proposals, resolutions, orders, ordinances and measures proposed and their disposition;

  (c) The results of all votes and, except for public bodies consisting of more than 25 members unless requested by a member of that body, the vote of each member by name;

  (d) The substance of any discussion on any matter; and

  (e) Subject to ORS 192.311 (Definitions for ORS 192.311 to 192.478) to 192.478 (Exemption for Judicial Department) relating to public records, a reference to any document discussed at the meeting.

Issue

The FPDR Board of Trustees meeting minutes are very detailed and thorough. The length and detail of the minutes are far beyond what is required by statute and beyond the typical best practice for meeting minutes. Production of the minutes is time-consuming, usually taking several hours.

With Kathy Kakesako retiring in June, now is the time to review how Board meeting minutes are taken and written.

Below are four options for future FPDR Board meeting minutes:

Meeting Minutes Options:

1. Status quo

   Continue to write very detailed and thorough minutes for each FPDR Board meeting.

   - ➢ It will take several meetings for the new Legal Assistant to master.
   - ➢ Unable to find another public body that produces such detailed minutes

2. Statutory minimum: "substance of any discussion on any matter" (ORS 192.650)

   - ➢ Examples
     - Minimal description of discussions (2-3 pages)
       - Metro
     - Summary of discussions (5-6 pages)
       - PERS
       - City of Beaverton

     These public bodies also record their meetings, but the recordings are not referenced in the minutes and may not be retained for an extended period. Also, we are uncertain that the recordings are part of the official meeting record.

3. Transcribed

   The recording of all meeting conversations and discussions are transcribed, usually from the meeting's Closed Captioning file.

   - ➢ Examples
     - Multnomah County
     - City of Portland

     The City of Portland also video records its Council meetings, but the recordings are not referenced in the minutes and are not part of the official meeting record.

   - ➢ Attached is an example of this option for the March 2022 Board of Trustees meeting.

4. Video or audio recording only, no written minutes

   - ➢ Examples
     - None found

Possible Rule Change

"All meetings shall be recorded electronically or by a court reporter."

- This wording is old. FPDR has not used a court reporter for decades. Therefore, I recommend updating the rule to:

  "All meetings shall be recorded electronically or **documented in meeting minutes consistent with state law.** ~~by a court reporter.~~"

Decisions

1. What meeting minutes option does the Board want to use for future Board meetings?
2. Does the Board want to make the recommended rule change noted above?

   If so, the Director will submit the rule change resolution during the next Board meeting

Sample of FPDR Board of Trustees March 15, 2022 meeting minutes using Closed Captioning file

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FIRE AND POLICE DISABILITY AND RETIREMENT BOARD OF TRUSTEES MEETING	**MINUTES**

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.

Date and Time: March 15, 2022, at 1:00 p.m.; Meeting adjourned at 2:30 p.m.

Board Members Present:
Margaret Carter (Board Chair); Catherine MacLeod (Citizen Trustee); Christopher Kulp (Police Trustee); James Huang (Citizen Trustee); Kyle MacLowry (Fire Trustee)

Also Present:
Sam Hutchison (FPDR Director); Stacy Jones (FPDR Deputy Director/Finance Manager); Kimberly Mitchell (FPDR Claims Manager); Julie Crisp (FPDR Business Systems Analyst); Julie Hall (FPDR Office Specialist); Franco A. Lucchin (Sr. Deputy City Attorney); Lorne Dauenhauer (Outside Legal Counsel); OpenSignal PDX

Motions Made and Approved:

- Motion by Trustee Huang that was seconded by Trustee MacLeod and unanimously passed to approve the January 25, 2022, minutes.
- Motion by Trustee MacLeod that was seconded by Trustee MacLowry and unanimously passed that the board go with a 2.0 percent COLA for 2022 - (Action Item No. 1)

A text file produced through the closed captioning process for the live broadcast of this board meeting is attached and should not be considered a verbatim transcript.

Fire and Police Disability and Retirement

By________________________________
Sam Hutchison
FPDR Director

CLOSED CAPTIONING FILE

Note: Due to technical issues the first few minutes of the meeting were not broadcast

[Captioner on standby]

Chair Carter: Let's just proceed to the action items, annual adjustment review and the question is, what shall be the FPDR2/22 benefit adjustment? Sam?

Director Hutchison: We'll turn that over to Stacy.

Chair Carter: Stacy, you're quite popular today.

Director Hutchison: Is Stacy on?

Kathy Kakesako: I think she's muted.

Trustee Huang: Maybe she had to step away temporarily.

Kathy Kakesako: Stacy just said she's having internet trouble. She'll be back on in a minute.

Director Hutchison: Okay. We need Stacy. She's going to do most of the talking today again.

Chair Carter: Sam since we -- just a little side talk until Stacy comes. Since we are seeing an uptick in Europe with the COVID and that kind of stuff, is there any anticipation of it coming here and respreading again in the United States?

Director Hutchison: I have been monitoring what they say with -- in the state and also nationally. They do feel that there is a -- the COVID, Omicron is declining. There's no indication that things may go up. But they're watching it closely with it. Europe is on the different cycle than we are. At this point, there's no prediction or expectation there will be a significant uptick in the next few months. As you know, with COVID, things can turn dramatically in no time. So, everybody be watching closely.

Chair Carter: Does that mean then if -- there's not an action item for this meeting. I was just thinking ahead. Forgive me for that. If we were to act on that, then we would be in a position where we would make changes as necessary, if there is an uptick in the United States?

Director Hutchison: Well, if there's an uptick, the biggest areas that are impacted, you would hear both declarations from the national level and then also you would hear from the governor's office and the Oregon Health Authority as to different levels of state of emergency, if they need to be re-enacted -- reinstated. Currently the state's COVID emergency has been -- the masks have been lifted. We'll talk a little bit more about the potential impact on FPDR. If things should get worse, both the state and the mayor can re-up their states of emergencies and give us additional direction. We will talk about the -- in the FPDR update, talk about the impact to any of the state of emergencies and stuff on the FPDR COVID administrative rules.

Chair Carter: Since Stacy is not here, any questions to ask Sam while we're waiting?

Trustee MacLeod: I'll weigh in with what I know about COVID since I get daily updates. I have seen a map of the United States that indicates about 36% of the country in regions that are tested, they're seeing upticks of about a third in the presence of COVID and sewer run-off water that they test at various sites. But in the Oregon and Portland area, and the closest to us where they're seeing that is in the Seattle area. In Oregon and in Portland in particular, we're in the green light, which indicates we're quite a bit lower than the national average and things are stable. There does seem to be a trend that what's coming over from Europe is starting to impact the United States as well. But it's very regional. And right now, things look good here.

Chair Carter: So, in light of Stacy not being with us right now, how do we fill this void?

Director Hutchison: Well, we can jump down to the information items. One thing I did want to talk about, while we're on that discussion, is COVID. As I said, the city has lifted its mask mandate. The lifting of the mask mandate. The employees don't have to wear masks in the office. But, you know, we're strongly urging that they do, but they don't have to. The state has also rescinded its vaccine mandate. So far, the city has not indicated a change in the vaccine mandate, which is requiring all of police to have a vaccine. They were talking about having volunteers, which would include the three of you that don't work for the city. But I think that's going to be changed. I'm on a meeting this afternoon that will change that. That's part of the challenge, is to try to understand what's going on. Because the city -- the state is lightening up, and the city will follow suit. The state's declaration of emergency will be lifted by March 31st. I believe almost all the emergency declaration components will be lifted with possible exception for public board meetings and public council meetings, and public state meetings.

How that's going to impact our board meetings? One thing is that the mayor will more than likely -- this has not been official but I'm guessing the mayor will lift the city emergency at the same time the governor lifts the state emergency. There's a 180 sunset clause in our rules saying that these special rules for COVID claims will expire 180 days. So, if the state of emergency is lifted, let's say, effective April 1st, September 27th will be the last day that those COVID rules will be in place what that means, if somebody does get COVID after that point, they can still file a claim. They just don't have some of the protections or additional benefits that came with those rules. So, they can still file a claim. Now, if any time between now and September 27th we do get this surge back up, and the mayor reinstates the city's state of emergency, it throws that 180-day clock out, and the rules will stay in effect until that state of emergency ends. If the state -- if COVID is quiet through September, then flares up next fall and the mayor declares a new state of emergency, we will have to come back in to talk about, do we want to reinstate these rules? Because these rules would expire. We would have to come to talk to you, the board, about the decision, is it reinstated after the 180-day expiration. Kim can chime in, too. COVID claims, hopefully we're down on the tail end of the Omicron. I shared a chart with you, about a month ago, of looking at -- you could see our Omicron -- bump in COVID claims coming in. We're actually getting more fire claims in the Omicron bump -- not fire, but police claims than we got in the Delta wave, which was decimating to the fire bureau. They saw an increase but not to the level of the Delta wave. It seems to be mirroring what's happening within the rest of the state. It's going down. We'll continue to closely monitor that, as we do. All the claims now through September of -- well, 180 days after the state of emergency is lifted, which I would predict would be no sooner than September 27th, will be processed under those special administrative rules. Again, we'll talk more about that and keep you up to date of how that's going and revisit those rules any time with that.

Trustee Huang: Sam, quick question. Is there communication being planned to send out to the fire and police departments about the benefits once the state of emergency is lifted?

Director Hutchison: Yeah. So, we'll talk about -- once the state of emergency is lifted and the 180-day clock starts to tick, we will go through. I'll work with Kim to how we communicate that out to our members, active-duty members, of what that means to them. It does not change anybody on an approved claim. It does not change the approved claim. It does not withdraw any of the benefits we have under it. It will just be when new claims are filed. When chair Carter and I spoke earlier this week, she was talking about long-haul COVID claims. This is something that Kim and I can talk about in a future meeting in more detail. If somebody has filed a COVID claim up till now, or under these administrative rules, and have a claim approved, and they are able to go back to work. And then COVID catches up with them, and they get a long-haulers sort of rebound to it, they can file a worsening claim. They've already got a claim approved. They just have to show that it's worsening, and it's related to this initial claim we approved. Again, Kim can come in here and give you more detail on that. So, they are still protected under the plan. The challenge you have is that somebody who never reported the initial COVID claim and then two or three years down the road has a rebound from COVID, trying to go back two years and say I was infected by COVID two years ago, that's a huge timeliness issue. That would be a difficult claim to probably approve. So, that's why we always come out, if somebody has exposed to the COVID or has had COVID diagnosis, under these administrative rules, they should be filing a claim. Just puts them on record that gets the claim approved and could have us evaluate any long haul or any kind of COVID rebound that could happen in the future.

Trustee Huang: So, Sam, sorry. Quick question. This difficulty associated with those long haulers, is it because of the time bar, or that it's difficult to go back in time to substantiate that they, in fact, had exposure? Or is it a combination of both?

Director Hutchison: Kim, chime in any time.

Kim Mitchell: Yeah, I would be happy to chime in on that. You know, that's kind of predicting into the future what we have seen with the existing cases, the few that have had long hauler type symptoms, is that there's been no automatic recovery and then all of a sudden, you're labeled as a long hauler. In the long hauler cases we've seen, they've had symptoms from the onset and those never went away. They continued. Members have experienced a lessening of symptoms over time. We haven't quite had -- we haven't had the scenario yet where someone has had the short duration COVID, experienced symptoms and recovery that has come back. That hasn't happened yet. The long haulers that we see, we know it. It's existing, in the record. And they've been treated through their period of recovery. Just much longer than, of course, the normal course, which is why they call it the long-hauler.

Trustee Huang: Okay.

Kim Mitchell: Just so you do all know, we've had a sharp decline in the number of COVID claims. We've had fewer COVID claims filed for the month of March, which is excellent. We'll have to wait and see what this variant that folks are on the lookout for, you know, does to our membership. Does that help you?

Trustee Huang: Yeah. I'm sorry, Kim, I wasn't clear on my question. With respect to those who never filed a claim in the first instance, to the extent they suffer long-haul COVID symptoms -- in some cases they didn't even know they had COVID until much later on. I'm questioning whether the complexity around their filing their claim, getting benefits, is that around the time? Earlier, I thought Sam had said because of the timeframe, right? Is the complexity and the potential not associated with that time bar? Or is it because it's hard for me now to prove two years after the fact that I was exposed to COVID a couple of years ago? Right?

Kim Mitchell: I think the latter is going to be more the issue for the member. Just that showing that what you're experiencing several months or year or so later is related to something that happened at work. And, of course, we would rely on medical expertise. That's a decision we would make. That could be the challenge. And that's why we ask them to report right away if they've had it at all. So, yeah, there are definitely going to be challenges with someone who is coming back several months or a year later to tie it to an event that happened recently. It's going to be a challenge.

Trustee Huang: Great. Thank you. I know that there are antigen tests out there that could substantiate you had COVID before. I'm just not sure of the effectiveness of detecting that antigen after some period of time.

Kim Mitchell: That will be new territory for us. Yeah.

Chair Carter: Sam, I thought I saw Stacy had come back.

Stacy Jones: I'm back. I'm sorry. I had to reboot my computer…

Stacy Jones: …parameters that we're going to go over. I'll go over the board's authority with respect to the COLAs and how that has been used particularly the last seven, eight years. Give the board some factors you might want to consider in making your decision for this year. And at the end, I'll compare some COLA options between some different options, long lines like cost, impact to the members. And because, you know, Trustee MacLeod has been through this ad nauseum. Trustee Kulp has been through this once, I think. But for the rest of you, this is a new topic. In future years if we still have the same board. Please stop me if you have any questions. Seems like a simple topic. A few places where it gets a little bit complex.

So, moving on -- let's start by talking about the board's authority. But before we turn to FPDR2, which is what all the rest of the slides are going to talk about, let me talk about the FPDR one pensions and the COLA they'll get. We have two tiers. FPDR ones are retired or on disability in 1990 already when the plan was created. There are only about 300 FPDR Ones both with us, including retirees and surviving spouses. Their pensions are calculated differently than FPDR Two pensions. It's a percent of the current pay of active duty. Police officers or firefighters, as the case may be. And that is calculated as a percent of, they call it, first-class police officer pay, or first-class firefighter pay. It's calculated on July 1st each year. That means that they get COLAs every July 1st that are equal to the wage increases of active duty firefighters and police officers, kind of in a nutshell. Now that we have final contracts for both police and fire, the police contract expired June 30th, 2021, and was just ratified by the union, and by city council a couple of weeks ago. So, we now know the COLAs, the active-duty folks on July 1st, will be getting 5% COLA July 1st. By default, that is what our FPDR One members will receive. They'll receive 5%. Since I sent this slide deck out two weeks ago, we have since determined that a new premium in the police contract for crisis intervention training, 2% premium, is going to be part of first-class officer pay, because all officers will be required to have the training that you need to have as premium. So, that's another 2%. So, what that means is our FPDR One police beneficiaries on July 1st -- this is updated from the slide you're looking at right now, will receive a 7.1% increase. The 2% and 5% compound to create 7.1. And FPDR One fire folks will receive a 1.6% increase. So, you know, those are big increases, 7.1%. Although, I have to say even at 7.1%, we're not quite keeping up with inflation, because inflation has been even crazier. Those are big increases. There aren't very many FPDR Ones remaining.

And as a side note, the police contract also includes a 1.6% COLA that's retroactive to last July 1st, 2021. The fire folks already got that COLA last July 1st because their contract was in place. The police folks are just getting it now, as their contract is going into place. That means we will likewise issue a retroactive 1.6% COLA for FPDR One police who didn't receive a COLA at all on July 1st, 2021. They'll get that 1.6%, which will bring them up to where the fire FPDR Ones already were. And police FPDR One will get 7.1% July 1st, 2022. So, there's no decision for the board to make here. I just wanted you to be aware of what was happening with that smaller population of older retirees who were in FPDR One. Any questions about that before I go on?

Director Hutchison: Stacy, can you tell us what percent of their final pay they're receiving?

Stacy Jones: FPDR Ones? At the maximum they get 60% of that first-class police officer pay, or first-class firefighter pay. That's if they have 30 years of service that they get that 60%. FPDR One pensions are much -- big COLAs, but the pensions are much less than the FPDR Two pensions, which maybe is what you are wanting me to mention, Sam.

Director Hutchison: Yes.

Chair Carter: Stacy?

Stacy Jones: Oh, yes.

Chair Carter: It does not exceed the $800,000 that you have already placed in the budget?

Stacy Jones: Yeah. Well, we did not budget for a 7.1% COLA for the FPDR One Fire, or Police. It does exceed the budget by about $150,000. We have plenty extra in the budget to cover that kind of thing. We have about 14 million extra in the budget.

Chair Carter: Okay.

Stacy Jones: So, that, we can cover that extra $150,000. We had planned for a 5% COLA. We knew when we built our budget that was the most likely scenario. We did not plan for there to be an extra 2% increase across the board.

Chair Carter: Okay. Any further questions for Stacy?

Stacy Jones: Great questions. I'm going to move on then, to slide two. Which is what we're really here to talk about this is where the board really needs to make decisions. For FPDR Twos, folks who have been retired since about 1990, the board has sole discretion for the COLAs for FPDR Two members except for a cap. City charter says the board cannot grant a COLA that exceeds the COLA that they receive. City attorney's office seven or eight years ago gave us a formal interpretation of that language, which is that they believe that means that the board cannot exceed the maximum COLA, the highest COLA that any sworn retiree exceeds. Notice the distinction. There's a difference between saying that the board can't employ a COLA approach that might result in an individual getting a larger COLA to receive than if they were a first retiree and saying no FPDR can get a higher COLA than sworn retirees. So, the city attorney's office interpretation has been the latter, that the board cannot award a COLA higher than the highest COLA, which is 2%. Legally, the board may not give more than a 2% COLA. You can use a COLA approach or calculation that is more generous than PERS calculation might be for certain individuals. That is the nature of the cap. Other than you can't exceed that cap, the board can do pretty much anything you want.

Chair Carter: Stacy, have there been circumstances when that was done as to why this is necessary language?

Stacy Jones: I don't know why this language was included in the charter back in the early 1990s. But ever since the FPDR Two plan was created -- I'll talk about the history in a moment. You know, I don't know why they put that in the charter. Why they put that cap there actually.

Chair Carter: Okay, thanks.

Stacy Jones: If anyone else knows, they can chime in. It was too long ago. So, let's do talk about what the board has done in the past. That's the board's authority. This new board wants to know what the approach has been in the past. So, apologies to Trustee MacLeod who already knows about this. But for the benefit of the new trustees, let me talk about the history for these next couple of slides. So, the first thing to know is that for decades, from the time the FPDR Two plan was created until 2013, the board used the exact same COLA calculation, exact same methodology that the first did. That was to get a method equal to inflation up to a cap of 2%. But if inflation was more than 2% in a year, retirees got to carry-over that excess for use in a year when inflation was less than 2%. Since inflation is usually more than 2%, people built up these big carry-over balances. With the result once you've been retired a couple of years, you were pretty much guaranteed a 2% COLA every year. That was the method. It was identical between PERS and FPDR, from the time the plan was created until 2013. Then the 2013 Oregon legislature decided to blow things up and change the first COLA. Of course, there was subsequent litigation at the Oregon Supreme Court. That sort of tossed everything up in the air. When all the dust settled, what PERS wound up with is described in this little box I put on your slide. It's a little bit complicated.

PERS retirees, the current method and has been since 2014. You can get a blend of up to three different COLA rates, depending on the timing of your service and the amount of your benefit. For service before October 2013, which is when they tried to change the COLA, you get the old method I just described, which is 2%. For service after October 2013, you get 1.25%. And if your benefit exceeds $60,000 a year, you only get 0.15% on the portion that is over $60,000. That means that at PERS right now anybody who was retired before October 2013, who has all of their service before that date gets 2% every year. Which is why we can still go up to 2% with our COLA. But those retired after October 2013 get something less than 2%. It's different for every individual, because it depends on the percent of their service that happened before and after October 2013, and it depends on the amount of their benefit that's over $60,000, if any. So, that is folks who retire after 2013 get their own personal COLA. Before 2013, they get 2%. You would have to ask the Oregon legislature but essentially was to save money in a system that isn't fully funded. That was the rationale.

Since that time, since the first COLA changed, the FPDR board had to decide what to do. They had been doing what PERS did and had to ask itself if that was still appropriate. Since then, the board has done different things. Sometimes they've given 2% to everybody, which is the maximum that the board can do. And sometimes they've used a modified version of this PERS methodology. But the board has always used a method that is more generous than the current PERS method. They have sometimes used a method that is similar to the PERS method. So, let's look at that in a little more detail on this next slide. This chart will show you specifically what the board has done each year since PERS changed its COLA method in 2014. Notice this table goes backwards in time. This first row is July 1st, 2021. We're going back to July 1st, 2014. This next column will tell you what COLA the board awarded to our FPDR retirees. In the years where there's a range, that's because it mattered where someone's service occurred. Folks got different COLAs in that method. This gives you a summary of what the COLA calculation was. A little brief summary. This column tells you if the COLA the board awarded was more or less than the COLA would have yielded for the same person. It's always been more. For the last, you know, eight years. And then was the COLA that the board awarded more or less than inflation that year? Gives you a sense of whether it was more or less than inflation. You can see, you know, there have been four years where the board just gave 2% to everybody, the maximum permitted. The first two years that they did that were in 2014 and 2015, which is when the PERS COLA method was in litigation. They did that in uncertainty to how things were going to shake out.

Most recently, the board gave 2%, out of clearly making that choice. In the other years, the board elected to use a modified version of that PERS COLA method. In 2016, 2017, and 2018, these three years here, what the board did was do the PERS COLA methodology but used this part of the box. Service split before and after October 2013. They did not get into whether benefits were more or less than $60,000. They did that blend of 2% and 1.25% for the active retirees. The vast majority of them retired before 2013, so the vast majority still got 2%. Some folks got less. And then in 2020, the board also used a modified version of the PERS methodology. They did the same thing they did in the other years; except they made this 1.25% 1.75%. So, they made it a little more generous by upping that lower COLA that you could have blended in for your service after October 2013. So, you know, that is what the board has done for the last eight years. Since the PERS method was changed.

Trustee MacLeod was around some of those years and can probably speak to this as well. Let me attempt to give this board a sense of the issues and concerns that the board kind of had in mind while they were making those decisions over the last eight years. The first was obviously just being aware of inflation and wanting to make sure that members were at least partially maintaining their purchasing power. That is the purpose of a COLA, after all. The board was always aware that since historically inflation is greater than 2%, even if they awarded the maximum 2% COLA every year that FPDR pensions would not completely keep up with inflation over the long run. I think the board had that as a consideration in their decision making. You know, the mirror image of that, the other side of that was thinking about costs for the taxpayers who fund FPDR pensions. As COLAs are very valuable to retirees over the long run, they are also very expensive over the long run. I think the board has also been thinking about taxpayer costs. In the earlier years, but I would not say this has been a major consideration recently. In the earlier years, there has been some thought given that the FPDR levy under city cap we have in city charter, wanting to make sure that the board would not contribute to the possibility that the levy would ever exceed that cap with the too generous COLA policy. Since the increases in real-market value we've seen in Portland over the last decade, and that 280 cap was based on real market value, it's become increasingly unlikely we're ever going to need to be concerned about that cap. I don't think the board has been too concerned about that the last several years.

But finally, I would say that there has been also kind of a back and forth about how important it is or is not to maintain a connection to the PERS methodology. You know, obviously, there's an historic connection. In that for decades we use the PERS methodology. Even since the PERS methodology has changed we have sort of anchored to that methodology in many ways. There's obviously a legal connection since the city charter prohibits the board from exceeding the highest COLA that PERS sort of gives retirees. Beyond that, there's a lot of room for interpretation, among individual board members and individual judgment about how desirable or appropriate it is to continue to maintain a connection to the PERS COLA method, particularly since it changed in 2014. So, Trustee MacLeod, I don't know if you have anything you want to add to that.

Chair Carter: Any questions from board members? Was there a question?

Trustee MacLeod: I think you did a very nice job of summarizing issues.

Stacy Jones: Since you were there for the most recent part, I thought I better make sure I didn't -- but those have been the main driving considerations that the board has had over the last couple of years. So, that's the history, especially for the last eight years. Now you have to think about what you all want to do, as your own unique board, with three new members, for a COLA decision for this year. Before I kind of turn things over to you guys to discuss and think about what matters to you, I want to give you a little bit of a framework. Some considerations you might want to have in mind. Several of which I just mentioned as issues that the board has given in the past.

The first is what we just talked about, thinking about how well the COLA does at maintaining purchasing power for our retirees. Which, again, is the reason that COLAs exist. They exist to try to keep pension benefits up to inflation, to some degree. I think you want to think about how good of a job different COLA approaches do at maintaining purchasing power. But, bearing in mind, even if you give the maximum COLA of 2% every year to everybody, pension benefits will not fully keep pace with inflation. Unless we are entering a crazy period of really incredibly low inflation over the next 30 years, which at least right now does not seem at all possible.

The second consideration is the flip side of maintaining purchasing power for retirees. And that's the cost to taxpayers. During this transition from the pay-as-you-go FPDR pension to the prefunded PERS pension, it will continue to go up exponentially for the next 15 years and COLA costs come on top of that. I think we should be aware of that context of taxpayer cost. However, I do also want to remind the board that as we talked about in January, the tax levy is actually going to decline next year, which is a one-off situation. It's just happening next year because I want to use up some of that excess fund balance, we built up out of caution during the early days of the pandemic.

A third consideration will be an obvious thing to think about. To our retirees and taxpayers. We've had record-breaking inflation over the last year. Over 7% in 2021. And the future is very uncertain. Nearly all economists believe inflation will eventually temper. If you had asked a few months ago, a majority would have told you that that would have happened by now. World events seem to be conspiring against us. At least for now, inflation remains very high. It has not dropped considerably since the end of the year. It's essentially still at 7%. In short run inflation projections are kind of all over the map right now. Nobody knows what will happen. I can tell you, inflation was higher than it has been in 40 years last year. And it continues to be there right now, as we speak.

Another potential thing that the board might want to consider is what other plans do, particularly Oregon PERS, since we have this connection to Oregon PERS, and how comparable our plan is to those other plans. I mean, we've already talked in a lot of detail about how -- what the FPDR board has awarded for COLAs compared to the first COLA. Before 2014, we did the same thing as PERS. Wrapped up in that consideration is how the board feels about the limit in city charter, how board members interpret that charter language, and how the board feels about maintaining any kind of connection to the first COLA method beyond not exceeding the first COLA. Since PERS changed their COLA method we've always done something similar. They are more likely than PERS retirees to have spent their entire career in one place. Our folks tend to spend their entire career at Portland fire or Portland police. They have their eggs all in one basket. The city does offer a 401(k) type plan, although the city does not match contributions. For our folks, it is more likely this is their only source of retirement income, other than anything they have saved themselves.

And I think a final important thing to consider is the long run. It's always important to consider the long run in making financial decisions. Whether it's more important for the board to be consistent year to year, or whether it's more important for the board to maintain flexibility year to year, to respond to whatever unique circumstances might be arising in that year. You know, colas are an incremental, compounding benefit. Just like interest in your savings account. It's the exact same concept, which means that they really have to be costed over a long period of time to understand their true costs and their true benefit to members. But in any -- because at any given year, they're neither very expensive nor very valuable in any given year. 2% is not a lot in any given year, 1.5%. Over 30 years, different COLA approaches do yield very big differences, both in terms of cost to the fund and in terms of benefits to the members. We don't have a COLA written into our plan like PERS does. It's up to the board to make this decision every year, which makes it impossible for us to say how much COLAs are going to cost taxpayers or benefit retirees over the long haul because we don't know what future boards will do. Past boards cannot constrain what you do today. Nor can the five of you constrain what future boards are going to do. We have to acknowledge that. All the same, I think it's important for the board to think about and, where possible, to be explicit about, whether a decision in a given year is intended to be a long-term approach that the board is hoping to have some consistency around this year and into the future. Or whether this is a one-year decision made in response to particular circumstances and considerations that exist this year. In other words, that the board is using their flexibility rather than setting a long-term approach that the board intends to follow. That just comes down to how the board wants to balance consistency and flexibility, both of which have their merits. Consistency is a great thing, but flexibility is a great thing.

So, in these last couple of slides, before I turn it over to the board to discuss, I thought it might be helpful to look at the cost and the impact of three different possible COLAs. I just picked 2%, 1.75%, 1.5%. 2% is the max that the board can do. You can see that that would cost about $215,000 next year. Whereas a lower COLA, 1.5%, would cost $160,000. So, between 1.5% and 2% COLA is only about $50,000. It's not a big cost difference in any one year. Trustee MacLeod will probably notice that this does not include a service blending option, does not include a modified version of that PERS method you saw earlier that the board has sometimes used in the past, where there are different rates blended together, depending on service time. And I thought that it was a better approach this year with the new board to just show the cost and illustration, some illustrations for these three different possibilities. That's partly because I think you get a good sense of the difference between different COLA amounts by comparing three simple options. But it's also partly because my sense over the last few years is that the board has wanted to move away from the PERS blending method. That may or may not be the case with this board. That has been my sense. If the board does want to do something that more closely mimics the PERS method or modified PERS methods we've used in the past. Or if the board wants to do something that's more nuanced or complex in some other way, that's fine. So, these options hopefully cover a wide enough range that envision the possibilities in terms of costs. And also, in terms of these last two slides.

Again, it doesn't make a lot of sense to look at a COLA from one year. It makes more sense to look at a COLA approach over a long time, which is what the next two slides do. So, bear with me for these last two slides while I explain to you what they're showing you. This slide takes a look at what each of those COLA levels, 1.5%, 1.75%, and 2% would look like in terms of maintaining purchasing power if that was the annual COLA every year for the next 30 years. I'm using 30 years, because that is the median length of retirement. At the median, they're retired and being paid by us for 30 years. COLAs at those different levels do maintaining purchasing power over that 30-year retirement. We start with the median benefit of a new retiree over the last 18 months or so. Over the last 18 months when you look at the median of all their starting pension benefits it's a little over $8,000. It's a very generous pension, as we talked about before. These green bars show you what the benefit would need to be each year if the benefit was fully keeping pace with inflation.

So, let's pause and say, what's inflation? I have assumed 2.25% annual inflation to create these little green bars. And that may be too low. That is just still our long-term inflation assumption from our last plan valuation. No one knows where inflation is headed in the short run, and even over the long run. It's hard to say if inflation will settle back to that 2.25, 2.5% level or not. Because this is the long-run assumption we're using, that is what I used. That's what's used to create these green bars. So, if we assume that 2.25% is our average inflation over this 30-year period, after 30 years, that 8,000 dollars benefit would have to be over 15,000 dollars in the 30th year before our retiree passes away, to maintain the same purchasing power they had on the day they retired. If the board gave 2% COLA, the orange line, every year for the next 30 years, at the end of those 30 years, our member would have a pension benefit of $14,000. With a 1.75% COLA, red line, that pension benefit 30 years from now would have grown from $8,000 to $13,500. And they could buy about 86% of the things that they could buy when they retired with that benefit. And then 1.5% COLA, the purple line, after 30 years, that benefit would grow from $8,000 to about $12,500 a month, which would allow them to buy about 80% of the things that they could buy when they retired. So, I know this isn't shocking. That a 2% COLA does a better job of maintaining purchasing power than a 1.5% or 1.75% COLA. It gives you a sense of the difference, how well it allows retirees to keep pace with inflation. This changes a lot based on what you assume inflation is. I have assumed it's 2.25%. For example, if inflation actually averaged 2.75% a year over this 30-year period, this 1.5% COLA would get you to 69% maintenance, not 80%. So, maybe that gives -- also gives the board a feel for the sensitivity of this to different inflation assumptions. How good of a job different COLAs, if applied consistently over 30 years would do for purchasing power for members. Which brings me to the last line. We're going to flip that mirror and think about cost to the fund, which is actually a lot harder. The underlying retiree population will change a lot over the next 30 years. We want to isolate the cost of just the COLA for purposes of this discussion.

Again, I'm just trying to give you all a sense of the scale. A sense of the scale of difference between these different approaches and the impacts to the fund. So, this chart pretends we have the exact same retiree population for the next 30 years. Nobody dies over the next 30 years and nobody new retires. Which is obviously ridiculous. This is really just for illustration, so you can see the magnitude of the cost difference for each of these approaches over the long run. After 30 years -- right now, our pension, annual pension expenses are 128.5 million a year. If you gave everybody, all those retirees 2% COLA every single year for the next 30 years, at the end of the 30 years, $237.3 million would be our cost at the end of those 30 years. 1.5% COLA every year for the next 30 years, it would be about 220 million. And if you gave everybody a 1.5% COLA every year for 30 years, it would go from 128.5 million now to about 204 million at the end of the 30-year period. At year 30, the difference between 1.5% COLA, the purple line down here, and 2% COLA in the orange line up here is about $30 million. You can see how next year the difference is only about $50,000. But if you consistently applied a 2% COLA versus the 1.5% COLA, by the time you get to 30 years there's a $30 million difference between the two. I wanted to make sure that the board saw that. So, that is all that I have prepared today, to sort of prep the board to discuss what you would like to do with the FPDR Two COLA this year. I will pause and ask if folks have questions. Of course, you guys are welcome to discuss.

Chair Carter: Thank you so much for a great presentation. I have a lot of questions. I don't want to ask any questions until I hear from the board. Catherine, Lang? Any questions on this?

Trustee Kulp: Chris Kulp here, can you hear me? In my mind saying 7 point something is probably a more truer COLA this year. I hadn't realized how many years we had gone where retirees had gotten less than COLA, right, where the blend was? They were less than inflation, what, six of the last eight years?

Stacy Jones: I don't know if you were asking me a question. But, yes, the COLA has always averaged also than inflation. That's always been the case since the plan was created. Even in the days when everybody got 2% every year, inflation was historically more than 2%.

Trustee Kulp: Is there a way to calculate how far behind we think retirees are? As an individual, how would you figure out where they -- I don't know if there's a way to do that. I'm not a math guy by any means.

Stacy Jones: It would depend on the year in which -- it would be different for every retiree. So, we would have to look at, you know, each individual person and say, you retired this year. This is what inflation has been when you retired and here is what your pension has been. The COLAs have been different. Pensions have been different. Even though it would be different for every individual, and there are a lot of assumptions. Assumption behind this is that inflation is 2.25% on average. It almost gets you to -- so they've fallen 20% behind in this scenario.

Trustee Kulp: On your next slide, is there any way to put that into terms 30 years down -- I'm grasping at straws here. We know that $2.80, right, value of home. Is there any way to put this into context to maybe what that would look like down the road? Or am I thinking too much?

Stacy Jones: No, you're not thinking too much. I couldn't do that on the fly. And I hesitate -- I have to say, I did think about doing that before, actually. Actually, my lead financial analyst suggested I do that. Then we decided not to do that. We're staring so far into the world of this is already a silly hypothetical situation, where I pretended nobody dies or retires over the next 30 years. Once we start converting it into a levy, we have to make assumptions of growth over that 30-year period, and we can't really ignore the fact that the underlying pension population will change. But $30 million in our levy right now is over $200 million as a percentage. What would it be compared to -- we don't have a projected levy 30 years out. We have one projected 20 years out to get a sense of how big of an impact is that on the tax levy?

Trustee Kulp: I find myself torn between membership being able to purchase, right? Keeping the funds stable and not wanting to approach that cap. I know we always talk about because of the real estate market locally; the cap continues to get further away, right? But what if that changes tomorrow? You know, what if we have some sort of correction in the housing market? You know, that could drastically bring us closer to that gap, right?

Stacy Jones: It could. It would have to be a dramatic correction. And it would have to be -- I think we would have to see -- now I'm starting to get into even more hypothetical situations I haven't run numbers for. I hesitate to do that. We would have to see declining market values, substantial ones, or smaller ones over a really long period of time. What I can do is stop sharing and pull up our most recent levy analysis. I'm trying to remember where I think we're going to peak. It left my head. In the early 2030s, early to mid-2030s. We're nowhere near the cap. Even worst-case scenario, we're still under the cap.

Trustee MacLeod: One thing that we could say is that the levy projections build in a 2% COLA assumption, do they not, at the maximum?

Stacy Jones: Yes, you are right, Trustee MacLeod. They have not always done that. But in this last analysis they built in the 2% COLA. Yes, thank you. That's a good way to get to the heart of the matter.

Trustee Kulp: Those are questions off the top of my head. I'll turn it over to somebody else.

Stacy Jones: Good questions.

Trustee MacLowry: I'll jump in. What I'm struggling with is the fundamental acceptance of this whole process that the retiree buying power will erode. That is the foundation on every, you know, scenario we're looking at. I get what you said about the history, we're tied to PERS. The structure of the COLA was tied to PERS, while the benefit structure is completely different. You alluded to this, Stacy. FPDR Two, and I am FPDR Two. That's all that I have. Whereas the PERS numbers, they have defined benefit, their contribution, and Social Security. So, while their retirement is a three-legged stool, mine is a one-legged stool. It would make sense for the other PERS side of it, for assumption of erosion in a defined benefit. You have the other two sides of the stool to prop things up. I guess the question -- this is a 10,000-foot view. We're always thinking too much. Particularly in this year where we're looking at a charter change commission, does this board have the ability to make recommendations to the commission, or to the city council to address the land which it is tying us to PERS? That might be something more for Lorne or Franco to address legally. But has this been a discussion we had before on this board?

Director Hutchison: I'll give you a background with the charter commission. Charter commission is independent of the city. The city has given directive because of its independence that none of the bureaus or boards can influence what the charter is doing. This goes to all bureaus. There's been pent-up demand. It will be hard to near impossible to get the charter commission to look at this. And even if the charter commission did, it still has to go in front of the voters. And you have seen how the voters have treated PERS. And the voters are the ones who help support through the legislature to lower the PERS cost of living even lower than what we're discussing today.

Trustee MacLowry: That wasn't the voter, Sam. That was the legislature.

Director Hutchison: The legislature through it. Have you to go through the city of Portland voters to get this through. If it goes through that, you'll have to get a big support for people. This will raise their property taxes to do it. You'll have to tell them, your property taxes are going up. And, you know, we hear from quite a few people when they see it on their property tax line, fire and police pension, why are we doing it? What's going on? So, that won't be an easy battle to win, if you go to the voters. The second avenue is to go through the council itself. The council can go straight and put a vote out there to the -- you know, put it through their initiative process or referendum process, excuse me, to put something on the board. I've been pretty much told, because we looked at making a couple of other tweaks, that the council won't do that until the council commission -- or the charter commission is done with their work. So, that's going to be a hard thing. The last one is to get an initiative where people sign a petition and put something out on the ballot. I don't know who has the resources or money to do it. I understand what you're trying to do. Right now, given -- I've explored making some other changes to the plan, going to the charter. And it's not getting a lot of reception yet.

Trustee MacLowry: The charter change commission is sort of irrelevant to this. If we wanted to shall as a bureau, you could make a suggestion to city council separate and not even -- not involve the -- I was thinking the charter change commission, because that's something that was happening this year.

Director Hutchison: Right, right.

Stacy Jones: It looks like Franco has something to add as well.

Attorney Lucchin: This is just for the discussion that discussion that Trustee MacLowry raised. What is the reason that FPDR members don't get the Social Security benefit at retirement? Do you know that offhand, Stacy?

Stacy Jones: They're just not Social Security covered. That's part of the contract. That they're not Social Security covered. So they don't pay Social Security taxes. The city doesn't pay Social Security taxes on their behalf. So they're not accruing Social Security.

Director Hutchison: Part of that is the reason why the percent of their pension is higher, percent of final pay is higher than they would be getting in PERS. PERS is 67%, and correct me if I'm wrong, 85% is the max you can get through our plan. You can get higher percent of your final wage to offset that. That was a contractual agreement and has never been revisited.

Attorney Lucchin: The benefit is not available, for clarity of the record, because it's not being paid into by these individuals. That's essentially it, right?

Stacy Jones: Well, it is saving money. So, yes, Portland firefighters and police officers don't pay the 7.65% FICA tax that other city employees pay. The city also does not pay the matching 7.65% on behalf of those folks. It's a savings to both sides. Last thing I would contribute to this discussion, and actually be curious to hear Trustee MacLeod's thoughts on this. It's to make people understand that it would be extremely rare for a pension plan to have a COLA that would keep pace with inflation. Many pension plans don't have COLAs at all. And many have -- at best, they have something similar to this. Trustee MacLeod, you have a very broad experience with pension plans. Would you agree with that?

Trustee MacLeod: I do. In the private sector, they're really nonexistent. Public sector, they used to be generous. Cap rate would be at 4 or 5%. They've certainly come down and then limited more to maximum, 2, 3%. That is much more typical. FPDR Two people are not covered by Social Security does cause an inflationary impact on them more because, as Trustee MacLowry said, if this is your sole source of return income, Medicare and Social Security keep up with inflation to some extent. Not completely but to some extent. You're not getting that through a portion of your benefit with Social Security. So, I think it does make it more meaningful and important for tier two numbers. I'll weigh in with a little bit of historical perspective from the board with admittedly my bias on there. In terms of the three tiers and the PERS, consistency with PERS, at least in the years since I've been on the board, we've taken the position to not even consider the post-2013 service and the lower COLA that PERS applies to that. It's based on an income or benefit-level cap and as time goes on, that cap is going to be a bigger and bigger -- smaller and smaller. So, it creates -- it doesn't make sense because that cap isn't increasing over time. We threw that out as non -- as inappropriate. 10, 20 years from now, that could be half the benefit, 60,000 dollars, and they would get little or no COLA. So, in recent years we've done away with that and said we don't want to think about that. Just because it seems inappropriate for a portion of it that's not even being -- you know, where that cap is not being increased annually to keep up. As far as the second tier benefits, after 2013, with the 1.25%, as you can see in that past eight years of history, that has been done a bit. In recent years, we've tried to differentiate a little less between the pre-and post-2013, recognizing that was approved by the citizens to -- it was a budgetary thing. That was the reason. They needed to get the plan funding under control. So, they used this as part of their -- the limited means that they had available to them to reduce the cost of future benefits and get funding under control. That's not the situation here. So, absent that situation, you know, differentiating between two different groups of employees, you know, based on their hire date just -- you know, it's commonplace. But really there's not any other justification for it, other than budget. So, my personal bias is away from, you know, a COLA, for those hired before and after 2013 being different. And so, I prefer not to do that. While I'm rolling, I'll give my two cents worth. And that is while this is a challenging discussion, challenging history, I don't think it's really an issue for this year. Inflation has been so high. It just seems to me a no-brainer to go with 2% across the board.

Chair Carter: Are we presently at 2%?

Stacy Jones: You guys get to decide. July 1st, 2021, the board awarded 2% for all. And it sounds like Trustee MacLeod is proposing that the board do that again this year.

Trustee MacLeod: I am doing exactly that.

Trustee Kulp: I will second that.

Chair Carter: It's been proposed and seconded that we will do 2%? Is that the question on the floor?

Trustee Kulp: Yes.

Chair Carter: To ask one question before that. A 2% COLA will not produce an increase in property taxes?

Stacy Jones: We assumed a 2% COLA in our budget. That's the most the board can give. It will not produce an increase in property taxes for the next year.

Chair Carter: All in favor? [Chorus of ayes]

Chair Carter: Ayes so have it. Through go, Sam. What a good job you did, Stacy.

Stacy Jones: Thank you, Chair Carter. I appreciate the board discussion and getting a clear decision, which is always great for our retirees, because they can plan and know what they're going to get in July. I appreciate that.

Chair Carter: I have marks on my back, stripes on my back from when this legislation was first brought to the legislature. I don't know why my picture is not up there. I don't know what's going on. Why my face is not showing. But I have stripes on my back. And the reason they didn't do the Social Security thing is because the portion that we were doing for the fire and police was greater than what PERS recipients were receiving at that particular moment. And it was a down and dirty piece of legislation, at the time, I can tell you. Anyway, thank God, we got it through and fire and police can get the benefits that they receive. Any further comments?

Director Hutchison: I'll make a comment here. You ask great questions. For follow-up questions and clarification, Stacy is available. Email her or give her a call. She would be glad to go over this with you. It's complex. You may have more thoughts and ideas about what this is about, what we could do in the future. And so, we have moved pretty quick to 2%, which everybody is in full support of. But you may still have questions. Stacy is available for any and every question you have about this, even some of the levy analysis. Because I think, Christopher, you had questions about how this interplayed with the levy analysis. She'll be glad to do it. If necessary, we can have sort of an FYI, question and answer session in a future board meeting or Stacy can answer your questions directly. As this stuff is extremely important, very important to our members that we do it. I know everybody would like to probably make some changes to the program going forward or try to understand it better. Reiterate for about the fourth time, give Stacy a call or email. She'll be glad to answer your questions.

Stacy Jones: I hope it goes without saying, you can call me any time about anything.

Chair Carter: Okay.

Stacy Jones: Maybe not anything.

Chair Carter: We'll confine it to the budget. Sam, are we down to the information items you want to start discussing?

Director Hutchison: Yes. Stacy has the first one on expenditures.

Chair Carter: Okay.

Stacy Jones: That should be -- it's in your books. I don't have it open right now. Otherwise, I would share it up on my screen with you. I think, really, the only really interesting -- well, depends on your definition of interesting. Just to note that we have paid off our tax anticipation notes. We issue tax anticipation notes every year. We don't get tax revenue until November. We have to start paying folks money in July. So, for the last two years, we have borrowed money only the first six months of the year and repaid in January. Normally we borrow for as long as we can, for 10 or 11 months. We do need to repay within the same fiscal year. Normally we borrow as long as we can because we make money on it, within the IRS limits. I have been nervous the last two years about the volatility in the bond market. And so, I just got nervous about negative arbitrage, in other words, costing us money. I wanted to repay those as quickly as I could. I was afraid for anything. The interest we got on our TANS was 0.2%, we were earning 0.5%. So now I wish we had held on to them for a little bit longer. Given the uncertain date when we issue these TANS, that's why we repaid them already. Not really anything else board worthy in the expenditure report. But I'm happy to answer questions.

Chair Carter: Go ahead. Catherine?

Trustee MacLeod: I did have one question, Stacy. In the August transactions for pension benefits paid for FPDR Two, is it really 11? It's 25,000.

Stacy Jones: That is probably -- I'm sorry, I'm opening it now, because I failed to have it open. Let me make sure I'm looking at. And, in fact, let me share my screen so other folks can see your question. Let me know if folks can see. I'll try to make it big. Is that big enough for folks? I know the print is really tiny.

Chair Carter: That's great.

Stacy Jones: You're looking at this line?

Trustee MacLeod: Yeah.

Stacy Jones: And this hilarious looking line where it's 25.

Trustee MacLeod: That's the one.

Stacy Jones: Where it's 25,000 dollars. Actually, myself, I'm wondering July, August, September. I'm wondering if we have -- normally you see this happening because we had two pension payments in the same month. Because pension payments, if they are on a business day, fall backwards. But I am, myself, a tiny bit mystified. I wonder if we have a data glitch going on. Oh, it's the accrual. That's what it is. If I pop up my calendar. It was August 1st. Was August 1st a business day? We also have to accrue benefits back. Yep, that was it. The August 1st pension payment, because that was a Sunday, it was actually paid July 30th. So, you will see, this is really -- this $11.7 million is the August 1st payment. Because the entire July 1st payment was accrued back to the prior fiscal year because the benefit is a benefit paid July 1st. So, under full accrual guidance we have to accrue back to the last fiscal year. Almost got me on that one. Keeping me on my toes. The combination of the accrual and shifting back one month is what makes it look funny.

Trustee MacLeod: Got it.

Stacy Jones: Great question. Almost stumped me.

Chair Carter: Another question? Sam?

Director Hutchison: Okay. The next item on the information is FPDR board meeting location, city vaccine policy for volunteers. I'm going to apologize. This is the third time I've put this on a board meeting agenda. It's the third time I'm going to pull it. Every time I get my notes ready, the state and the city all change their COVID rules and declarations of emergencies, and vaccine requirements. So, we're in the midst of doing that right now. Anything we talk about would be meaningless. However, in the May board meeting, we are going to talk about this topic. Everything should be settled down. And admin, FPDR admin rule 5.01 describes how, where, and when we have our board meetings. I thought it was a good idea to look through that rule, bring in the new requirements, because there's been some state statute changed to how the meetings are run. And then the state of emergencies, I believe, will be lifted by them. We'll talk about how we want to run board meetings in the future. This rule I refer to, 5.2.01 -- and I will show it to you in May, what the rule is. It's decades old. It's way before FPDR Three was created, before we had a change in structure in the board. Some of the things in it don't make sense anymore. Only one tweak in 2007. For the last 15 years or so, there's been no change. It's time to update it. We got, you know, remote and hybrid meetings and stuff. We need to update that a little bit. We'll bring all this discussion into that month. So, I apologize again for that. Things are changing so fast. Some people, it's changing for the better as far as giving us more flexibility, trying to get back to normal meetings. Again, we'll save that for May. May, we'll still be doing the remote meeting, like we're doing now. Any first meeting we may see a change would be in July. Again, we'll talk about that in May.

2022 short session. Too many Ss in there. I'll throw Salem in there too. House Bill 4113, they added cancers to the existing firefighter cancer presumption. That presumption was part of a workers compensation law passed in 2009. They added bladder cancer, there are some indications that some of these cancers I listed may be associated with firefighting. That's how the bill was presented, to bring parody to all firefighters, take away the gender disparity. FPDR supported the bill. We had expressed some concerns of the lack of data and studies showing that some of those cancers that I named to you are associated with firefighting. There's just no study out there indicating that some of them are. And other people who testified in front of the Management Labor Advisory Committee, who advises the legislature on workers' compensation laws, other people testifying had the same concern. Added to this bill was a portion that requires the Management Labor and Advisory Committee to review reports from the Occupational Safety and Health, doing a study on cancers associated with firefighters. Not sure that report will be out. We hope it will be out in the next year, no longer than two years from now. The statute requires the committee to review that and to take action on that. And what action will be up to the committee. Do they look at all the cancers on the cancer presumption? Add some, take some away, maybe change the existing statute? We don't know. That's what they wanted to do. And that's how they addressed the concerns of where we can find the right kind of studies and data to support all the cancers that are now in that presumption. The bill is effective January 1 of 2023. Any firefighters diagnosed with any of those cancers prior to -- or after January 1, 2023, will be administered under the cancer presumption. There's no action required by you. The city has to pass an ordinance to update the FPDR plan to include these cancers. So, the city council has, per our charter -- part of the charter chapter is 5.403, says that the city has to pass something with the charter, so it complies with the law. That's coming up in the next few months. Any questions on that legislative update or cancer presumptions?

Chair Carter: I'm so glad we did that. We worked on that for a long time for women in fire. I'm glad to see that now taking place. Sam?

Director Hutchison: One thing about this bill, it was co-sponsored by 25 senators and representatives in both parties. No opposition to it. Just the concern expressed that we need to get more data to support all the cancers now in the cancer presumption.

Trustee Huang: Sam, I agree, this is a step in the right direction. Is there any way we can anticipate now the additions of these cancers may impact our budget?

Director Hutchison: We have so few female... Bladder cancer applies to male and female firefighters. Female diagnoses or cancers, we have so few female firefighters, and the chances of getting one of these cancers is going to be very low. We don't anticipate any significant impact to the budget overall. Cancer claims, individual cancer claim can be expensive, but again, how it impacts the budget is going to be minuscule. I don't anticipate much of that.

Trustee Huang: Thanks.

Chair Carter: Further questions? Sam, last item?

Director Hutchison: Other general FPDR update information. Let me go through my list here. Okay. Kathy said hi to you earlier today. And I'm announcing here that Kathy is retiring June 30th. She's been with FPDR for over 25 years. She's a very unique individual. Very integral to the culture and operation of FPDR. It will be impossible to replace her. Although we are going to hire her a replacement. This is a big loss to the bureau, but exciting for her to go on to the next phase in her life and what she's doing. We'll be hiring a replacement here pretty soon. We'll have a three-month overlap, so Kathy can train and impart her wisdom to her replacement. Congratulations to Kathy.

Chair Carter: Congratulations, Kathy. Thank you for your years of service.

Kathy Kakesako: Thank you. I'm going to be a grandmother, so I'm going to retire.

Trustee Huang: Good for you.

Trustee MacLeod: Just don't leave town.

Chair Carter: Right.

Director Hutchison: Yeah. She will be a consultant for us for quite a while. We did that with another person we have. We still have a consulting agreement with one of our last retirees, because there was a tremendous amount of knowledge that we always need help with.

Chair Carter: Hard to lose 25 years of knowledge and three or four days to train someone.

Kathy Kakesako: Actually, next Sunday will be 27 years.

Chair Carter: Fantastic. Further questions from members of the board?

Director Hutchison: I have more here to go.

Chair Carter: Oh, I thought we were at future meeting agenda. Sorry.

Director Hutchison: It's under FPDR updates.

Chair Carter: Go for it.

Director Hutchison: With Kathy's retirement, I thought this was a good time to look the how we take board minutes. The art of taking meeting minutes, she has perfected. I thought it would be a good opportunity for us to take a look at that process. We're looking at how PERS takes meeting minutes, how the city council takes meeting minutes. We'll come back to you when we talk about this in May as part of how -- when we look at admin rule 5.2.01, how meetings are run. We'll talk about how minutes are taken, and how we can do it, to meet your expectations for what they should cover. So, I think it's a good opportunity to talk then. Two small more things is that the city is beginning to open offices up for employees to return to work in the office. So, from April 1 to April 17th, all staff will have to choose one day to come in if they aren't already in the office during that time period. Effective April 18th, staff will work a minimum of one day a week in the office. And we're setting up schedules. So, people can have the ability to work four days at home and one day a week in the office. That will probably last through Labor Day and the city will evaluate that hybrid and make any changes. We're taking the opportunity to have team days. Stacy has search people reporting to her, as does Kim. And so, on one day, every other week, the teams will get together so they can interact and have in-person meetings and try to get to know each other again with that. That's what will be happening, coming up real soon. And the city council approved the lease. We are in the process of getting it signed. And signing a lease takes multiple people to review it. But we're in that process. And so that will happen here shortly. We're ordering all the furniture and the construction. All of that will start soon. We need to get the last final signature in the lease done. Then that will all begin to happen. Targeting a move-in date around July 1, that's probably the latest we would move in. We may move in earlier. We're going to have to wait until we can figure out, to coordinate with the construction and the furniture and layouts to be installed. So, that's where we are with those. And that's everything I have for today.

Chair Carter: Does that mean there are no other questions? You are that raring to go and don't have any other questions? Okay. Can I have a motion to adjourn the meeting, please?

Trustee MacLeod: I'll make a motion to adjourn.

Chair Carter: Motion accepted for the meeting to be adjourned. Thank you guys so much for today's activities and again, salute you, Stacy, for such a great job. Thank you.

Stacy Jones: Thank you.

Chair Carter: Even with all of the complications. So, we'll see you next month.