

**CITY OF PORTLAND  
BUREAU OF FIRE & POLICE  
DISABILITY & RETIREMENT**

**BOARD MEETING**



**November 19, 2024**

**FPDR BOARD OF TRUSTEES MATERIALS**  
**November 19, 2024**  
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**This meeting will be held virtually**

**City of Portland Bureau of Fire and Police Disability and Retirement  
Agenda for Regular Meeting – Board of Trustees  
Tuesday, November 19, 2024 – 1:00 p.m.**

**Please note, The Fire and Police Disability and Retirement Board of Trustees are holding this public meeting VIRTUALLY. 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](http://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	Introduction of the New Police Trustee Thomas Stoffel, Jr. and the reelected Fire Trustee Kyle MacLowry. Their three year terms begin January 1, 2025 and expire December 31, 2027.
2	Approval of Minutes – September 24, 2024 Meeting

**INTRODUCTION OF VISITORS**

**PUBLIC COMMENT PERIOD VIA ELECTRONIC COMMUNICATION**

**Public comments will be heard by electronic communication (internet connection or telephone). If you wish to sign up for public comment by electronic communication, please register at the following link:**

[https://us06web.zoom.us/webinar/register/WN\\_6XdvNhYkQqglu1XQK6i5oQ](https://us06web.zoom.us/webinar/register/WN_6XdvNhYkQqglu1XQK6i5oQ)

*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 November 19, 2024 virtual board meeting is Monday, November 18, 2024 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](mailto:sam.hutchison@portlandoregon.gov) by November 15, 2024.***

**ACTION ITEMS**

1	<ul style="list-style-type: none"><li>○ Outside Counsel Contract Extension - <b>PLEASE NOTE THIS WILL BE DISCUSSED AFTER INFORMATION ITEM NO. ONE</b></li></ul>
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**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	Auditor's Annual Report Presented by Moss Adams
2	The Disability and Pension Claims Appeals Process
3	City of Portland Transition
4	Proposed Board Meeting Schedule
5	FPDR Summary of Expenditures
6	FPDR Updates

*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](http://www.portlandoregon.gov/fpdr) or at the FPDR offices located at: 1800 SW First Avenue, Suite 250, 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.*

<b>FIRE AND POLICE DISABILITY AND RETIREMENT BOARD OF TRUSTEES MEETING</b>	<b>MINUTES</b>
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This was a virtual meeting with the option to attend remotely via a Zoom webinar platform.

<b>Date and Time:</b> September 24, 2024, at 1:00 p.m.; Meeting adjourned at 3:45 p.m.
<b>Board Members Present:</b> Patrick Hughes (Board Chair); Christopher Kulp (Police Trustees); Kyle MacLowry (Fire Trustee); Tom Kramer (Citizen Trustee); Catherine MacLeod (Citizen Trustee)
<b>Also Present:</b> Sam Hutchison (FPDR Director); Stacy Jones (FPDR Deputy Director/Finance Manager); Kimberly Mitchell (FPDR Claims Manager); Julie Hall (FPDR Legal Assistant); Franco Lucchin (Sr. Deputy City Attorney); Lorne Dauenhauer (FPDR Outside Counsel); Ryan Bren (FPDR Police Liaison); OpenSignal PDX
<b>Motions Made and Approved:</b> <ul style="list-style-type: none"><li>• Motion by Trustee MacLowry that was seconded by Trustee Kulp and unanimously passed (5-0) to approve the May 28, 2024 minutes.</li></ul>
A text file produced through the closed captioning process for the live broadcast of this board meeting is attached and should be considered a verbatim transcript.

Fire and Police Disability and Retirement

By \_\_\_\_\_

Sam Hutchison  
FPDR Director

**CLOSED CAPTIONING FILE**

[Captioner standing by]

**Director Hutchison:** It looks like we have everybody here. We've got Catherine, Patrick, Kyle, Chris. I thought we had Tom a minute ago.

**Julie Hall:** Oh, he's there.

**Director Hutchison:** There you are. Your picture moved around on my screen there. Okay, so we're all here ready to go. So Patrick, I don't know if you have the agenda in front of you. Is there a quick way to show that, Julie?

**Chair Hughes:** I do have it open.

**Director Hutchison:** Okay. Typically as we go through, I usually say everybody's here and I turn it over to you as the Chair to run the meeting. And so, for the agenda, the first part of the agenda here is to introduce you. If you want to introduce yourself real quickly to the rest of the trustees, go for it.

**Chair Hughes:** I was looking at that thinking I turn it over to Sam and you give it back to me. Hello everybody, this is Patrick Hughes. First, it's an honor to be here on the board with you. I'm drinking through a fire hose trying to do a lot of catch-up. Orientation will be coming soon, but going through the May minutes it's obvious to me this is really a high-functioning department and board. The things that were done in the last meeting had some really great impacts on your members. That was cool to see the finance deal with Parks, and then moving around for the doctors to get DOs involved and stuff, pretty darn cool. It's very impressive. Personally, I've been in Oregon since 1976. I moved here from Tokyo because my father decided he wanted to live in Tokyo for three years. I was born and raised in Michigan and Chicago. I still might have a slight Midwest accent, but not really. And I've been in insurance, risk management, and legal for pretty much all of my career. Currently I'm a Risk Manager for the city. I've been Chief Risk Officer for Oregon State University and for school districts down in Eugene. So been kind of living that life, and I got to see many, many different things. So I hope I bring value and again, it's an honor to be involved here and I look forward to working with all of you and the team over at FPDR.

**Director Hutchison:** Glad to have you, Patrick. Also, just a reintroduction of Catherine MacLeod. She was brought in as a Citizen Trustee in 2019 if I'm correct. And then about a year or so ago she was asked by the Mayor to take the Mayor's designee position, so we had a board chair while we were trying to get the board completely filled. Now she's stepping back into her role as Citizen Trustee. So, glad to have Catherine staying with us as we go ahead. And then Patrick, it's just at this point you call meeting minutes, ask does anybody have anything to add to the meeting minutes and then just take a vote.

**Chair Hughes:** Yep. May 24th minutes, was it the 24th? I believe it was. Hopefully they've been reviewed, and I guess the question is, first any questions or additions or edits? And if not, we need a motion to approve them and off we go.

**Trustee MacLowry:** I'll make a motion.

**Trustee Kulp:** I'll second it.

**Chair Hughes:** That motion to approve the May 28th meeting is approved and now we can go through. No action items, so we're down to informational items with the State of FPDR. Sam, is that you?

**Director Hutchison:** Actually, we have an introduction of visitors.

**Chair Hughes:** Gotcha.

**Director Hutchison:** And also one technicality, we need to take a formal vote. The motion was first and seconded, but we didn't get a vote on the meeting minutes.

**Chair Hughes:** Oh, great. All in favor, aye.

**Trustee MacLowry:** Aye.

**Trustee Kulp:** Aye.

**Trustee MacLowry:** I have a super quick discussion point, if I could, on the meeting minutes.

**Chair Hughes:** Sure.

**Trustee MacLowry:** It would be a question for Stacy. I just want to check on the interfund loan, if that went as planned. Could be a simple yes/no answer.

**Stacy Jones:** Yeah, it sure did. We've made two draws on it already; council approved it on July 17th, and all is well.

**Trustee MacLowry:** Great, thank you.

**Chair Hughes:** I'll call that vote again if it's okay. I heard two ayes. Post that question, everything the same?

**Trustee Kulp:** Aye.

**Trustee MacLowry:** Aye.

**Trustee Kramer:** Aye.

**Trustee MacLeod:** Aye.

**Chair Hughes:** Aye. The meeting minutes of May 28, 2024, are approved. Sam, do we have visitors? I can't tell because the screen's being shared right now.

**Director Hutchison:** No, we don't. The other names you see on there are closed captioning people and the support people that keep the Zoom meeting up and going for us. That's why you see the extra people.

**Chair Hughes:** Okay.

**Director Hutchison:** Oh, I made a mistake. There are some other people that you ought to be aware of, Patrick. Franco, well why don't we just go down here. So Patrick, you know Stacy. Do you know Kim?

**Chair Hughes:** I have met and at least talked to her a number of times, correct?

**Director Hutchison:** And then Franco. Franco, you want to wave and say what you to for us?

**Franco Lucchin:** Franco Lucchin, I'm Legal Counsel for FPDR from the City Attorney's Office. I'm certain we've met before Patrick.

**Chair Hughes:** Yep, I spend a lot of time over there for various good or bad reasons.

**Franco Lucchin:** Welcome.

**Director Hutchison:** Lorne, you want to introduce yourself.

**Lorne Dauenhauer:** Patrick, nice to meet you. I think we've indirectly spoke, probably via email. I'm Outside Legal Counsel for the trust.

**Chair Hughes:** Good to meet both of you.

**Director Hutchison:** Okay, so we're ready to move on to the next step.

**Chair Hughes:** No action items, so down to informational items on the State of FPDR. Sam, is that you again?

### **INFORMATION ITEM NO. 1 – STATE OF FPDR PRESENTATION**

**Director Hutchison:** Yeah, I'll start it off and then hand it off to both Stacy and Kim who have sections that they'll present for you. So, this is for you Patrick. Every September, after the end

of the fiscal year, we give an update on the state of FPDR. It's a recap of what we've done for the year with quite a bit of detailed slides and charts showing numbers and important information that we think the board should have, and then also just a brief view of what we're going to be doing for this fiscal year that we've already started. Everybody's free to ask questions as we go through the presentation, because there's a lot of information and if we wait until the end everybody's going to forget what their questions are. Why don't we go ahead and flip to the first page here.

So, a quick recap on what happened during the last fiscal year. We continued recruitment for the vacant FPDR Board positions. We didn't have a whole board for over a year and a half, and we spent a lot of time searching for people. Commissioner Gonzalez's office and the Mayor's office supported the effort. It was a big challenge for a couple reasons. One is that so many people in the city that like to volunteer for these types of things were being tied up with all the organizational change committees and functions there. So, there was a smaller pool to draw from. Also, interesting for us, we have a requirement to be on this board for the citizen trustee positions, not Patrick's or police and fire trustees, but the citizen trustees have to be citizens of Portland and live in the city. That takes quite a few people out of consideration when they're really interested but don't live in the city so they're not able to do it. That took up quite a bit of time for me and a few other people trying to recruit. We did do an interview process, which is the first time we've done it, that did not yield any successful candidates.

We amended the rules to expand the definition of physician to include Physician Assistants, Nurse Practitioners, and Naturopaths. Just to recall, this is to bring us in line with Workers' Compensation. Having different definitions of a physician between Workers' Comp and FPDR caused a lot of confusion for the medical providers of what could they do for other Workers' Comp injuries and then our disability injuries. So, we wanted it in line with what the state Workers' Comp was doing. It's a big plus for us too because now we can actually take information from these particular providers, which we couldn't before without an MD signing off on it. So it makes life easier for our members and for our providers. We have the CPPW, which is. what is it? Okay, Stacy, help me. Kim. City of Portland Professional Workers.

**Stacy Jones:** City of Portland Professional Workers.

**Director Hutchison:** There we go. It's a new union that was formed. It took maybe 700 positions that were not unionized in the city and has unionized them. It includes half our staff in FPDR. They were undergoing contract negotiations last year and they still are, so it's basically status quo how we dealt with staff, how we worked with their schedules and how we paid them before the contract. So, there are minimal changes. There were a few, but what they said is keep everything status quo until the union contract is resolved.

We had the 2023 legislative session. This was a short session. I spend a lot of time monitoring these sessions because there are oftentimes little sneaker bills that will come in and either impact PERS, disability/retirement or Workers' Comp which then could roll in impacting our disability. Then there's other different laws throughout the state that may have the impact of



that. So, I watched that closely. This year they had a couple items on small, well, that depends on your opinion, small items on PERS and a small item on Workers' Comp, which was they added Physician Assistants to Workers' Comp and we just piggybacked our rules on top of the new laws. Next slide.

For disability this year, you'll recall that we had one MCO close, so we had to decommission that MCO out of our system and get members transferred over. Patrick, you're probably aware of what a MCO is through risk, but managed care organizations provide the medical care for our disabled members. And so one closed and we brought in a new one and then we brought in a replacement. So we had two new ones and one closed. This was a tremendous amount of work to make all this happen. We typically don't have anything like this happening but once every four to six years, and we had all three of these happen within a year and a half. It was a tremendous amount of work for Kim and her staff and also our systems analyst helping with a lot of the technology stuff done with this.

Pension and finance, again two 27 pay period retirement months, it was the third highest year on record. Stacy will go into more detail when she gets into her slides on this. And during the process we had to help central accounting with some finance functions because they were understaffed, so we pitched in to help them on a few items going forward. And again, when we do that, because our staff is very busy with our stuff, so when we help somebody else out that puts a load on us but it was something that had to be done, and I think they bail us out sometimes too, so it was reciprocal assisting them.

The leave reimbursement backlog. Kim, correct me if I mess this up really bad. Leave reimbursement is when somebody's on disability and using their own sick leave or vacation because they may have filed the claim 30 days after the disability. So there would be 30 days they used their own sick leave. There's a possibility that we could have denied a claim and then it gets opened up later. So between the denial and when the claim is approved, they use some of their own time. So if we approve the claim, we go back up to the date of disability and reimburse them for all leave they had used to cover that period of disability, because that should have come out of FPDR and not out of their personal leaves. And so we did have a backlog on that. Some people were pretty vocal about it, so we spent a lot of time last year and got all of the leave reimbursement backlog cleaned up and we streamlined the process to make sure we don't get backlogged again. And for the technology side, we hired a new Business Systems Analyst, Lili Acevedo. She's drinking from a fire hose on all this. Flip over to Page 4. Kyle, you had a question?

**Trustee MacLowry:** You were talking about leave reimbursements and that it's been streamlined. It's definitely an issue that's come up with membership in the past. What do you mean the process has been streamlined?

**Kim Mitchell:** I'll be glad to help with that. One of the major points we had with the leave reimbursements was sending out the forms that the members need to sign so that we could have permission do that transfer of their accrued leave back to FPDR pay, and we just had a

problem getting the forms back, and so what we created is a preauthorization form. And so instead of sending it out at the time we are processing the leave reimbursement, we send it out on the initial claim. That is part of the claim setup documents that we have them sign. That way when we're ready to process those reimbursements, we have everything we need. Occasionally we still have to pursue the members to sign the forms. And there may be times where there's a question about the period of time authorized, if it didn't show up initially and has come up later, we're working to make sure that we've got the proper authorization to pay the benefit. But I think the biggest driver and the biggest change was getting that preauthorization done in advance because it's really sped up the process on the back end.

**Trustee MacLowry:** Has that been added to the purple packets?

**Kim Mitchell:** Yes. Oh, sorry, we send that out with our pended letter. Once the member has filed the injury claim, it goes out. You know, the purple packet, it was more time efficient and more need based to just give it to the member once they filed the claim.

**Trustee MacLowry:** Okay. Thank you.

**Director Hutchison:** Thank you, Kim.

So what's happening this fiscal year, 2024 to 2025? We mentioned before the CPPW labor agreement. We expect it to be implemented sometime during this fiscal year, and we're uncertain of how this will impact how we manage our CPPW staff. Presently there is no 40-hour limit to their work as they are considered FLSA exempt employees, so they don't have the overtime requirements or overtime pay. We're quite certain that will change with the contract when it comes in. Oftentimes when people worked pretty heavily during the audit time or during budget time or sometimes a wave of claims will come through, we have people that work more than 40 hours. What we do is sort of give them a little bit of time the next week they can work a little bit less than 40 hours. So we flex their schedules around. We had a lot of ability to be flexible with them. I'm certain we'll lose some of that flexibility going forward. So when that contract is agreed to and signed, we will come back to the board and we'll do an analysis how that impacts our staff, if there's any budget impact and what's the impact to our members or what do we need to do to mitigate any impact to our members. We'll share all that information with the Board once the agreement is signed and we've done the analysis.

**Julie Hall:** Sam.

**Director Hutchison:** Yes.

**Julie Hall:** Chair Hughes has his hand up.

**Director Hutchison:** Go ahead, Patrick.

**Chair Hughes:** I'm curious, do we have anyone on the negotiating committee with that union or are we just relying on the city HR to inform us how it affects us.

**Director Hutchison:** We do not from FPDR have anybody on it. With only 17 people at this point we just don't have the bandwidth to do it. But I do think our Budget and Finance service area has one or two people on it, and then there's HR and the City Attorney's office.

**Chair Hughes:** Okay. Thank you.

**Director Hutchison:** As you know, the city is going through an organizational change from our standard commission form of government to an actual council form of government, and then a separation of management to the city. The Mayor will do it and then we'll have a City Administrator and Deputy City Administrators. All the management tasks will be taken out of the council's hands, so there will be some changes made. We just had the change made in July when they created the service areas. Patrick, you're part of the budget and finance service area. We'll go more into this in the November meeting when we have a little bit more background of what's happening. Then when we move into next year when we have a new council, a new Mayor, I'm not quite certain if there will be additional changes being put down. Part of my job is to insulate FPDR and our members from any of these changes. I've been successful at it. We're unique enough that nobody's really trying to get their hands in and trying to change or maneuver stuff around in FPDR. So as far as our members are concerned, I doubt they'll see any impact by this change.

So we have and we're onboarding right now, our Mayoral designee. This gives us a full board. We're going to do training with Patrick and additional trustee training. I think, Tom, we owe you some more. Things were going back and forth between the vacancies; we did not keep up with the training. We'll get back to Kyle, Chris, and Catherine and see what additional training you would like to have. We'll get back on the training program.

This year we have the state 2025 legislative session. It's a long session, about six months, and this is the one, again, if there's chances of stuff will come and impact FPDR, they're most likely to come out of this session. I've not heard of anything coming yet that possibly would, but I won't know probably for another two or three months. And what I will do in our January board meeting is outline what I look for, how I look at all the bills that come through the state, which ones will potentially impact FPDR or our members, and then I'll start sharing the progress as we go through that legislative session.

And we'll review and update the continuity of operations plan, this is what we do in case there's a major event that, the earthquake is the most common one, the Cascadia zone, but there are other situations such as flooding and major storms that will shut the city down for a week or so. That's happened in the past. The full plan that we had, well this last major update was just immediately prior to the pandemic and our move to remote work. And so we definitely need to update this plan, taking into account hybrid work for staff and throughout

the city. So that's what we're going to be doing this year is updating it and taking into account the new work models.

And then for the disability, we're going to complete the onboarding of the new managed care organizations. I said there was a lot of work there. We've got some of the organizations from their side having to do more work to help us, so we have to make sure that we get all the enrollments going properly, data is being exchanged properly between us and them so we can bill correctly and pay them correctly. We were going to hire and train a new disability analyst. Kim may discuss that a little bit later to explain why we're not doing that, at least at this time.

Pension and finance, we're updating the banking process with Wells Fargo. All our direct deposit payments, which are virtually all our pensioners and all our long-term disability people, are receiving direct deposits and they go through Wells Fargo. Wells Fargo is changing their process of how we give them information and what they do with their information to get those direct deposits to happen. So if we do all this transition correctly, the members won't see any issue with it. It's just a lot of back-end work for us, what information we need to give to Wells Fargo, how we process it, and there are some significant changes in how they want to do it. So it's on the back end that Stacy and her team are working on, and our business systems analyst is involved with that too.

We're going to update the retirement education materials, pension workshops, and website. For the workshops, we had a Social Security section that most people didn't find very useful because they don't have Social Security, so we've now changed it to financial planning. We did it at the last meeting and that was well received by everybody, so that's the direction we're probably going to go. We're going to look to see if there are any other improvements we can make to the workshop. The website was a little bit old and they redid all the city's website about six or seven years ago. We don't like the structure they put us in, so we're looking to how we can change some of the web pages so they're more friendly and useable for people, as well as the portal for members.

We have a new city-wide budget process to align with the organizational changes. Again, they involve the new service areas, which used to be bureau budgeted and then passed it up. Now all the bureaus within a service area are creating their own budget, and then that's getting rolled up to the city's budget. Stacy will go more into that with you in January when we present the budget. She'll walk you through the whole process and a couple challenges with the budget. This is a new budget process and a new organization, so we're launching through it. The interesting thing is they'll be halfway through the budget process when a new mayor and new City Council come on board. So everybody's sort of waiting to see how they are going to weigh in. Are they going to want some of the budget stuff done differently or are they just going to accept the work that's been done going forward? So it's going to be interesting to see what's happening there. For the most part it doesn't impact our budget because we have a very technical budget. We aren't involved in a lot of the political and the policy stuff for the city. We just have to make sure we have the money to pay benefits so this process I know I shouldn't say doesn't impact FPDR because Stacy and her team are having to do things

differently, but all in all, our budgets are going remain pretty much the same that we've had before. But again, Stacy will go through that with you in January. The improvement of the pension estimate process, Stacy will go into that later and what we're looking at with the pension estimates and what we're looking into doing later this year. She'll do that in her section of the presentation. One more slide.

So technology, first one is to upgrade the firewall for the database and other improvements to do the new banking process. This is all necessitated by the Wells Fargo change. We went in and said, okay, we're going to be keeping more complex data in the FPDR database, and they said you've got to get that firewall upgraded significantly. So that's what we're in the process of doing. Again, the second one is going along with our managed care organizations. We have a lot of technical aspects. They're mainly reports and feeds of information back and forth and getting the information in such a way that we can bill and pay bills appropriately and each MCO has their own way of receiving payments, so we have to have three different tweaks to the system, and that's creating a lot of work. That's just expected when you have two new organizations. Automated pension estimates, again Stacy will talk more over the pension estimates later. Again, we have the disability claims. Just at the time that covid hit, everybody was told go work from home. So we had done some prework on converting all disability claims into digital or paperless claims and so everybody hurriedly accelerated that project over a couple months when we planned to do it over a year and a half to two years. I think it's time for us to come back and take a fresh look at everything that we put together and see if we can do it better, simpler. Content Manager is our digital document retention system and are there better ways that we can use it. That's what we're looking to do.

We're going to improve the usability of the FPDR website. It was created several years ago. We want to do this across the board not only for the pension side, but everything and this also coincides with the new project that was started last week from the city. The city must comply with the ADA Title II new rules for websites and websites accessibility. There's quite a bit of rules, especially for people that are using scanners and readers and other things to help them review things like these slides or anything on the website, and the city has to be in compliance by April 2026. It's an opportunity as we move into compliance to look at each of our pages and improve them and get away from using PDF documents and stuff like that and can we move stuff on to the web page, so we'll be working on that over the next year. Any questions on what's happening or what happened last year?

**Chair Hughes:** I have a comment. When you talked about moving to the new MCOs, it is really, really difficult. So you kind of made it sound like there was just a small bump in the road. It's very difficult.

**Director Hutchison:** Well, I think I make it sounds like a small bump because I think Kim and her team have done a tremendous job bringing those people onboard. Kim's worked very hard and she's reached out to your area, Patrick, to Sue who's using one of the new MCOs at Risk for the city. So actually, we let Sue do a little bit of the lead for us.

**Chair Hughes:** Sue likes that, good for her.

**Director Hutchison:** Want to flip to the next slide, Julie. This is the FPDR organizational chart. It's pretty straightforward, we just like a reference for where we are. The group on the left is the disability team. Excuse me, not the disability team. It's what we call the finance and pension team. The Pension Coordinator, she does a lot of the work making sure all the pensions are paid correctly and that checks and stuff are going out. Everybody on the green side, they are all the people that do the money work trying to make sure we have the right kind of money, all the accounting and the budgeting. The Office Support Specialist, she's the one that keeps the office running with all the details. We have the Disability Accountant. It's the finance side, but she helps people with the disability claims. These are the people that handle the claims. Above that is the Legal Assistant, which is Julie, and then we have the Business Systems Analyst who's been helping out a lot. This is just what the bureau looks like. Next one, slide 8.

FPDR programs overview. Usually when we do budgeting or at times when other parts of the city look at what does FPDR do from an internal perspective, there are four things that we consider our program. First one on the left is pension benefits, which is FPDR 1 and FPDR 2. We're here to make sure everybody gets the appropriate benefit for the appropriate length of time. The second from the left is sworn PERS contributions. That's making sure that FPDR 3 contributions are made to PERS. Disability and death benefits, that's pretty self-spoken. This team is making sure everybody gets the benefits they need and investigates and administers those claims. And the one on the right is administration support. We have several people that provide help to all the programs in the bureau, so we just sort of put them under that area. This gives you just a snapshot of what we are about in FPDR. Okay, slide 9.

So the next few slides are key performance measures. These are measures that provide you with data that we think impacts the fund and our members. It helps you understand the finances and the volume of stuff that is happening throughout FPDR. So as we go through, each slide has a different view of something that's happening in FPDR. So this first one I'll do and then I'll turn the rest over to Stacy. This is the percent of workforce on disability as of June 30th. We had to choose one day a year, so we chose the last day of the fiscal year of how many active members in both bureaus are on disability at this time. This graph doesn't look that exciting here, the range is anywhere from 3.2% to 3.5%. This year was a little bit lower, and that has something to do with the claim count, and Kim will go over that. This graph used to be extremely important. If you go back another ten years, so 15 to 20 years ago, this number would have been 7% to 9%. So my predecessor said let's start managing this program professionally, and that's what they did. So the decrease to this what I call pretty much a level area right now, we're not looking to drive this down any farther. This is an acceptable level; this just allows us to measure and take a look at what's happening. So the transition of the disability decisions from the board to FPDR in the 2007 charter change contributed to a lot of this look because the bureau was using claim investigation and claim management that met industry best practices and standardization being fair and objective between all claims. And then in addition, we have a commitment of both the fire and police bureaus to transitional

duty work and light duty work for people. So if you can get somebody back to doing some kind of work, and out of their lazy boy chair and away from the remote and their can of beer and their TV, they will likely come back to work sooner and faster and be healthier for doing that. And this ties into the third reason, which is we have a strong work ethic with all the bureaus. Every member wants to get back to work somehow. And so that's part of our job is when we work with the physicians through the MCOs, what are you doing to get this person back to where they can have maximum improvement so they can go back to work. So that's part of it. So we're at a good place today compared to what we were 20 years ago.

**Chair Hughes:** Sam.

**Director Hutchison:** Yes.

**Chair Hughes:** Obviously when I saw this, there's the spike in 21/22. Do we know, is that pretty much a result - I see the same type of things on my end. Is that protest area problems coming into play there or something?

**Director Hutchison:** That was Covid.

**Chair Hughes:** That was Covid?

**Director Hutchison:** Because we paid a lot of Covid claims.

**Chair Hughes:** Okay.

**Director Hutchison:** You'll see later with Kim's numbers on the claim types, you'll see that same spike there. Okay, why don't we flip over to Number 10 and let Stacy go for it.

**Stacy Jones:** All right. Hey everybody, for the record I'm Stacy Jones Deputy Director, but what I do every day is run the pension and finance function. I'm going to keep talking about performance measures and then I'll talk about the pension program a bit before handing it over to Kim. If you have questions just shout out or put your hands in the air, I guess figuratively. Julie, let me know if somebody has a hand up since I can't always see it while looking at slides. Let me dive in and talk about performance measures that are kind of more in my wheelhouse.

This slide shows the number of FPDR 2 retirements from active service each year, with the total number of retirements. The total number of retirements on the left axis with police retirements in, naturally, blue, and fire retirements in red. For the benefit of our brand-new chair, Chair Hughes, welcome, and reminder for everybody else, FPDR 2 members are sworn employees who are hired before 2007, but they were not already retired or on long-term disability in 1990. So when FPDR 2 members retire, they get an FPDR pension and we pay their pension benefits directly. At this point, all new retirees are FPDR 2 members. The main takeaway from this slide is that last year was another insane year for retirements. We had

more than 90 new retirements. Now that did include an unusually large number of former separations who were starting their pensions last year, but we still had 70 retirements directly from active service. So that made last year our third highest retirement year ever for total retirements, and our fourth highest retirement year ever for retirements directly from active service. So it was a very busy year on the retirement front. And you can see on the graph it comes not too long after our very highest retirement year during the height of the pandemic, speaking of things that were happening in the pandemic times. So I'm going to talk a little bit more about retirements when we dive into the pension program later in the presentation, but that's just a little preview for you to see how many retirements we've had over the last four years. We were very busy on that front. We can flip to the next slide, Julie.

So when FPDR 2 members retire, they are replaced by newly hired FPDR 3 members, and FPDR 3 members are those employees who were first hired in 2007 or later. So they are enrolled in Oregon PERS for their pension benefits, but the FPDR fund, hence the FPDR property tax levy, pay their PERS contributions. So we still care about them, and of course we still care about them because they're also still covered by FPDR's disability plan instead of Workers' Compensation, and they also have an FPDR nonservice disability plan, just like our FPDR 1 and 2 members. So this slide just shows the percent of the active duty sworn workforce that's made up of those FPDR members. And as all those FPDR 2 members have been retiring over the last decade, as we just saw on the previous slide, the workforce has increasingly become more of an FPDR 3 workforce. We've gone from less than a third FPDR 3 members at the start of that decade to about two-thirds FPDR 3 members now. And it is the case that police have a higher percentage of FPDR 3 members than fire because the police work force turns over a little more quickly than the fire workforce, but they're still in the majority, the FPDR 3 member territory at this point, in both bureaus. We can go on to the next slide, Julie.

So let's take a look at the FPDR tax levy. So Chair Hughes, the Board has seen this chart and I love it but let me explain it to you. We pay virtually all of our cost with the dedicated FPDR property tax levy, which is separate from the city's general government levy. City charter caps that levy at \$2.80 per \$1,000 of real market value, and it always pays to keep in mind that real market value is quite different from assessed value, which is what we all actually pay property taxes on, but the cap is on real market value. So this chart shows where the FPDR tax rate has been over the last five years and is projected to be over the next 20 years in relation to that cap, and the cap is depicted as a red line at the top of the chart. So most pension plans that you will hear about in the world measure their financial sustainability by measuring the size of their unfunded liability, if any. But that doesn't make sense for us because we are a pay-as-you-go plan. So from a practical perspective, our plan is entirely funded with this dedicated levy. So the real question for us is whether this dedicated funding source will always be enough to pay for the plan. That's why we want to keep a very close eye on the levy, and we want to continually model it as far into the future as we can reasonably go to make sure that the levy will always be sufficient to pay for the plan. So that's what this slide shows, and the slide has just gotten better and better really over the last ten years in terms of getting us lower and lower under that cap.



So the blue line, the first five years on the slide, shows the actual levy rate for the last five years and the orange line shows the projected levy rate for the next five years. That was developed in-house, developed by my folks, the FPDR finance staff in collaboration with the City Economist over at the budget office. Beyond that you see two different projections, both developed by Milliman, which is the independent actuarial firm we have under contract. Every two years they do kind of a full-scale stress test of the levy and come up with a range of probabilistic outcomes in terms of the levy rate, and what you're seeing is two different versions of those outcomes. The brown line on the bottom shows their projection at the median probability, the 50th percentile outcome in the tens of thousands of possible scenarios that they've run, and the green line shows their 95th percentile outcome from that modeling. In other words, 95% of outcomes were below that green line, so you can kind of think of the green line as a worst-case line, and the brown line as a likely line in terms of what the levy rate will be. So what does all that mean if you look at it? The bottom line is that the levy is not projected to be anywhere near the red line, not even at the peak in the early to mid-2030s in terms of when the levy rate is at its peak. And the levy rate will hit its peak about the time we project the entire workforce will be FPDR 3, and we'll be paying PERS contributions on those folks, but we'll still have a full contingent of living FPDR 2 retirees to whom we're paying direct pension benefits. After that moment you'll see the levy slowly starting to decline as expenses start to gradually ease down.

So this looks good in terms of the levy holding up as our funding source for the plan. The analysis on this slide was completed with data as of June 30, 2022. Milliman is updating this analysis as we speak, and they'll have new analysis to present to the Board in January with data as of June 30, 2024. I do expect it to just, prep yourselves, it's going to be slightly less rosy because we had flat RMV growth last year. I don't know how many of you know about that, but it's not going to be anything to push us anywhere significantly closer to that red line, it's just not going to look quite as nice because of that flat RMV growth last year. Are there any questions about the tax levy? The rest of the Board has seen it so many times. You guys should all take a vote and say if you ever want to see this slide again. Maybe I don't want to know the outcome.

**Chair Hughes:** If you have any, I'm just curious. What's the worst-case scenario, what factors could cause everything to go sideways?

**Stacy Jones:** Well, the reason that Milliman sort of scrapes off the worst 5% of scenarios is because it gets apocalyptic, almost. It's like the kind of thing that the City Economist calls the Czarist Russian collapse scenario, where we have a complete stock market collapse that makes our PERS contributions skyrocket. That can't really happen because of rate collaring, but it makes PERS contribution rates go up really dramatically. We have a total collapse in real market value, which makes us push up against the cap more quickly and we have a whole bunch of retirements that happen that get way ahead of deaths. Kind of like a whole bunch of really bad things happening all at once, which is very unlikely unless there's some sort of civilization-wide problem going on. But some of those things do move together, as Milliman will talk about when they come in January. Like, is it impossible that we would see a stock

market downturn at the same time as RMV declines dramatically? No, because those are both macroeconomic things that could happen simultaneously. Some of those things could more realistically happen at the same time than other things. There are quite a few factors, because PERS contributions increasingly become a factor and they're a much more volatile and unpredictable factor than just paying pensions out to our FPDR 2 folks.

**Chair Hughes:** Thanks.

**Stacy Jones:** Yeah. All right. Any other questions? If we move on to the next slide, Julie. This next chart, which is the last chart where we're talking about performance measures, this chart shows two measures which attempt to get at how efficiently and cost effectively we're administering the plan. The gold line shows administrative spending as a percent of total plan spending and the purple bars are administrative spending per plan participant. Both are really common measures for tracking administrative spending in any kind of a benefit plan but for us, in general I think administrative spending per participant is probably a better measure, because the number of plan participants is relatively stable, in general. On the other hand, our total budget is increasing exponentially while we phase in the funding of these two generations of retirees simultaneously. So that makes administrative spending as a percent of total spending lower and lower, all things being equal, which looks great but doesn't really truly reflect efficiency. So I prefer the spending participant measure, but this year it's a little bit strange. At any rate, both measures dropped last year, in 23/24, after increasing a bit in 22/23. And it is true that administrative spending in total was a bit lower in 23/24 than was in 22/23, because in 22/23 we had a really large vacation leave payout to a long-time employee who was retiring, and we had a few more vendor payments than usual for some one-time projects. But the denominators also got bigger for both measures, and as I just mentioned and as happens in most years our total budget grew which made the percent of budget spent on administration go down. But this year our total number of plan participants also went up sizably, really for the first time in quite a long time which we'll talk a little bit more about that in the next slide. So that also made spending per participant go down and that's a little less common. Normally the size of our membership is pretty stable, as I just mentioned. But we have had so many retirements over the last few years that it's far outstretched mortality in the retiree population, and the fire and police bureaus have been doing really a better-than-expected job of filling those retirements. So the active population hasn't declined too much, which putting those factors together means our total participant population has gone up. So again, bottom line on the slide is that the drop that you're seeing last year in both of these measures of administrative spending is really more reflective of growth in the denominators, total budget and the total number of participants respectively, than it is of declining administrative spending. I mean, administrative spending was essentially flat in total between 22/23, and 23/24, which is still something considering inflation between those two years. The other last thing to say about administrative spending is that it is so small in the FPDR plan, we're talking about less than \$3 million, that little, tiny things make it fluctuate a lot in percentage terms. Any questions about performance measures before I talk in more detail about the pension program?

**Trustee MacLowry:** I'm going to ask a real quick question, Stacy. I apologize, I'm more thinking out loud than asking a question. You mentioned the 22/23 number is higher due to a large vacation leave payout. I guess I never realized the vacation leave payout came from FPDR side because all vacation is paid through payroll, through the general fund for the bureau. So is that just because someone has severed their service that they're in retirement the vacation leave payment comes from FPDR?

**Stacy Jones:** This is for our own employees, an FPDR employee.

**Trustee MacLowry:** Got it. Thank you.

**Stacy Jones:** Does that make sense?

**Trustee MacLowry:** Got it.

**Stacy Jones:** All right, so moving on then to talk about pension program. We'll move away from bureau-wide performance measures and after I talk about the pension program, I'll pass it on to Kim to talk about the disability program. So let me first start with how many people are we paying pensions to? This slide shows the number of people who received a pension benefit at any point in the fiscal year. So that includes retirees, surviving spouses, widows, widowers, and divorced spouses. The total number of pension beneficiaries is in bold at the top of the bars with the percent who are FPDR 1 versus FPDR 2 beneficiaries in the bar charts below. FPDR 2 are in beige and FPDR 1 are in purple. And the first thing I need to say is that the total beneficiaries, the bolded numbers at the top of the bars were wrong in the packets you were sent. They are correct on the screen and correct in the materials that are now posted on our website. I apologize for that. It was an error that we caught yesterday. The numbers had not been moved over for a year; I believe that was the problem.

So for Chair Hughes and just to refresh everyone else, FPDR 1 members, again, are employees who were retired or on long-term disability in January, 1990. FPDR 3 members are employees who were hired in 2007 or later, and FPDR 2 is everybody in between. So FPDR provides FPDR pensions only for FPDR 1 and 2 employees and FPDR 3 employees are in PERS for pensions. So the people on this slide are a mix of FPDR 1s and 2s and their beneficiaries. FPDR 1s are a dwindling part of the retiree population. They're getting quite up in age at this point, if you think that they were essentially all retired by 1990. So as of June 30, 2024, we only have 241 FPDR 1 beneficiaries left: 91 retirees and 150 surviving spouses or ex-spouses. The rest of our retirees, 1,772 of them, are FPDR 2 beneficiaries and those are mostly members, mostly retirees. So of that 1,772, 1611 are retirees. So, a much smaller mix of spouses in that, which makes sense because they're younger, so not as many surviving spouses. But the main thing to notice on this slide other than the fact that we are moving more and more towards an all FPDR 2 retiree population is the overall growth in the pension population, which I referred to earlier. Both last year notably, but also over the last ten years, the number of pension beneficiaries has increased by 224 members over the last ten years, which is about 12%. But last year, 2023-24, was the second biggest one-year increase on the slide, an increase of 58 in

the pension beneficiary population which is really just short of the biggest year on this slide, the biggest increase was fiscal year 2021 when the pension population increased by 61. And those of you who were on the board then know that 2021 was our biggest retirement year ever, at least for direct service retirements. But back then, unfortunately, we were also seeing unusually high mortality because it was the height of the pandemic. That is not the case now. We had 54 deaths last year as compared with over 70 each year during the pandemic. So the bottom line is that retirements over the last few years are swamping mortality in that pension population, so the number of pension beneficiaries is really growing. It's really grown over the last decade, but it's especially grown over the last four years. Can you flip to the next slide Julie, so we can take a look at our active population.

So this slide shows the total number of sworn employees actively working at police and fire as of June 30 each year in bolded numbers at the top of the bars, and the percent who are FPDR 2 versus FPDR 3 in the bars below. FPDR 2 is still beige, but now the purple bars are FPDR 3 active employees instead of FPDR 1. So just as the previous slide was a mix of FPDR 1s and 2s, this slide is a mix of FPDR 2s and 3s. Remembering again that those FPDR 3s were hired in 2007 or later and they're ultimately going to get a PERS pension, not an FPDR pension. However, the FPDR fund, the FPDR property tax levy, pays the city's PERS contributions for those FPDR 3 employees, so they're still a big cost to us. So that means that at least in terms of pension costs, not disability costs but pension costs, active FPDR 2 members don't cost us a dime, whereas active FPDR 3 members only cost us money while they're working, because PERS is a pre-funded plan. Those FPDR 2 members don't cost us anything until they retire, because we are a pay-as-you-go plan. So the pension costs that we're incurring every year, which is the vast majority of our spending, are coming from everyone on the previous slide plus the purple bars on this slide.

So there's really nothing on this slide that we haven't talked about plenty over the last several years, which is not to say it's not interesting, it's just not new news. Obviously more and more of the active population are FPDR 3, which means we're getting closer and closer to that moment of peak expense when the current working generation has fully transitioned to the pre-funded PERS plan, but the current retired generation is mostly still living and requiring those pay-as-you-go pension payments. The second thing that we talked about a couple times over the years is that you can really see on this slide that the size of the sworn workforce has declined. There are 135 fewer sworn employees now than there were ten years ago and that is entirely at police. There are actually more sworn fire employees. There are 670 sworn fire employees as of June 30, 2024, there were 647 on June 30, 2015. But police have gone from 899 sworn employees at the start of this ten-year period to 741 on June 30, 2024. So, setting aside population growth and all those things, just in sheer numbers the sworn workforce is quite a bit smaller than it was 10 years ago. That said, I do think one thing that's new that's coming out of this slide that we have talked about before is that both bureaus have done, as I mentioned earlier, a pretty decent job, better than expected honestly, of kind of keeping up with the massive number of retirements over the last four years. You know there was that big drop in 2021, but after that they managed to more or less hold the line. So at least they're not

continuing to lose ground. You want to flip to the next slide Julie, so that we can talk about how all these folks cost us money.

This slide shows all of our pension expenses for the last ten years again in bold at the top of the bars. Oh, no, I'm lying. Okay, we don't have the total. We have it broken into two pieces. PERS contributions for active FPDR 3 members are the top bold numbers that are in the purple section or on top of the purple section, and direct pension benefits for FPDR 1 and 2 beneficiaries are in the tan sections of the bars. So no surprise here, both are growing as we continue to ramp up to that moment of peak expense which will probably happen in the 2030s. With a little less than two-thirds of the workforce in PERS right now, PERS contributions were just shy of \$40 million last year, but I don't want anyone to be misled into thinking, okay, we go another third and then we're where PERS contributions are going to be. It's still going to get significantly more expensive over next ten years, because of course 100% of the workforce will be in PERS eventually, but also those PERS-covered employees are going to continue to promote into the higher job classes and premium assignments that are currently dominated by those remaining older FPDR 2s, and of course, PERS contribution rates will probably continue to go up and wages will continue to go up. It's going to grow by another more than a third for PERS contributions. Cathy, I see your hand up.

**Trustee MacLeod:** Can you hear me?

**Stacy Jones:** Yes.

**Trustee MacLeod:** Are the police positions vacant and they're trying to hire?

**Stacy Jones:** Yes.

**Trustee MacLeod:** So how do you budget for increasing pension costs for PERS given those vacant positions?

**Stacy Jones:** That's a really good point and a really great question. Every year when we do the budget, honestly this is the hardest part of the budget, PERS contributions actually over time is becoming maybe the hardest part. The second hardest part is the wrangling we have with the police bureau over how many positions they think they can actually fill over the next year. They always have way more vacancies than they can conceivably fill. They always have a very ambitious hiring plan and think they're going to fill all of them. We don't ever want to budget for that because I don't want to overtax people, and so we're always trying to find that line. But I am watching that they have hired a lot of people over the last couple of years, and they are doing a better job of bringing folks in the door. So we are probably going to budget a little bit on the higher side if that keeps happening to make sure. We always keep plenty in contingency to cover if they hire more than we think, and there are no PERS contributions for the first six months of most hires unless they lateral in from somewhere else, so that helps too. It's not a huge cost driver of the new hires, but it is hard to tell. At fire it's easy because they fill all their vacancies. They sometimes get into a problem of being able to get enough

people through training, so sometimes they have to let vacancies sit because they can only put 12 people through an academy at once. So they sometimes have logistical issues. They don't generally have hiring issues like police does.

**Trustee MacLeod:** Okay. Thank you.

**Stacy Jones:** And I don't know if trustee MacLowry or Trustee Kulp has anything to add to that from the perspective of police and fire. No, shaking your heads. Okay, let's see. So going back to costs. So PERS contributions, expect them to get much more expensive. And then looking at the beige section of the bars, those 2,000-ish pension beneficiaries that are costing us about \$150 million a year, that's also going to continue to go up because as we just talked about, retirements have been outstripping mortality. I would sort of expect that to continue, on average, for the next few years because it appears that we're going through this demographic hump of retirements, which I'll talk about in a minute. And that pension population, eventually they're going to become 100% FPDR 2 members and FPDR 2 pensions are more expensive than FPDR 1 pensions because they have a different formula, and they just start out more expensive. So looking at growth, the FPDR 1 and 2 pension costs grew about 4% last year and they've grown 48% over the last ten years. And FPDR 3 PERS contributions grew 27% last year and have grown 466% over the last ten years. If you're wondering, that actually fits almost perfectly with our modeling so there's nothing surprising in any of this. It seems a little shocking the first time you see it with the PERS contribution piece, but it's actually with some bumpiness playing out pretty much exactly how we predicted, at least over the last ten years or so. I think the modeling earlier when we first switched over to PERS did not anticipate PERS contribution rates going up as much as they have. But now we know that we're on a never-ending train ride of PERS contribution rates going up every two years. All right, I'm going to have a few more slides to talk about retirements and pension estimates, but before I do that are there any more questions? No, all right. Let's talk for one more minute about retirements, because I am tired of talking or looking at bars, so let's look at circles. Can you move to the next slide, Julie. Bars or circles, we're not very creative as finance types.

So the earlier slide we looked at with retirements showed retirements broken out by police and fire, and this shows only service retirements, so retirements directly from active service, not people who had separated earlier or were on disability, and it just shows them in total not broken out by the bureau. And it also shows retirements over a longer period of time since the plan was closed to new entrants in 06/07, and it shows retirements in relation to the timing of those 27 pay date months which first came into being in 2008. Each year's retirements are represented by a circle which is sized to be in proportion to the number of retirements. So if you're moving left to right through time, you start with fiscal year 06/07, which was our largest service retirement year ever. And that was the last year that the plan was open to new entrants, it was the year of big charter reform. There was just a lot of uncertainty, I think, in the sworn population that year. And then you end with last year, fiscal year 23/24, which was our fourth largest service retirement year ever, and the third highest since the 27 pay date retirement months came into being. I think I've used this slide maybe once before, but I like it because it really makes the high and low years pop out and I think it puts the last year in

context fairly well. You can see last year was one of our highest years for service retirements, but it wasn't off the charts like 2021 and 06/07 were. That said, of those four highest years it's the only year without a really clear contributing external factor. Those three other really high years, there's an obvious reason why they were so high. You know, 06/07, we had charter reform; 08/09 that was the first 27 pay date month. Everyone was excited to take advantage of that. 2021 was the craziest year, there were so many external factors I don't even know where to start. We had two 27 pay date months during the height of the pandemic, we had 360 some days of protest, wildfires, you know, not a fun time to be a public safety employee. So this was the first time we've seen that many retirements without us being able to say, okay, there's a real clear reason for that. And looking at the aging years of service of our population and the number of pension estimates we've had over the last couple years, it just feels like we may just be at the start of moving through that demographic kind of hump of just the timing of the workforce moving into having a lot more retirements over the next few years. This slide also helps you see that relationship between retirements and 27 pay date months, which have become the single most important factor in retirement timing. The blue dot years are years with no 27 pay date months, the green dot years have one 27 pay date month, and the orange dot years have two. So what can you see from all that? I'm sorry, go ahead, Kyle.

**Trustee MacLowry:** Hi, Stacy. I feel like in the past years you maybe had a slide that was a number of eligible members or members eligible for retirement broken down by bureau. Do you have those numbers or is that in a different presentation you've done that?

**Stacy Jones:** It must have been in a different presentation, but we can easily get that for you. Yeah, no problem. We can send that out to the Board, yes.

So looking at that relationship of between which years had 27 pay dates and which years didn't, the only big year with no 27 pay date months, and this is before it existed, if you want more background I'm happy to fill it in because they didn't exist until 2008, but after that we see years with two 27 pay date months do have more retirements than years with just one 27 pay date month. But what's really noticeable is almost nobody retires in years that don't have 27 pay dates. Since the creation of the 27 pay date month, 777 members have retired and only 51 people retired in a year with no 27 pay date months, which is less than 7%. Of course, some folks retiring in a year with one or more 27 pay date months do retire in a month that doesn't have a 27 pay date month. So overall the percent retiring in a 27 pay date month is around 75%. I think this helps you see how the 27 pay date phenomenon has created more bumpiness in retiring and in hiring for the police and fire bureaus than any other factor that's in play here. At the same time, the bumpiness is predictable because we know when the 27 pay date months are going to happen. So you know, that's what I keep saying to the chiefs, it's bumpy but at least you know when it's going to happen. Which you know, in your business, that hardly ever happens, right? So that's just a little more context on retirements. Any questions before I talk about pension estimates? Okay.

So this is the last thing I want to talk about before handing things over to Kim, pension estimates. Pension estimates are not something that we normally talk about during the State

of FPDR. Pension estimates are a service that we've provided for members for a long time. I mean, as long as I know at FPDR but they're not something that have policy implications or impact our finances or they're not a core operational function so it's not something we normally talk about at this level. But over the last couple of years, pension estimates have just been consuming more and more and more of my finance staff's time, and that's been taking us longer and longer to turn them around for members. So last year I brought this issue to the board for the first time and we talked about the major reasons for that. Estimate requests have grown about 50% over the last few years. Over the last several years, estimates have also become increasingly complex and time consuming. Just to kind of recap maybe more for Chair Hughes, a lot of that has to do with labor contracts. Premium pay types have doubled for sworn employees over the last decade, and there's also been an explosion in variable pays like work out of class and coach that require their own special projecting. That's mostly happening at police. Frequent changes to both old and new premium pays in terms of timing and percentages, so some labor contract complications. The members are more sophisticated than they used to be. Maybe we're hiring smarter people, they're asking for more sophisticated scenario-based estimates. And something we didn't talk about last year, but my analysts have been pointing out to me, they just increasingly see employees using these estimates not just to figure out what their pension will be close to retirement, but to career plan throughout their working lives. We get lots of calls of, well what if I promoted and what if I switched to nightshift and this and that. And then also retire/rehire programs, which have come and gone but are back strongly at police and have just come into existence at fire which generated more interest in retirement and more estimate scenarios for employees that they want to see. On the efficiency side of things, we've become less efficient at doing them on top of them getting more complicated because we had transitions on the FPDR finance team, in particular the retirement of the financial analyst who had done the majority of these estimates for decades. So those were kind of the things that we talked about last year.

So the two things that members care about when it comes to pension estimates are one, that they're as accurate as they can reasonably be, and two, that they get them within a reasonable time of asking for them. So let's talk about the second issue first. You know, what is a reasonable time to get a pension estimate done for a member? I don't know. And I should start by explaining that when we talk about an estimate, we don't mean just one retirement estimate for one date. We mean a set of estimates that a member has asked for. Typically, they ask for several dates and/or scenarios, so when we say an estimate it's usually three or four estimates for three or four different dates or scenarios. So we used to be able to get most estimates returned to folks within a week. This is what we have data on going really far back, the percent of estimates that we have returned to folks within five days. And the percent of estimates that have been returned to people within five days has been falling for the last few years and it's now less than half. But when you dive into the data, you can see that at the median last year, 23/24, at the median, it takes 20 days for us to get a set of estimates back to a member, but there's a lot of variability within that. Urgent estimates get done in a day or two. On the other hand, there were 13 pension estimates that took longer than six months last year. Now those 13 estimates were folks who were asking for dates out in the late 2020s or 2030s, but six months is a long time to wait. Can we pop to the next slide, Julie. Thank you.



The good news on the estimate front is that estimate accuracy remains really high which members do tell us is the most important thing. In fact, accuracy has been even better over the last five years than in the previous five years, which might be another thing that's slowing us down. As we've hired new finance staff, I have to review the estimates a lot more closely. But accuracy remains high, which is a good thing especially given the increasing complexity. But the bottom line is that pension estimate volume has gone up, efficiency at doing them has gone down, accuracy has stayed about the same. Last year we focused on process changes and improvements that didn't require additional resources and didn't significantly impact member service. So we trained two additional staff members. Just for background, there are two financial analysts who do everything finance related at FPDR – budget, audit, actuarial - they also do these estimates. But we trained two additional staff members in our office to do some parts of the pension estimates that are more clerical or involve straightforward data entry, manipulation, running the automated part of the process, a portion of it is automated, and running the database and SAP reports. I won't go into too much detail, but analyzing the variable pay patterns, stuff that's the basic sort of data analysis. We reduced or eliminated some steps that we thought might be overkill on the accuracy front. We only do pay reconciliations for folks who are within four to six months of retirement now and we only balance reconciliations to within 0.5% and then we leave any issues below that threshold to be resolved when people are actually retiring. We did put some restrictions in place for members, but that didn't save us much because most members were not exceeding this. We restricted members to a maximum of four scenarios per estimate request and a maximum of two estimate requests in a 12-month period. We did have some frequent flyers that were impacted by that, but most people are not exceeding that. And we prioritized actual retirement estimates over resignation estimates and kind of career-planning estimates. We restructured the queueing system so that when somebody hits that six-month mark they move to the top of the queue, even if their estimate is a long way out. So we made some changes and those things helped but they did not eliminate the problem. We got totally caught up on estimates once, maybe twice, but the mountain just reformed within weeks.

So this year we are going to try to focus on technology solutions. As you know, we had an unexpected retirement in our business systems analyst position and we have a new person hired and coming up to speed. They were hired back in May and that person has to be involved in identifying those technological solutions, even if we hire someone outside. That's what we want to focus on for the next year. I will say it's virtually guaranteed to be a lower volume year in 2025, no matter what, because we are getting to the end of a really crazy 27 pay date month streak. By the time it gets to the end of this, we'll have had three 27 pay dates within an eleven-month period; September 2023, June 2024, and November 2024. And those also happen to be six months apart, which matters because the fire retire/rehire program requires six months of notice. I had the funniest conversation with the Fire Chief, does it have to be six months? Could it be five months? Could it be four months? Could we come up with something different? After we get through November, we don't have another 27 pay date month until May of 2026. And we have no contract changes until mid-2025 at the earliest, and that's another thing that prompts a lot of estimate requests is when labor contracts change. So, if nothing were to change, it's going to be a lower volume year next year anyway, so I

would expect processing time to decrease. Our staff are getting better and better at this, but we need to make some technological improvements. We need to focus on that. Chair Hughes, I see your hand up.

**Chair Hughes:** Thanks. Very lengthy discussion in May on this topic around pension estimates. What I couldn't get clarity on was there was a discussion of going after a consultant. Is that a working item or is that a discussion we'll think about because it seems pretty hard to put on to one analyst to redesign a program.

**Stacy Jones:** Yeah. I might let Sam launch into a reply around that. Sam and I have talked around mostly hiring a consultant. It will just have to involve our business systems analyst, and she's the programming person who will probably need to oversee that contract. But Sam, I'll let you talk a little bit more about that.

**Director Hutchison:** Yeah, we were proposing talking about that and given the way things are going, we got some of the improvements on the workflow changes but not what we were really hoping to get. There's a high probability within the next six to eight months that I think we'll reach out and put an RFP out for a contract so someone can come in and sit down and do the whole process analysis and figure up way to code it or do it some way electronically better.

**Chair Hughes:** Thank you.

**Director Hutchison:** But it will still require the business systems analyst, they will have to be a part of that effort too. We're taking a serious look at that and we'll probably wait until next calendar year before we start looking into that.

**Chair Hughes:** I'm going to make a big assumption that your BSA is also part of CPPW?

**Director Hutchison:** No, she's part of what is AFSCME. Formerly DCTU but now AFSCME.

**Chair Hughes:** Either way, it will impact.

**Director Hutchison:** Yes.

**Stacy Jones:** Trustee Kramer, I see your hand up.

**Trustee Kramer:** Do we know what percentage of the estimate requests your office gets are from people who are within 12 months of retirement eligibility when we get the requests?

**Stacy Jones:** We do, we can easily find that out. I don't have that at my fingertips. It's a good question. Off the top of my head, I would say most certainly a majority but definitely not all. We actually get quite a few resignation requests, especially from the police bureau for folks who are thinking about leaving and looking for a different job so they're not retirement

eligible. One of the process changes we did was we deprioritized them. They still get them, but we pushed them down in the queue so that we're making sure that we're prioritizing folks who are actually retiring. But we also get a lot of requests for folks who are asking for dates when they would be eligible to retire, but you know, they're very far out. And I absolutely hate to push those people back, because the best time to plan for your retirement is the minute that you get hired, which those folks in PERS. But if somebody wants to retire in November, that's obviously more urgent than somebody looking at a 2035 retirement. We get a lot of those as well, which is good. People are doing financial planning. What's getting harder and harder is the folks, they're just smarter and smarter about calling us to say, I'm thinking about becoming a lieutenant, I'm thinking about switching to the SERT team, I'm thinking about switching to nightshift - is it worth it? There's that career planning sort of choice and they've sort of identified us not only helping them figure out the impact on their pension, but we're the best source to figure out the impact on their pay because we know a lot about their pay. So that's also a service that we started providing over the years. Again, a little bit more on the police side than the fire side on that stuff. And Trustee MacLowry, I know you sat with Asha while she went through a pension estimate. I don't know if you have anything you want to add.

**Trustee MacLowry:** I can give you a little of my impression. We sat for an hour and Asha went through with an example, I believe it was a police sergeant, of the process. It was a Zoom meeting, so it was very hard to keep up with some of it because it's just all spreadsheets, layers and layers of spreadsheets and drop downs. It was very hard to follow and some of it looked very small. I think doing it in person would be easier. There's a lot involved, which is good to sort of get a little bit of glimpse into. It is still sort of interesting to me how much of the data entry is done just all done by hand, by a person. All the way from SAP through to the end of the pension estimate. And I do believe that the more and more we can move towards getting that streamlined in an automated fashion, it would be the solution for the future. That was definitely enforced from that, or I should say not enforced, but it was made stronger from the hour spent talking about that.

**Stacy Jones:** Yeah, I think that's a useful perspective. And every time I do one from scratch, every time we automate something, then some aspect of that changes and then the automation needs to change and then the analysts end up manually working around it while we try to change it. It's like this never-ending cycle of crazy catch-up. When I pop in and do one myself, which is a terrible idea, then Asha finds all kinds of mistakes when I do them myself. But thanks for taking the time to do that, Trustee MacLowry. Asha was worried that she totally confused you. Asha is our lead financial analyst for folks who are listening.

**Trustee MacLowry:** It was a lot of information, absolutely.

**Stacy Jones:** Chair MacLeod.

**Trustee MacLeod:** It's trustee now.

**Stacy Jones:** Oh, trustee. Sorry, habit.

**Trustee MacLeod:** I think that would be something that I would be interested in doing, if she would not mind walking me through. I could come do it in person so I don't have the same challenge that trustee MacLowry did. But maybe talk with her and see if we can schedule that.

**Stacy Jones:** Yeah.

**Trustee MacLeod:** Okay.

**Stacy Jones:** I will ask Asha to reach out to you and got that scheduled.

**Trustee MacLowry:** I'd be happy to sit through it again if she does it in person.

**Trustee MacLeod:** Okay.

**Stacy Jones:** We can always put it up on the big TV screen in our conference room so you're not staring at her monitors. I always like for folks to meet other staff. You guys must get so bored of seeing Sam and Kim and I. There are other people who work at FPDR who you can meet and talk to.

**Trustee MacLeod:** Since I'm mentioning coming to do this, I'd also encourage the other trustees if they haven't already, probably Patrick and Tom, to go sit in a retirement webinar or session that you guys do in person. It's been a few years since I've done that, but it was really very helpful to sit through and listen to all the ins and outs of all the things they have to consider as they present to a larger group of potential future retirees. It's worthwhile.

**Stacy Jones:** Thank you, Chair MacLeod. I do think that's a great way for trustees, we can send out the dates of upcoming workshops. It's a great way for trustees who are not active employees like Trustee MacLowry and Trustee Kulp to see the members, which you don't always, which you don't get to do most of the time because there will be 40 or 50 of them in a room and hear the things that members are concerned about and dealing with.

**Chair Hughes:** I've sat through, not that I qualify yet, but you could sign up for a PERS retirement workshop, and it's amazing to see all the different questions. I just sit in the back and listen to it and go, oh, I better start planning. I think that's a great idea.

**Stacy Jones:** Yeah, it's very interesting and we try have good snacks. All right, if there are no further questions, I'm going to pass things on to Kim to talk about the disability program.

**Kim Mitchell:** Hearing no further questions on the pension side, we'll flip over to disability. I'm Kim Mitchell, the FPDR Disability Program Manager. It's a pleasure to talk to you again today about what's been going on in the disability program this past year. As many of you trustees know because you've been involved in this in your way, a big project for us was contracting

with a new managed care organization because MHN Caremark Comp closed their doors December 1, 2023. Chair Hughes, you had a similar experience on the Risk Management side because the closure impacted the whole Workers' Comp industry. So City Risk was also dealing with the effects of the MHN closure on their side.

So, what did we do? In our work to contract with Majoris Health Systems, the first thing we did was got approval from the board of trustees in December 2023 to enter into contract negotiations. From there we went through lots of training and worked to share information about FPDR with Majoris, because we are unique. They did not know about FPDR at all, why we're here, and what we do. So a lot of work was done to train them and explain the differences between our program and the standard Workers' Compensation program who they were really created to serve. So lots of training there and then training on their part too of our staff, their organization and how they work. So that work, the negotiations, and training back and forth with Majoris resulted in a contract being completed April 2, 2024, and from there went into the enrollment process. So the enrollment process went very smoothly. And I would have to just stop and give a shout-out to my team because they did so much work behind the scenes to prep us for enrollment. They had to do things like go through all their records and identify providers and who they were affiliated with. One of the things that these doctors do in a managed care organization setting, and in a PPO setting, is they are part of a lot of different panels of managed care organizations or PPO organizations, and where they treat matters. So if somebody treats in a Glisan clinic or a clinic in Northeast or Southwest Portland, that MCO affiliation could change. Our team had to do a lot of work go into their claims and track doctors down and find out where their specific clinic was and how it was affiliated. It was a lot of hands-on work to do that. They also had to work with our members to just let them know that this process was going on, preparing them for enrollment and explain the process to them. We did send notice out to our members to advise them along the way of what was happening and when the enrollment came, we were prepared because we had done the work behind the scenes to get this moving along.

Once we did all that identification and prepared for what I call enrollment, I think Majoris has another word for it, we began the process of getting members enrolled. And when the members had questions or concerns about their provider who might not have been on the panel and whether or not they could continue to treat with that provider, we initiated a credentialing request to the MCO to say, for continuity of treatment it would be best if this person stayed with that provider, and we worked with the MCO to make sure that happened and in most cases it did. I think there were a few cases where the providers just didn't want to follow the governance of Majoris MCO but the majority did, and in those few cases where the provider didn't want to make that transition, we made sure that they were connected to another provider of like services to continue their care. So there was a lot of behind the scenes work that went into this process of switching from one MCO to another. We continued to work on technology support because each MCO negotiates discounts with their individual providers that are paid from the amount billed on each treatment claim. What we have to do now is continue the work to update our system to be able to show that discount. There's a slide at the end of this presentation that I'm scrapping because we still have work to do on

that technology report to accurately reflect the billed amounts, the savings amounts, and separate out the discounts that we had to pay back to the MCOs because that is something that they have negotiated with their providers to receive that pay, not a part of the services. MHN, who we contracted with in the past, we would split the discounts with them as part of their fee for MCO services. Providence and Majoris Health Systems just don't operate that way so we've got to now change our technology and our reporting systems to capture and work with them the way they do and we're continuing to work on that. The other thing that we didn't talk much about was that we expanded Providence MCO services. One of the services that MHN Care Mark provided for us was advisory services. These were services that give us access to medical providers to answer questions that we may otherwise have to use an independent medical examination to sort out. But these are sometimes complex cases that we've received and this treatment in this early stage while we're trying to determine whether or not we're going to approve the claim, is this something we should be concerned about yes, or no? Those services are really valuable and I wanted to make sure we didn't lose that. While we were working on bringing Majoris on board, I also amended the contract with Providence to provide those services. It's another way of helping us analyze the claims and evaluate treatment in a way that continues that important service for us. Next slide.

While we were contracting with Majoris we had to continue precertification of the treatment that the members needed until we could get them on with their new MCO and thankfully we've got a really experienced staff. Most of our staff have been in the industry probably more than 15 years for sure, some 20 and 30, so they've seen the wide swath of claims that can come in and they know a lot of the types of treatment that they would receive. So it was kind of a natural jump for us during that period of time without the MCO for those who had been with MHN, to conduct some of that precertification ourselves, the physical therapy treatments, imaging, and even surgery. For the more complex precertification requests, we did utilize independent medical providers to help us iron things out to make sure that we aligned with what would be medically practical for that treatment. But when it came to things like imaging and therapies, other ancillary services and extending chiropractic treatment, a good review of the record and understanding of some of those protocols and durations of treatment really helped us to continue to precertify care during that period. And our analysts worked directly with the providers and schedulers to continue the care for our members until we could transition them into the MCO. So that worked really well and was something that was done behind the scenes while they continued to process claims. Next slide.

So, one of the things that was kind of borne out of this precertification period was just the importance of diagnostic imaging to the claims process and to the treatment of the member. Because we were successful in doing the pre-certifications during that period of time and for those members who didn't have an MCO, we adopted a policy to approve diagnostic imaging. We already had a coordination of benefits program that we had arranged with Moda Health, and what that meant prior to our adopting of this new policy was that if a provider called and asked for an MRI, we would coordinate that with Moda Health so that the private health care wasn't billed. It was kind of held in advance by Moda Health until we made a decision. It reduced frustration for everybody on the back end, and it allowed the provider to go ahead

and get that treatment and imaging. So, the policy that we created is a supplement to that. We still use coordination of benefits because it's a good program but what we experienced over the past year or so is that there are some providers that just refused. They didn't want to be part of the coordination of benefits. They didn't want to go through getting permission from yet another person to do something, so they just refused and it really created a stall for everybody. So by adopting this policy, we get to speed up the process for obtaining MRIs and we have protocols that we use to guide authorizing those MRIs, and what it means for the providers and for our members is that the providers can diagnose conditions early and create a treatment plan early in the claim. They will typically want an MRI on a serious injury claim within days or a week of the injury occurring just to direct that treatment. So by doing that ourselves, we helped to expedite that process. It also aids in the adjudication of our claims because the MRI sometimes tells a story that may be different than anyone expects in terms of what has caused an injury. It doesn't happen often, but it can so it does help us in some ways. But most important to us is that we get to move that treatment along for the member, and so that was a good thing borne out of the transition to the new MCO. Next slide.

So now we'll talk about the disability program and really the injuries to our firefighters and police officers and first we'll start with the breakdown of our injuries to firefighters. Chair Hughes, we have several codes that we can use in each category - injury caused, body part, injury location - and what we do each year is pick the top five in each category to report because they usually will hone on what's happening most within those categories. So, this year we see that for injuries to our firefighters, and we'll have numbers in the next slide, the actual number of claims, so we'll go over that. But when we see the breakdown, the majority of injuries to our firefighters was in lifting. This is certainly done at the scene of a call. They have lots of folks that fall or are disabled and have to be lifted or people who have fallen or are in very peculiar situations and can't get up and the firefighters are lifting them or they're getting them away from the scene of a fire, having to carry somebody down flights of stairs. They just have so many scenarios, I can't do justice to all the types of things that they do when they're lifting, but they do. So the number one cause of injury this past fiscal year was lifting. Overexertion being second, and that overexertion happens for a variety of reasons too. Lifting hoses, working long periods of time, pulling buildings apart or whatever to stop a fire, several scenarios that cause those overexertion-type injuries. We have injuries listed as no specific cause, and those are typically assigned to illness or occupational disability cases where it's just not tied to one thing but your broader exposure at work, and we have 18% of those injuries caused by those types of claims. And then tied for the last two injury causes we have falls at the same level and slips and trips no falls. No doubt at the scene of a fire; it's wet, they're trying to race to the fire to get things done, pulling hoses, there's just so many obstacles in their way as they strive do their work that these types of things aren't surprising. I'm not probably going into greater detail; I could give you a whole slew of different types of injuries but categorizing it this way really helps us. So when we take a deeper dive and look at the body parts that are injured, this year the majority of injuries were to shoulders and that's not really a surprise here when we look at pulling hoses and lifting people and doing the kind of work they do at the scenes of fires and even sometimes in training as they prepare for that

work. We have 15% of the injuries to their knees, 13% to their back, and then we have fingers and then 4% are respiratory-type injuries or body parts, so the lungs, things like that.

When we look at the location, we see that about 48% of the injuries occur at the scene of a fire or a call because they could be called out for paramedic-type services and not always fires. We have 19% of their injuries that can occur at the station. The members do a lot of work to stay physically fit to do their work. We do have injuries that occur during exercise, but they also do training at their sites that can also result in injury. That 9% at no specific location, again is more related to injuries that are illness or occupational disease related where you can't pinpoint one specific place or time that the injury occurred. And for the first time in several years, nonservice has cropped up as top 5. There's no location for nonservice claims. Chair Hughes, for your benefit nonservice claims are claims that members file. They're qualified when they have ten or more years of service to access that benefit. They're disabled, and they have an injury that does not qualify as service connected, meaning an on-the-job injury. So we've had enough of those to rise to the level of even showing here this year, and we administer those with different standards. There's not really a causation standard applied to those claims if you have ten or more years of service and haven't intentionally hurt yourself or something like that, you're going to receive that benefit. It's 50% of their base pay and it's taxed, so it's more of a catastrophic-type care benefit as opposed to a disability benefit that pays more in line with what the members would be paid if they weren't injured. So yeah, we have a number of those this year.

So next we'll look at the police injuries. So when we look at injury caused for our police, we see that 19% of their injuries were caused by assaults and human altercations and this is common. We will see this as probably one of the top five always because they're always dealing with assaults and altercations in their attempt to arrest a suspect or chase or go after a suspect. These things happen as a typical part of their work experience. We have about 18% are motor vehicle accidents. Motor vehicle I think is different, I think we do have a separate category for motorcycle accidents. So we've had a few where members were actually hit by a motor vehicle on purpose to injure the officer, which is awful, but would fall under this category. Whenever we have a motor vehicle accident caused by another party, we do pursue recovery on that and when we can, get that. So it's something that's standard procedure for us. We have 15% here with no specific cause and those, again, tend to be the occupational disability-type cases where I can't say I got it here or there, it's more of an exposure-type thing. We have 12% miscellaneous Workers' Comp and those tend to be claims where, for instance, somebody hurts their knee after chasing a suspect and getting into an altercation and they can't tell you which one of those events but coming out of it they've experienced an injury. And so that happens quite a bit where there are multiple things going on. And then last, we have for the injury cause about 5% was slip and trips, no falls. A lot of that is in pursuit where we see those types of injuries occur.

When we look at the body parts, we see that about 24% is multiple body parts, again typically from altercations. They've hurt the shoulder, knee, might get a scratch on the face, multiple parts can be injured. A finger, certainly in apprehension. Handcuffing suspects are what we



have next at 9% are injuries to fingers. And also tied is 9% slightly over for injuries to their knees. We have 6% this year reported as injuries to ankles. Again, not surprising given a lot of pursuit and apprehension of suspects. And then we have slightly over 5% of injuries to their wrist. When we look at injury location, about 45% of them occur at the scene of a call. About 22% there at the training site. They do a lot of bicycle training, defensive tactics and other training, and they get pretty intense, so they do have injuries there. They're trying to mimic what they will experience when they're out there on the street. We have 17% in motor vehicle and motorcycle accidents. So those locations are variable, but we have that. And then we have another 10% at the precinct, they do some of their trainings at the individual precincts as well. We probably could combine the training site and the precinct, but it does distinguish their losses and where they're occurring. And then we have just about 2% that they would say are multiple locations. These again are the injuries that are occupational disabilities where they can't say I got it at this location. So next slide.

**Chair Hughes:** Kim, I had a question.

**Kim Mitchell:** Sure.

**Chair Hughes:** First, I wanted to piggyback on kudos to your team for the MCO transition.

**Kim Mitchell:** Thank you.

**Chair Hughes:** There's a lot hiding there. And then if we go back to the graphs, either one is fine.

**Kim Mitchell:** Sure.

**Chair Hughes:** It struck me, I've made presentations like this on other types of graphs and people always ask me, but the data looks where it should be for the types of positions that we're talking about. My question really is, I have an assumption that this data is shared with fire and police safety professionals in terms of loss prevention, which is a little outside of FPDR here, but is this being shared with them and are they active on it?

**Kim Mitchell:** It's slowed since covid. Covid kind of threw everything off kilter but historically we would provide this information to their loss prevention folks. They had folks that would take it and analyze it and use it for their internal purposes when reducing losses or whatever they wanted to implement. I know in the past fire has used some of these programs to implement specialty programs to reduce injuries. So I don't know that we've shared this since we've come out of covid. I imagine that will pick up because the covid years just skewed everything greatly. But historically, yes.

**Chair Hughes:** Great. Thank you.

**Kim Mitchell:** Next slide. Boy, this one tells a story. These are the number of new claims filed each fiscal year. We don't record the recurrence claims because they're very variable or new post-retirement claims or the existing set of claims that we have. We report new claims and what we can see is that this year we have probably the lowest amount of new claims since I've been here. I don't know how they kept the record prior to the reform, but 231. It might be off by a couple because some of the injuries are filed later. But for purposes of a report, we have a cutoff date and we use that. So 231 injuries this year, 117 in fire and 114 police. And if you look at the line graph at the top, this is just a drastic drop when we look at the height of claims filed during the covid years in the 2021 and 2022 fiscal years where we had those astronomical numbers. But there has been a decline and I can't really explain it with exactness, there are a number of things that we think have contributed. We just haven't had the protests this year or a catastrophic-type event that would lead to numerous claim filings. We've only had two new PTSD claims this year, which is a dramatic drop from the prior years. There are slightly fewer members over all to file claims so that may have some slight contribution to it. And as Stacy shared, we have a lot more FPDR 3 members than we do FPDR 2 members and I think newer employees are less likely to file claims. Those are just some of the general thoughts about the reduction absent any real hard-hitting loss prevention and reduction efforts. So it is what it is for this year. I think it's a one-off, an anomaly. I don't quite know how to take it. Is this something that will be a trend into the next several years I don't know. But one thing I do know is that if you would call it fortunate, it happened at the time we needed to transition to a new MCO so all of the work we had to dedicate to that project happened in a way that I don't think we would have been able to do had we had the more typical number of claims. I think we would have had to hire consultants and get extra help. I don't know what you call that, but that's the way it worked out for that year and that's what we have. Next slide.

**Director Hutchison:** Kim, this is Sam. Before you get going, I have to leave here real quick because I have something that I've got to do. Do you want to talk about the position you're not filling just real quick, because that falls in on that slide.

**Kim Mitchell:** Sure.

**Director Hutchison:** I'm going to turn this over to Kim, Stacy, and Julie to finish out the rest of the board meeting. Have a good one, everybody.

**Kim Mitchell:** Thanks, Sam. We had added a position, probably a year and a half or two years ago because the claim numbers looked like they were going to just continue to rise, even with our more typical claims. We had 343 new claims in fiscal year 2020, and then the covid years just shot it out of the park. And when we look at the new claims that come in, that doesn't take into account the whole workload that we have, because we have existing claims that remain open. We have post-retirement claims that we're processing. But this year is what it is, and we don't know what that's going to be. But what the low number of caseloads has meant is that our team doesn't have as much work, and they've done great work to close claims and the projections for closed claims will mean that our numbers are even lower. And I can't

predict a rebound to the levels that we've had in 2023, 2020 and back. So I wanted to err on the side of caution and put a pause on the fill of that position. Work with the staff we have, with the low numbers that we have, and at the point where we see a return to what would be more normal and typical for us, I think it would be wise at that time to consider opening that position again. So we paused the recruitment so that we can, again, use the staff when we really need it and right now, we don't. So that is why we are not moving forward with that position. Any questions on that?

All right, so the next slide, slide 26, is our days to claim decision rate. Everybody likes to hear this information. We certainly strive to approve our claims. Oh, I'm sorry, these are our approval rates, the next slide is our days to claim decision. But this year we'll see that 91% of the claims filed were approved, close to 3% were denied. We have about 2% of our claims that were incomplete applications. And you may have something similar, Chair Hughes, in Risk Management. It's been a while now since I've done Workers' Compensation claims, but here the member may file a claim for benefits and then they decide not to complete it. It's more like they've documented it, but they didn't treat so there's no benefit to pay. We process these as incomplete applications, and we will just close them once we are sure that the member is certain about their decision not to pursue it further. About 3% of the claims were pending at the time we created this report. Those were claims that had come in that we're reviewing to determine whether or not they will be approved or denied. And then we have about 3% of the claims that were filed that were withdrawn. And these members have submitted a DILD (disability in the line of duty) report and in some cases, they treated but maybe their provider has said that it's not work related, that's usually what happened. They find out that maybe something they thought was work related wasn't and they decide to withdraw that claim. Any questions on that?

Then we'll go to the next slide, which is our days to claim decision. And here we'll see that we've put the number of claims approved in each category here, and I'll just put it out here in terms of percentages. And I'm pleased to report that about 50% of the claims that we receive were decided within 30 days. That's quick work on the part of our analysts to reach out to the members right away when we get notice of their injury and to work with them and gather all the information they need to make a claims decision. And when they're able to do that promptly, everything that flows from it - the member's treatment, the recovery, placement into transitional duty if we need to do that - just goes at a faster pace. So we like that. We want to try to keep it at least over 50%. We have 60 days as our target goal under our administrative rule to accept or deny claims. We see that about 25% of the claims that we review were decided within 60 days. We have another 8% that were decided within 90 days, and those are almost always the more complex cases, the cancers, the hearts, the stress claims that usually involve an independent medical exam or review to help us sort out whether or not those conditions are work related and occasionally it does take more than 90 days. We have still had, and I don't know that this is going to change because the trajectory and the access to treatment after covid has declined quite a bit and I haven't seen that rebound, but trying to get providers to examine patients or members in these complex cases is a little more challenging, and finding providers who will treat in some of these cases is

challenging. So it creates a delay for us even in record gathering, in getting information we need to make that determination. All said, our target is to get things done within 60 days, sooner if we can because we know that's a benefit to everybody to get them in and processed and moved along. That's what we have here. Any questions on that?

All right, so now we'll look at the disability cost by fiscal year. This line graph just shows an increase in our overall disability cost. This is our medical and time loss together and the next slide will give us a breakdown. We see we have about a 17% increase over last fiscal year, and even a wider percentage of increase over our low in 2020 where we were \$5.5 million. Certainly there are reasons for increases, and we'll talk about those on the next slide as we break them down. So I think we'll just go to the next slide.

So here we have in beige the time loss costs, which is disability and we'll break that down further in the next slide, but our disability is the biweekly disability benefit we pay to our members, and the monthly benefit that we pay to members who cannot return to police or fire employment after an injury, and the wage subsidy we pay to the bureaus when they provide transitional duty employment to our members. About \$4.21 million is that cost for time loss. The real jump is in the medical. Medical costs after covid have increased. We know that during the covid era, from 2021 on through 2023 when we saw the decline in transition to more typical injury claims, we saw a lot of delay in treatment. That accounted for the low numbers in medical payout. But as we've rebounded and come out of covid, surgeries that were delayed were done. We know that medical costs continue to rise. The cost for prescription drugs has continued to rise even at a faster pace than even our medical and our prescription costs for our cancer claims or people who have catastrophic injuries, even our PTSD claims where they're using a variety of medications to help stabilize a member have really increased. So I'm sure there are lots of other reasons. I look at kind of the main typical reasons we see those kinds of increases, and that's what we have here. In terms of our increase in disability benefits, we have sometimes more mature workers who are receiving a disability benefit and they have a higher rate of pay so those claims tend to be more costly. We are still paying on some of the PTSD claims that we approved during the height of those claims coming in following the protests in 2020, and so we are still paying that. Those PTSD claims are some of the most long and enduring claims, and they are most often the claims that result in a member not being able to return to work. They can't even do transitional duty because being in that environment is triggering. So we do see that increase and the extended duration of pay on those particular claims. Any questions about that? We'll move on to the next slide.

**Julie Hall:** Trustee MacLeod has a question.

**Kim Mitchell:** Sorry, thank you. Sorry, trustee MacLeod. You're muted.

**Trustee MacLeod:** Thanks. Just trying to get a better understanding. There were a lot fewer claims this period, but there was an increase from \$6.4 to \$7.5 million. And it doesn't look like

there was a dramatic increase in the number of claims for monthly or biweekly or return to work. So was it just really that the average cost per claim just went way up?

**Kim Mitchell:** Yes, the cost per claim. Higher disability costs and much higher medical costs.

**Trustee MacLeod:** Thank you.

**Kim Mitchell:** Next slide. So this next line chart shows the breakdown of disability payments that we have paid out. Chair MacLeod, did you have another question? I didn't want to just keep going if you had a question, but maybe that's from previous. So in terms of the biweekly disability benefits, the benefits we pay to members who are active duty and on disability and we project will return back to work, we've seen about a 9% decrease in cost from 2023 to 2024, and that's just in that biweekly benefit. Part of what is offsetting that in the gold bar at the bottom is more utilization of the transitional duty return to work program. And Chair Hughes, we operate sort of like the Workers' Comp department but better because for members who are assigned transitional duty, they are paid from the bureau. So they continue to accrue leaves and things like that and we reimburse them for that time up to 180 days. We have some guidelines there for that. But we'll reimburse them for utilizing the transitional duty program and what we've seen as industry standard is that people who get back to work sooner, even if it's in transitional duty, typically return to work and return to work quicker. So we are pleased. You see that over time that transitional duty has been kind of steady, no growth in that. I hope that we continue to see an increase in utilization of that program and that it will serve to offset the biweekly benefit we pay to our members.

What we show a slight increase in is the monthly disability benefit. Chair Hughes, we have members who are suffering an injury, illness, or disease and can't go back to police or fire employment. They continue to receive a monthly benefit until they disability retire as long as that disability continues to be the reason they are unable to work. We have a few categories for these folks. We have people who are permanent and total who are not able to go back to any employment because of their condition. The majority of them are able to pursue some type of employment and we call that SGA, which is substantial gainful activity. Those folks are able to pursue some employment earning a third of the base pay at injury to supplement the disability benefit that they get, which is reduced from 75% to 50% at the time they're determined to be SGA. So from fiscal year 23 to 24, we had a couple of people transition from biweekly to monthly. PTSD claims, which again are some of our more challenging, I think in 22/23 we had two PTSD claims. In '24 we had a catastrophic injury case and a PTSD claim. Those are tough ones for us and it really is hard to get them back to work, but through efforts to look at work that they can do, they come in with a lot of skills, a lot of transferrable skills, They're usually able to get out there and be productive. We've had people become teachers and other things. So what we do with those folks is we continue to follow them. Some of them fall off the wagon in terms of employment, lose a job where they're not going after work like they should and they're a constant battle for us. But when the program works well that combination of the FPDR disability benefit and the work that they are able to find kind of makes them whole. And so if we look at this data - I'm sorry, was there a question? I thought I

heard something. But when we look at the height of those that were on monthly from fiscal year 2015, there's been kind of a steady drop over the years until this past year where we've seen that increase. Not ideal, but something that does happen.

**Chair Hughes:** It's worth noting both your disability costs and possibly your time loss too, when you look at your yearly numbers back and forth, any catastrophic injury or a few will skew those numbers so hard.

**Kim Mitchell:** Yes, thank you for saying that. It does. So we have one more slide, and that is just my slide that I wish I never inserted, but I'll just pull it up. This is something that we're working on. We are transitioning from the way our system was geared to support the payment of the Managed Health Care Northwest to how Majoris MCO and Providence show their discounting. So this just is not right. We've seen that the numbers were pulled from places that they shouldn't have and so I apologize for this report, and we will be working to fix it. We are working with Majoris right now to create a program and system that allows us to accurately reflect the discounts that have to go back to their providers so it won't be reflected as a true savings to us because it's not. But it will just give us accurate paid and savings information. And Chair Hughes, just for your information, we take a reduction of the actual bill from the Oregon fee schedule that we get from Oregon Workers' Comp, and so we utilize that to reduce our bills and that is the greatest number of cost reductions occurring from that alone. When we had MHN we split the difference and that was an additional discount. And we do have times where our bill payer will negotiate a discount when a member is injured out of state or is treating out of state. Maybe they were injured in Oregon but they've moved out of state for some reason and have to have care. We will negotiate a reduction and that will be reflected too but not this time, my apologies. We will fix that so that we can accurately report this information to you.

**Chair Hughes:** Great. Thank you, Kim and thank you, Stacy. I actually like this chart; it shows good savings.

**Kim Mitchell:** Thank you. There are some savings, just not quite what we have here.

**Chair Hughes:** That was a great presentation.

**Kim Mitchell:** Thank you.

**Chair Hughes:** I guess being the first time here, before we move on do we need a break or anything or just power on through. Okay, we'll power on through, then. We're moving toward what do we have? Review of Fire and Police Trustee election process.

## **INFORMATION ITEM NO. 2 – REVIEW OF FIRE AND POLICE TRUSTEE ELECTION PROCESS**

**Julie Hall:** So the terms for Trustees Kulp and MacLowry, our active trustees, they both expire this year on December 31, 2024. So we may or may not be holding an election, we'll find out

soon. This is just kind of an overview of the process and it's from FPDR Administrative Rule 5.2.04. The first thing we need to do is notify membership that we'll be holding an election, and the admin rules say that we should do that on or before the first Monday in October. This year that will be October 7, 2024. So what we'll do is we'll post written notices in the fire and police workplaces and then also a big shoutout to the liaisons and unions for the email distributions they always help us with when we do an election. That's very helpful. Any active member can nominate themselves, and the way they can do that is by calling the FPDR office and requesting a declaration of candidacy. Also, this year we are going allow that to happen via email, so anyone can contact the FPDR office, basically Sam, and declare themselves a nominee. The deadline for a member to nominate themselves for this election will be Monday, October 21, 2024. That's the date that we'll know whether or not we're holding an election. If we are, the notice of nominations will be posted in the fire and police workplaces and that will happen on October 28, 2024. Again, I think that the liaisons and unions assist with that. If more than one active member is nominated for either position, we'll hold an election. And so what FPDR does is, we'll get ballots prepared and we'll mail them out and those will be mailed out on November 1, 2024, that is a Friday. Included with the ballot will be a postage-paid envelope back to the FPDR office with ballot enclosed on the envelope, and it's good to know that anyone who wants to vote and have their vote counted must return their vote in that ballot enclosed envelope. You can send that via mail in the envelope or you could also drop it by the FPDR office if you wanted to. The deadline to have your vote considered is Monday, December 2nd, that's because December 1st falls on a Sunday this year and so that's the technical deadline, but we extend it when the first falls on a weekend. If we do hold an election, within two days of receiving all the ballots the City Auditor or their designee will count the votes and we'll figure out who won. It's very unlikely but in the event that no candidate got the majority of the vote, then we'll have a runoff election and basically the process will start over again. We'll send ballots and postage-paid envelopes with ballot enclosed stamped on that envelope and membership will have a chance to vote again. I always like a calendar view so at the end of this I put just kind of the months with the dates that all of these deadlines will hit. It's not very complicated, but does anyone have any questions?

**Trustee MacLowry:** Yeah, as an incumbent, do I still need to resubmit an application?

**Julie Hall:** A declaration of candidacy?

**Trustee MacLowry:** Yeah.

**Julie Hall:** Yes, please. That way we know you're interested.

**Trustee MacLowry:** All right.

**Julie Hall:** All right. Does anyone else have a question? All right, hearing none. Summary of expenditures, that's Stacy.

### **INFORMATION ITEM NO. 3 – SUMMARY OF EXPENDITURES**

**Stacy Jones:** Tagging back in, and we're flying through these last couple things. Stop me if you have any questions. You should have two reports in front of you, which happens once a year. The first is the final expenditure report from last year, fiscal year end of June 30, 2024 and the second report is the spending for the first two months of this fiscal year. Looking at the first report from last year I just want to say that we ended the year within budget, which that's not good if you don't do that, both overall and within each major object category as defined by local budget law. The graph at the top, we kind of show you budget categories that are programmatic that we think you're probably interested in as the board but down below you'll see the categories as they're defined in budget law, which is where budget authority actually exists. Skipping over the revenue piece because there's no appropriation there, but on down to personnel, external materials and services, internal materials and services, capital outlay and then fund expenses all together are the categories. Another thing to just note is that property taxes came in basically right on the money last year, 99.8% of budget, so that was kind of interesting this year that they came in so close to budget. They're usually close, but not quite that close.

If we flip to the next slide, Julie, and just look at spending so far this year, there's not much to point out yet. I would just say that, note that we haven't entered an actual number for beginning fund balance yet because we don't have an audited number yet. But unaudited, I can tell you it's about \$16.7 million. Which is good news because we're back to target range for fund balance. That balance for those of you who've been on the board for a few years was a little high because we had built up fund contingency during the pandemic with all the retirements and disability claims. I wanted to make sure we had enough cash on hand to pay for all the unexpected, and we did, and then we've been spending that fund balance down. We have now successfully spent the fund balance down, so I'm happy about that.

**Chair Hughes:** Stacy.

**Stacy Jones:** Yes.

**Chair Hughes:** Are there any specific rules or guidelines around managing the contingency?

**Stacy Jones:** No, the ones that apply to all funds in Oregon local budget law, but nothing beyond that in city charter. So the ones that apply to all fund in local budget law are that we have to have a supplemental budget in order to pull funds out of contingency and actually appropriate them to be spent.

**Chair Hughes:** Okay, thank you.

**Stacy Jones:** It's basically the only rule. Are there other questions or other things that folks see? Trustee Kramer?



**Chair Hughes:** Is the taxes and revenue, is that consistent in November? Is that when you're getting the bulk of it every year?

**Stacy Jones:** We sometimes don't get it until December, it sometimes depends on the county. We get some money from Washington and Clackamas County, but Multnomah County when we get their tax turnovers really flowing to us, there have been years we didn't get the bulk of that money until early December, but typically it happens in the second half of November.

**Trustee Kramer:** Stacy, I think you discussed this with Kyle in the very beginning of the meeting and I'm slow catching up to it. On the first page we have the interfund cash transfer, a budget of \$750,000 and then at the bottom of that same first page we have the interfund cash transfer with roughly a \$900,000 figure. Would you walk me through those again, please?

**Stacy Jones:** Sure. That's for last year. We're not talking about the same thing Trustee MacLowry and I were talking about in the beginning where we were talking about the interfund loan from the Parks Bureau in the current fiscal year, which is what we're using to cover our cash flow deficit in the current fiscal year. Last year in 2023/24, we issued tax anticipation notes to cover that cash flow deficit. So those you will see down in fund expenses and debt retirement. You'll see \$33 million or so in January that we are paying, that's when we're paying the bonds back. You'll see the money coming in in bond and note proceeds, \$33 million coming in in August. So that's how we handled the cash flow deficit last year. This year it was more affordable and less risky to borrow some money from the Parks Bureau, but we still have these fund transfer expenses and revenues set up here. So that \$750,000 is our reserve fund. So we do have an FPDR reserve fund. I don't know if the Board even remembers that it exists. I do mention it every year during budget. So we have our operating fund, which is what we're always talking about which has a couple hundred million in it, and then the reserve fund with \$750,000, which is kind hilarious that it's just set at that amount by city charter established in 1948. I don't know what I'm going to do with \$750,000. Personally, I could do a lot with \$750,000, but in a plan of this size that's totally worthless to us. But we do budget every year so it's available to us to have that money transferred to the operating fund just in case we ever got to a point where we did need that money, it needs to be budgeted in order for us to take it back. And then we budget the payment going back to the reserve fund down below in interfund cash transfers because it has to be repaid by city charter back into the reserve fund by the end of the fiscal year. If we were redoing the charter and we cared to bother, we might get rid of it or increase it or do something different with it. The reason it's \$900,000 instead of \$750,000 is that we have to pay general fund overhead, which is a cash transfer to the general fund. That is our share of paying for things like City Council offices and emergency management and some things that are funded city-wide and we have to pay our share through a transfer to the general fund. Does that answer that question?

**Trustee Kramer:** It does and I think it anticipates the follow-up. I'm sorry, did I just talk over you?

**Stacy Jones:** No, not at all.

**Trustee Kramer:** If we jump over to the next page at the bottom, is the last line-item sort of the current year's version of that?

**Stacy Jones:** Actually, I should have pointed this out to you. So again, Trustee Kramer, you're so good with these expense reports, you're always pointing out the good stuff. So this, I should have pointed out to you. That parks budget is not in here because, so it still shows as debt retirement. See that \$46 million down there in the second to last line, middle line for fund expenses, and \$45 million in bond and note proceeds up above. Now, the reason for that, I hope that parks finance staff aren't listening. So when we went to put this into the approved version of the budget when City Council was approving the budget, the parks finance staff did not get their side of the transaction in in time, and it has to balance and they didn't get it in in time, so then poor Asha. Asha's coming up a lot this time. She had put it all in there and take out the tax anticipation note proceeds, and put in the interfund loan, and then parks didn't get theirs in in time. So the budget office made us take it out because it had to balance, and they wouldn't let parks put it in because they were past the deadline. And then, this is really obscure but then between approved and adopted budget there are rules. In Oregon local budget law, you can't increase the size of your fund by more than 10%, and that was going to put the parks fund over by more than 10% and so they couldn't do it in the adopted budget. So it ended up happening on July 17<sup>th</sup>. Council adopted the budget effective July 1st and then on July 17<sup>th</sup>, council amended our budget and the parks' budget to put that in. So you don't see it in the original budget. If I had a revised column as I do in the prior year report, then you would see that reshuffling and you'd see that we've taken out the tax anticipation notes and debt proceeds and put in the interfund loan budget for parks. Trustee Kramer, I think you missed your true calling becoming an attorney. You really should have been digging around in budgets your whole life.

**Trustee Kramer:** I think people become pension lawyers because they don't have the personality to become financial analysts.

**Stacy Jones:** I can assure you that most financial analysts don't have sparkling personalities.

**Trustee Kramer:** I'll ask you one more and this is very small numbers.

**Stacy Jones:** Of course.

**Trustee Kramer:** The personnel item for April is bounced up just by \$50 grand. But it's significantly higher than any of the other entries.

**Stacy Jones:** I believe that's the vacation payout that I was referring to earlier. The vacation leave pay out for a retired employee.

**Trustee Kramer:** Thank you.

**Stacy Jones:** Are there any other questions about fund expenditures? And maybe this is a good time to just let Chair Hughes know also that this board, the only budget in the city, this board has exclusive authority to adopt the FPDR budget. City council does not have authority to adopt this budget. So we participate in the city-wide budget process because we do need to be included as a blended component unit of the city, but the Board has budget authority rather than City Council.

**Chair Hughes:** Can I move my budget over here? We can work side by side.

**Stacy Jones:** Well, no.

**Chair Hughes:** There's probably some rule against that, I don't know.

**Stacy Jones:** We have to be careful with these fiduciary funds.

**Chair Hughes:** Okay. Thank you.

**Stacy Jones:** All right. Yes.

**Chair Hughes:** Any more updates?

**Julie Hall:** There are none.

**Chair Hughes:** There are none. Are there any more future meeting agenda items?

#### **INFORMATION ITEM NO. 5 – FUTURE MEETING AGENDA ITEMS**

**Julie Hall:** There are. I'm going to talk to you guys about the November meeting. The November meeting we always go back a week instead of it being the fourth Tuesday of the month we move it because of Thanksgiving. So we'll be meeting virtually November 19th at 1:00 p.m. as always. I'll remind everyone that will be a virtual meeting. And in that meeting, we're going to discuss the outside council contract that is up for bid. We're going to talk about the future board meeting location. That's kind of in the air right now. It sounds like we'll be in council chambers, but we'll need more information. There's going to be another admin rule change. We had just recently changed the definition of Physician Assistant and now we want to either add or change it to Physician Associate. I'm not quite sure which will be happening, but that's to match the Oregon Workers' Comp rule. And then if we are not going to be meeting in council chambers, we're going to need to update the admin rule that says that we meet in council chambers. But we'll see, that's to be determined. And also we're going over the new city organizational structure and the impact that is going to have on FPDR. The January meeting is going to be January 28, 2025. At this point in time, the location is unknown. You might want to bear with us, it could be virtual is what I'm trying to say. So at that meeting, we're going to talk about the trustee election results, possibly introduce new trustees, we'll see. We're going to talk about the budget approval and then, of course, it's been two years so

we're going to have the actuarial evaluation and levy adequacy analysis. There are some future meeting topics that will need to be discussed at the March meeting. We do have an annual benefit adjustment at the March meeting although that's all we have on the agenda for now. So there are three topics we could discuss in March. One could be forming a committee to review the FPDR 2 pension plan. One could be a discussion on soliciting a study to compare the FPDR Disability Program to the Oregon Workers' Comp program, and then finally the Board of Trustees handbook review. These are agenda items we've been carrying with us and talking about discussing. I'm open to anyone suggesting one or more of these topics for the March meeting. And we could also discuss this at the next meeting if nobody has anything jumping out to them.

**Trustee MacLowry:** I'll speak up. Nothing's jumping out to me right away for March, anyways. If you mind, Julie, circling back to the first item in the November 19<sup>th</sup> meeting. You said outside council contract, what exactly was that agenda item?

**Julie Hall:** I don't know if that's going to be an information or action item, but we're going to hear about where we are in the process of determining who will continue to be our outside council. It's been ten years and we have to do an RFP. Lorne Dauenhauer from Ogletree Deakins has been outside counsel for a number of years, and so there's going to be an RFP process to see if we will continue working with Ogletree Deakins. I don't know what will happen with that, we'll see.

**Trustee MacLowry:** So this dovetails into something I wanted to bring up for good of the order, and this may actually be a Sam question. It's not specific to outside counsel. It's something that I found in the administrative rules. This is something that was brought up among the membership. It's in Section 5, the Office of Administrative Hearings for FPDR and it says that the independent body that has been authorized by the Board of Trustees to review decisions of the director that's concerning retirement or death benefits. I could be wrong and I don't recall it, but I don't recall this Board authorizing anybody for that office of administrative hearings. Do we have that staffed right now or, Stacy, can you speak to that for me?

**Stacy Jones:** Sure, although Kim might be a better person since most of those hearings are disability related, although you can and we have had pension hearings. That contract is with the Office of Administrative Hearings right now with the State of Oregon. Kim might be more familiar with the contract, but I'm sure the Board did approve that contract at some point. And Franco is nodding and also Franco actually might be a better person to speak to that. My memory is that there was only one body that could actually provide that service and it was the Office of Administrative Hearings in Oregon. Franco, do you maybe want to jump in?

**Franco Lucchin:** Yeah, Franco Lucchin, City Attorney's office. I don't know exactly when that was entered into first. My suspicion is it was late 2007, early 2008 and it would have been in the form of an intergovernmental agreement between the city and the State of Oregon. The Office of Administrative Hearings does all the administrative hearings in the state for state agencies. And my recollection is FPDR in 2007 or so did inquire with the Oregon Workers'

Comp division. I wasn't involved in those communications, but I know that the search then continued and OAH, the Office of Administrative Hearings, is who FPDR ended up going with. So Trustee MacLowry, I'm not sure which of the administrative rules you're referring to, but it derives from the charter requirement that the board hire at least one hearing officer and traditionally there have been two at OAH. So typically, what I've seen is they would send the hearing officer, who is also an administrative law judge, they would send one appeal denial to one of the judges and then the other one would get the next one or however they're divvying up that work. And then the charter also requires the board to have a panel of three administrative law judges to hear appeals of disability decisions and so the Office of Administrative Hearings also staffs that. And the charter has a requirement that those three judges have staggered terms. So that's all been within the OAH, including death benefit hearings and retirement benefit hearings, although like Stacy said, those are much more rare than a disability hearing would be.

**Trustee MacLowry:** So there's a historical contract with the Board of trustees with the state agency, OAH, and that just sort of stands in perpetuity, maybe that's not the word. It just stands until something else is agreed upon by the Board is what it sounds like.

**Franco Lucchin:** Good question. It would not be in perpetuity.

**Stacy Jones:** Actually Franco, I have it pulled up right now. It is an IGA, good point Franco. We don't have contracts with other governments, they're intergovernmental agreements, and the current one expires on June 30, 2025. So we have an IGA for that purpose that currently extends to June 30, 2025.

**Franco Lucchin:** What's the beginning of the term of that?

**Stacy Jones:** It looks like it was an extension of an earlier IGA and that extension looks like it began in 2021, but it's an extension of an earlier IGA. Pulling it up on the fly I'm not sure when the original began.

**Franco Lucchin:** I mean, my recollection, like I said, is somewhere around 2007. I know there were hearings as early as late 2007, early 2008 under the new charter.

**Trustee MacLowry:** Okay. Thank you. And at any point if anyone does appeal a benefit decision, it will end up going through OAH and assigned to an ALJ for somebody at the state?

**Franco Lucchin:** Yes, that's right.

**Trustee MacLowry:** Okay. Thanks.

**Franco Lucchin:** Sure.

**Julie Hall:** Does anyone have any questions or another topic they'd like to present?

**Trustee MacLeod:** No.

**Julie Hall:** Okay. I think we're done for the day. Sorry, Patrick.

**Chair Hughes:** No, that's fine. Is there formal terminology closing the Board meeting?

**Stacy Jones:** I think you just declare us adjourned.

**Chair Hughes:** I think this meeting is closed. Great to meet all of you and I look forward to working with all of you. Thanks for your time today.

**Trustee Kulp:** Thank you.

**Kim Mitchell:** Thank you.

**Stacy Jones:** Bye-bye.



**FIRE AND POLICE DISABILITY AND RETIREMENT**  
**City of Portland, Oregon**



Action Item No. 1

Resolution No. 557 – Outside Counsel Contract Extension

## **RESOLUTION NO. 557**

WHEREAS, by Contract No. 30004409, the Board of Trustees of the Bureau of Fire and Police Disability and Retirement (FPDR) through the Office of the City Attorney (City Attorney) contracted with Ogletree, Deakins, Nash, Smoak & Stewart, P.C. (Outside Legal Counsel) to provide legal services on an as-needed basis, and

WHEREAS, Outside Legal Counsel's contract with FPDR will expire on January 21, 2025; and

WHEREAS, FPDR wishes to continue the services of Outside Legal Counsel by extending the contract for an additional one-year period through January 21, 2026; and

WHEREAS, the not-to-exceed value of the contract is \$25,000; and

WHEREAS, an appropriate form of agreement which will implement the desires of the parties will be prepared by the City Attorney in accordance with City contract requirements for outside counsel; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the FPDR that the City Attorney proceed with an extension of the contract with Outside Legal Counsel for an additional one-year period through January 21, 2026 for a not-to-exceed amount of \$25,000.

ADOPTED by the Board of Trustees on this 19<sup>th</sup> day of November, 2024.

Samuel Hutchison  
Director



AMENDMENT NO. 3  
AGGREMENT NO. 30004409  
FOR LEGAL SERVICES

Pursuant to Resolution No. 557

This agreement was made and entered by and between Ogletree, Deakins, Nash, Smoak and Stewart P.C., hereinafter called Counsel, and the City of Portland, a municipal corporation of the State of Oregon, by and through its duly authorized representatives, hereinafter called City.

The parties agree to the following:

1. This agreement is hereby extended through January 21, 2026.
2. The total compensation under this agreement will increase by \$25,000 to \$150,000.
3. The compensation hourly rate for Lead Counsel is \$500.

All other terms and conditions shall remain unchanged and in full force and effect.

COUNSEL SIGNATURE:

This agreement amendment may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same agreement amendment.

The parties agree the City and Counsel may conduct this transaction by electronic means, including the use of electronic signatures.

Ogletree, Deakins, Nash, Smoak and Stewart P.C.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

CITY OF PORTLAND SIGNATURES:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Chief Procurement Officer

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Office of the City Attorney

Approved as to Form:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Office of the City Attorney



# **FIRE AND POLICE DISABILITY AND RETIREMENT**

## **City of Portland, Oregon**



### Information Item No. 1

Auditor's Annual Report Presented by Moss Adams

# Report of the Independent Auditors and Financial Statements

FOR THE FISCAL YEAR ENDED  
**JUNE 30, 2024**



## PORTLAND FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS

TRUST FUNDS OF THE CITY OF PORTLAND, OREGON



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## **INTRODUCTORY SECTION**

### **City of Portland, Oregon**

Fire and Police Disability

and Retirement Funds

Trust Funds of the City of Portland, Oregon

June 30, 2024

### **Administration Offices**

Harrison Square Building

1800 SW 1st Avenue, Suite 250

Portland, Oregon 97201

### **Board of Trustees as of June 30, 2024**

Catherine MacLeod, Chairperson

Tom Kramer, Citizen Trustee

Christopher Kulp, Elected Police Trustee

Kyle MacLowry, Elected Fire Trustee

Vacant, Citizen Trustee

### **Fund Administrator**

Samuel Hutchison

### **Finance Staff**

Stacy Jones

Asha Bellduboset

Svetlana Vitruk

Taylor Irvin (Bureau of Revenue and Financial Services)



# FINANCIAL SECTION





## Report of Independent Auditors

The Board of Trustees  
City of Portland, Oregon, Fire and Police  
Disability and Retirement Fund and Reserve Fund

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying statement of plan net position and the related statement of changes in plan net position of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the “Funds”), component units of the City of Portland, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Funds’ basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, the City share of Oregon Public Employees Retirement System, and the City share of OPERS Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds' basic financial statements. The budgetary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the supplementary data as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.



Portland, Oregon  
October 25, 2024

## Management's Discussion and Analysis

As management of the City of Portland, Oregon's Fire and Police Disability and Retirement Fund (FPDR Fund) and Fire and Police Disability and Retirement Reserve Fund (Reserve Fund), collectively referred to as the Funds, we offer readers this narrative overview and analysis of the financial activities of the Funds for the fiscal year ended June 30, 2024. For more detailed information regarding the Funds' financial activities, the reader should also review the actual financial statements, including the notes and supplementary schedules.

### Financial Highlights

- An independent actuary conducts biannual valuations of FPDR's obligations. The most recent valuation was completed with data as of June 30, 2022; rolling that valuation forward to June 30, 2024 yields a total pension liability (the actuarial present value of the plan's projected benefit payments that are attributed to past periods of member service) of \$3.8 billion.
- The FPDR Fund is financed on a pay-as-you-go basis. The Portland City Charter provides for annual employer contributions that equal current year benefits and administrative expenses. Employer contributions are primarily financed by a dedicated property tax levy, which provided \$195.2 million of the \$195.8 million in total contributions.
- The imposed FPDR property tax levy for the fiscal year ended June 30, 2024 was \$1.17 per \$1,000 of real market value (RMV) within the City of Portland. By Charter the levy may not exceed \$2.80 per \$1,000 of RMV. Portland property owners make tax payments on assessed value (AV) rather than RMV; the FPDR levy was \$2.64 per \$1,000 of AV for the fiscal year ended June 30, 2024. Unusually, the AV rate declined from the prior year (when it was \$2.72), as properties previously set aside in urban renewal areas returned to the City's general levy rolls.
- Since governmental accounting standards do not allow future dedicated tax revenues to be reflected in the Funds' financial statements, the Plan's net position reflects only current assets, primarily cash on hand. Net position was \$17.9 million on June 30, 2024, a decrease from \$24.3 million on June 30, 2023. This is part of an intentional draw down as management continues to reduce fund contingency levels following the financial uncertainties of the COVID pandemic.
- Despite the decline in fund balance, FPDR Fund assets increased by \$6.7 million for the fiscal year ended June 30, 2024, to \$37.8 million. The increase is primarily the result of a timing issue: June 2023 pension payments in the amount of \$12.3 million were paid on June 30 because July 1 was a Saturday. This reduced the Fund's beginning assets on July 1, 2023. All things being equal, fund assets should have increased by a roughly similar amount for the fiscal year ended June 30, 2024, as the June 2024 pension payments were made on July 1. However, the aforementioned \$6.4 million drop in fund balance partially offset the increase.
- As a result of the same timing issue, FPDR Fund liabilities grew by \$13.6 million. July 1 pension payments are typically booked as an accounts payable item on June 30, as pension payments are made in arrears. Since the payment had already been made, a liability for June pension benefits was not recorded for the fiscal year ended June 30, 2023. However, a liability was recorded for the July 1, 2024 pension payment for the fiscal year ended June 30, 2024, as usual.
- Benefit payments from the FPDR Fund include both direct payments to FPDR Plan beneficiaries and contributions to the prefunded Oregon Public Employees Retirement System (PERS) Plan for sworn employees hired after 2006. Total benefit payments grew to \$201.4 million, an increase of 8.5%, or \$15.8 million. More than half of this growth is increased PERS contributions, as the PERS-covered work force expands and promotes to higher pay levels. PERS contribution rates for the tier to which most sworn Portland employees belong also increased from 31.72% to 33.91% for the fiscal year ended June 30, 2024.

## Financial Statements and Analysis

The FPDR Fund provides retirement, disability, and death benefits to the sworn employees of Portland Fire and Rescue and the Portland Police Bureau and their survivors. Chapter 5 of the Portland City Charter serves as the Plan document and establishes the level of benefits and the method of administering benefits.

The FPDR Fund is financed on a pay-as-you-go basis. Each year's benefits and expenses are paid from employer contributions derived almost entirely from a dedicated property tax levy assessed each year. No assets are accumulated and invested to fund benefit payments in future years. Although the City Charter provides FPDR with dedicated property tax levy authority of up to \$2.80 per \$1,000 of RMV, the Oregon state constitution caps each property's general government taxes at \$10 per \$1,000 of RMV. After reaching this point all levies, including the FPDR levy, are subject to compression to fit under the \$10 limit. For this reason, it is unlikely that FPDR could collect the full \$2.80 per \$1,000 of RMV on each property. However, it appears increasingly unlikely this will ever be necessary. The imposed RMV levy rate for the fiscal year ended June 30, 2024 was \$1.13. After adjusting upward to account for losses due to delinquencies and discounts, the rate was \$1.17, still well below the \$2.80 cap.

Sworn members of the Fire and Police Bureaus hired after 2006 are enrolled in the prefunded Oregon PERS pension plan. The FPDR Fund pays the employee and employer portions of PERS contributions for these members, as well as an additional 3% contribution to each member's Individual Account Program at PERS. The FPDR Plan itself provides only disability, funeral and pre-retirement death benefits to these members. Members of the FPDR plan sworn prior to 2007 are covered by the FPDR plan for their retirement benefits, pre- and post-retirement death benefits, disability benefits, and funeral benefits. Funding both PERS contributions for members hired since 2006 and current benefits to retirees hired before 2007 (and their survivors) under FPDR's pay-as-you-go pension plan – simultaneous payments for two generations of employees – creates upward pressure on FPDR's tax levy. The levy is expected to peak in the late 2030s or early 2040s (on a non-inflation adjusted basis), when most members hired before 2007 will be retired and receiving FPDR pension payments, and all of the active workforce will be enrolled in PERS with FPDR pre-funding their PERS pensions through contributions to the PERS Plan.

The FPDR Plan's net pension liability is \$3.7 billion for the fiscal year ended June 30, 2024, a decrease of \$90.0 million from June 30, 2023. The plan liability shrunk because of an increase in the discount rate used to calculate the net present value of that liability, the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index (Bond Buyer Index). The index value rose from 3.65% on June 30, 2023 to 3.93% on June 30, 2024. Since the FPDR Plan has no investment assets, a single risk-free rate is used for discounting in accordance with the requirements of Governmental Accounting Standards Board Statement Nos. 67 and 68. Both the June 30, 2023 and June 30, 2024 net pension liabilities are based upon a roll-forward of liabilities calculated in the June 30, 2022 actuarial valuation of the FPDR Plan.

Because of the FPDR plan's pay-as-you-go funding basis, the net pension liability does not reflect the value of dedicated future revenues from the property tax levy. Management assesses the plan's long-term financial condition in part by projecting the future availability of revenues from this tax, which is the source of employer contributions under the Charter. The most recent levy adequacy analysis, completed by an independent actuary in connection with the actuarial valuation of the Plan, was as of June 30, 2022. At baseline assumptions, property tax revenues are expected to be sufficient to cover future benefit payments and fund expenses for the life of the plan. Under a wide range of simulated economic scenarios in the foreseeable future, the analysis projects less than a 1% probability of the FPDR Fund levy reaching the maximum \$2.80 per \$1,000 of RMV in any year through 2041. After removing the bottom 5% and top 5% of outlier outcomes, the 2022 levy analysis forecasts an FPDR tax levy rate between \$0.64 and \$2.00 per \$1,000 of RMV for 2024 through 2041. At the median (50th percentile) probability, the analysis predicts the FPDR tax rate will peak at \$1.43 per \$1,000 of RMV in 2031 - 2033. The previous 2020 analysis estimated a similar probability of reaching the FPDR levy cap, and a slightly higher peak FPDR tax rate at the median probability (\$1.46). The tax levy analyses encompass all facts, decisions and conditions pertaining to the FPDR plan known at the time each analysis was completed.

The FPDR Reserve Fund provides a reserve in case the FPDR Fund cannot meet its current obligations. At June 30, 2024 the Reserve Fund had a \$750,000 net position and generated no income or expenses. Interest earned on the Reserve Fund balance is credited directly to the FPDR Fund. The following statements present the combined totals of the FPDR Fund and Reserve Fund.

The *Statement of Plan Net Position* presents information on all of the Funds' assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the funds is improving or deteriorating, but due to the pay-as-you-go nature of the plan, management's goal is to meet current obligations and maintain a reasonable contingency for the current year, not to achieve a certain level of fund balance or to prefund benefits.

The *Statement of Changes in Plan Net Position* presents information showing how the Funds' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some changes to assets and liabilities reported in this statement will not result in changes to cash flows until future fiscal periods.

The following schedule compares total plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the fiscal years ended June 30, 2024 and 2023:

**Summary of Net Position  
For Years as Stated**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>ASSETS</b>			
Cash and investments (held by City Treasurer)	\$ 28,827,081	\$ 23,399,653	\$ 5,427,428
Receivables	8,206,416	6,759,079	1,447,337
FPDR share of City OPEB asset	27,508	35,508	(8,000)
Capital assets, net	709,340	885,196	(175,856)
<b>Total assets</b>	<u>37,770,345</u>	<u>31,079,436</u>	<u>6,690,909</u>
Deferred outflows of resources (City PERS pension)	1,270,423	1,184,483	85,940
<b>Deferred outflows of resources</b>	<u>1,270,423</u>	<u>1,184,483</u>	<u>85,940</u>
<b>LIABILITIES</b>			
Accounts payable	13,990,161	654,822	13,335,339
FPDR share of City PERS pension liability	3,216,676	2,573,021	643,655
Other liabilities	3,612,081	3,959,073	(346,992)
<b>Total liabilities</b>	<u>20,818,918</u>	<u>7,186,916</u>	<u>13,632,002</u>
Deferred inflows of resources (City PERS pension)	303,879	808,338	(504,459)
<b>Deferred inflows of resources</b>	<u>303,879</u>	<u>808,338</u>	<u>(504,459)</u>
<b>NET POSITION</b>			
Total net position	<u>\$ 17,917,971</u>	<u>\$ 24,268,665</u>	<u>\$ (6,350,694)</u>

The Funds' net position declined between June 30, 2023 and June 30, 2024, declining from \$24.3 million to \$17.9 million. As discussed above under Financial Highlights, management intentionally drew down fund balance during the fiscal year ended June 30, 2024. Net position is now within the target range of \$15.0 to \$20.0 million. Total FPDR Fund assets did grow by \$6.7 million, or 21.5%, during the year but this was more than offset by a \$13.7 million increase in total liabilities. Most of this increase in both assets and liabilities was caused by a routine timing issue related to the payment of June pension benefits on June 30 in 2023 and July 1 in 2024. (Please see Financial Highlights above for more information.) However, assets also increased because FPDR booked \$1.5 million more in receivables for the fiscal year ended June 30, 2024 than the year ended June 30, 2023. While other receivables were slightly lower than in the prior year, property taxes receivable at June 30 were \$1.6 million higher for 2024 than 2023. This increase reflects both the larger levy and one fewer tax turnover in June for the fiscal year ended in 2024. Depreciation of FPDR's custom software database, as well as depreciation of FPDR's right-of-use lease asset for its office space, resulted in a \$175,856 drop in the value of capital assets owned by the Funds.

Other than the increase in benefits payable for June pension payments caused by the aforesaid timing issue, the most significant change to liabilities on June 30, 2024 was in FPDR's share of the City's PERS pension liability. FPDR's liability for the PERS pensions of sworn employees hired in 2007 and later, as well as FPDR's own employees, escalated by \$643,655. This is the second consecutive year this liability has grown by more than 20%.

The following schedule displays changes in employer contributions, benefit payments, administrative expenses and plan net position during the fiscal years ended June 30, 2024 and 2023.

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
Employer contributions: property taxes	\$ 195,180,631	\$ 185,229,236	\$ 9,951,395
Employer contributions: other	640,849	796,458	(155,609)
Net investment earnings/(loss)	3,423,654	1,189,657	2,233,997
<b>Total Additions</b>	<b>199,245,134</b>	<b>187,215,351</b>	<b>12,029,783</b>
Benefit payments	201,366,931	185,553,546	15,813,385
Operating and administrative expenses	4,228,897	5,077,745	(848,848)
<b>Total Deductions</b>	<b>205,595,828</b>	<b>190,631,291</b>	<b>14,964,537</b>
Net Increase / (Decrease)	(6,350,694)	(3,415,940)	(2,934,754)
Beginning Net Position	24,268,665	27,684,605	(3,415,940)
<b>Ending Net Position</b>	<b>\$ 17,917,971</b>	<b>\$ 24,268,665</b>	<b>\$ (6,350,694)</b>



Additions to plan net position include property tax revenues, other employer contributions, and investment income. The primary funding source for the FPDR Fund is employer contributions derived from the dedicated property tax. The FPDR Board determines the tax revenue required in any given year by approving the annual budget and subtracting other anticipated revenues and existing fund balance. This amount is then forwarded to the City Economist, who calculates the tax levy amount and resulting levy rate after factoring in delinquencies, discounts and compression losses. Property tax revenues totaled \$195.2 million in the fiscal year ended June 30, 2024, a \$10.0 million increase from the prior year. In general, property tax revenues must grow in proportion to benefit costs as the FPDR Plan is funded almost exclusively with the dedicated FPDR property tax levy. However, the use of excess fund balance to support some plan spending in the fiscal year ended June 30, 2024 kept FPDR property tax growth to 5.4% while FPDR benefit expenses grew by 8.5% for the same period. Employer contributions derived from sources other than property taxes are a very small proportion of total contributions. They include pension and disability overhead charges collected from third parties who contract for police and fire services, subrogation revenue recovered from third parties at fault for member disability claims, overpayment recoveries, and other minor miscellaneous revenues.

On a budget basis, investment income on FPDR Fund balance increased \$0.5 million for the fiscal year ended June 30, 2024, to \$2.0 million. Average daily fund balance was similar to the prior year but interest rates were approximately 1.0% higher. On a GAAP basis, investment earnings for the fiscal year ended June 30, 2024 were \$3.4 million, more than double the year before. The FPDR Fund's share of unrealized gains in the City Treasury pool was \$1.4 million on June 30, 2024 as compared with unrealized losses of \$0.3 million on June 30, 2023.

The largest deduction to the plan's net position each year is obviously benefit payments. For the fiscal year ended June 30, 2024, total benefit payments amounted to \$201.4 million, an increase of \$15.8 million or 8.5% from the previous year. FPDR benefits generally grow by 5% to 7% each year, as more members sworn before 2007 retire (increasing direct FPDR pension payments) and new sworn employees are hired to replace them (increasing pre-funded PERS contributions made by the FPDR Fund for members hired after 2006, which are also classified as benefit payments). Increased PERS contributions represent more than half of the growth in benefit expense for the fiscal year ended June 30, 2024, although PERS contributions still make up only one-quarter of total FPDR benefit expenses. PERS contributions will continue to grow in excess of other benefits as this pre-funded benefit component is fully phased in. Total benefit payments also grew slightly more than usual because of an exceptionally high number of retirements in the fiscal year ended June 30, 2024 (the fourth highest retirement year on record) and above average wage increases in recent years, which in turn increase final pay and pension benefit amounts for new retirees.

Operating and administrative expenses fell by 16.7%, or \$848,848, as compared with the year before. The drop was entirely attributable to a change in compensated absence expense for the PERS contributions FPDR owes on leave accrued by sworn employees at June 30. That expense fell by \$1.1 million for the fiscal year ended June 30, 2024. On a budgetary basis, operating and administrative expenses were essentially flat for the fiscal years ended June 30, 2024 and June 30, 2023. Wage and other inflationary increases in the year ended June 30, 2024 were nearly equivalent to a large vacation payout to a retiring FPDR employee in the year ended June 30, 2023.

### **Capital Asset and Long-Term Debt Activity**

FPDR has two intangible capital assets. The first is a right-of-use asset for a noncancelable building lease. The lease expires on December 31, 2027. As of June 30, 2024 the value of the lease asset was \$609,135. FPDR also owns a software asset, a database to issue all participant-related payments, track member and beneficiary information, create pension estimates, and manage disability claims. The database had a net book value of \$98,384 on June 30, 2024.

The Funds had no long-term debt activity in the fiscal year ended June 30, 2024, other than FPDR's prorated share of payments on pension obligation bonds issued by the City in 1999 to reduce the City's liability with PERS.

### **Requests for Information**

This financial report is designed to provide a general overview of the Funds' finances for interested readers. All currently known facts, decisions and conditions that will have a significant effect on the Funds' future financial position or operations have been discussed above. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to [fpdr@portlandoregon.gov](mailto:fpdr@portlandoregon.gov) or Finance and Pension Manager, Fire and Police Disability and Retirement Fund, 1800 SW First Ave., Suite 250, Portland, OR 97201.

**Fire and Police Disability and Retirement Funds**  
**Statement of Plan Net Position**  
**June 30, 2024**

	FPDR Fund	Reserve Fund	Total
<b>Assets</b>			
Cash and investments held by City Treasurer	\$ 28,077,081	\$ 750,000	\$ 28,827,081
Property taxes (contributions) receivable	7,316,286	-	7,316,286
Interest receivable	478,859	-	478,859
Accounts receivable, net	6,682	-	6,682
Overpayment recoveries receivable	402,126	-	402,126
Prepaid expense	2,463	-	2,463
<b>Capital assets</b>			
Construction in progress	1,820	-	1,820
Software	1,135,578	-	1,135,578
ROU asset - buildings	957,213	-	957,213
Accumulated depreciation and amortization	(1,385,271)	-	(1,385,271)
Net OPEB asset	27,508	-	27,508
<b>Total assets</b>	<b>37,020,345</b>	<b>750,000</b>	<b>37,770,345</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pensions	1,222,967	-	1,222,967
Deferred outflows - OPEB	47,456	-	47,456
<b>Total deferred outflows</b>	<b>1,270,423</b>	<b>-</b>	<b>1,270,423</b>
<b>Liabilities</b>			
Accounts payable	13,990,161	-	13,990,161
Compensated absences	2,200,961	-	2,200,961
Bonds payable	47,612	-	47,612
Interest payable	280,545	-	280,545
FPDR share of City PERS pension liability	3,216,676	-	3,216,676
Other liabilities	240,000	-	240,000
Lease payable	648,028	-	648,028
FPDR share of City OPEB liability	194,935	-	194,935
<b>Total liabilities</b>	<b>20,818,918</b>	<b>-</b>	<b>20,818,918</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pensions	263,157	-	263,157
Deferred inflows - OPEB	40,722	-	40,722
<b>Total deferred inflows</b>	<b>303,879</b>	<b>-</b>	<b>303,879</b>
<b>Net Position</b>			
Restricted for pensions	17,167,971	750,000	17,917,971
<b>Total net position</b>	<b>\$ 17,167,971</b>	<b>\$ 750,000</b>	<b>\$ 17,917,971</b>

See accompanying notes to financial statements.

**Fire and Police Disability and Retirement Funds  
Statement of Changes in Plan Net Position  
For the Year Ended June 30, 2024**

	FPDR Fund	Reserve Fund	Total
<b>Additions</b>			
Contributions - funded by property taxes	\$ 195,180,631	\$ -	\$ 195,180,631
Other contributions	640,849	-	640,849
Total employer contributions	195,821,480	-	195,821,480
Net investment earnings/(loss)	3,423,654	-	3,423,654
Total additions	199,245,134	-	199,245,134
<b>Deductions</b>			
Disability, retirement and medical benefits	201,366,931	-	201,366,931
Operating and administrative expenses	4,228,897	-	4,228,897
Total deductions	205,595,828	-	205,595,828
Change in net position	(6,350,694)	-	(6,350,694)
Net position - beginning	23,518,665	750,000	24,268,665
Net position - ending	\$ 17,167,971	\$ 750,000	\$ 17,917,971

See accompanying notes to financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund descriptions** - The Fire and Police Disability and Retirement Fund (the FPDR Fund), a Trust Fund of the City of Portland, Oregon (the City), was established by adoption of Chapter 5 of the Charter of the City by the voters at the general election held November 2, 1948. The purpose of the FPDR Fund is to provide “for the benefit of the sworn employees of the Bureau of Fire, Rescue and Emergency Services (hereinafter Bureau of Fire) and the Bureau of Police of the City of Portland (hereinafter Bureau of Police) and for the benefit of the Surviving Spouses and Dependent Minor Children of deceased sworn employees” (Charter Section 5-101). The plan may only be amended by voters in the City of Portland, with some exceptions. Ten revisions have been passed by the voters since the creation of the plan in 1948. The most recent voter revision, comprised of eleven different plan amendments, was passed November 6, 2012.

The Fire and Police Disability and Retirement Reserve Fund (the Reserve Fund), a Trust Fund of the City of Portland, Oregon, is authorized under the provisions of Chapter 5, Section 5-104 of the Charter of the City. The purpose of the Reserve Fund is to provide a reserve from which advances can be made to the FPDR Fund in the event the latter fund is depleted to the extent it cannot meet its current obligations. The Reserve Fund maximum is established at \$750,000 by the Charter and was fully funded at June 30, 2024.

The Bureau of Fire and Police Disability and Retirement, which administers the FPDR Funds, is a blended component unit of the City of Portland. A blended component unit, although a legally separate entity, is in substance part of the City’s operations. The City is considered to be financially accountable for the FPDR Funds.

The FPDR Funds are reported as pension trust funds (fiduciary funds) in the Annual Comprehensive Financial Report of the City of Portland, Oregon, as required by accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of accounting** - Financial reporting for the Funds is in accordance with the provisions of Governmental Accounting Standard Statement No. 67 (Statement 67): Financial Reporting for Pension Plans, along with other applicable Governmental Accounting Standards Board (GASB) standards.

The Funds’ accounts are maintained on the accrual basis of accounting. Contributions are recognized as revenues within the Plan when the dedicated property tax that funds employer contributions is levied; other revenues are recognized in the period in which they are due. Expenses are reported in the period in which they are incurred.

**Use of estimates** - In preparing the Funds’ financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates.

**Budget** - The Funds’ budget is developed as part of the budgeting process at the City, which is required by state law to budget all funds. State law further requires that total resources in each fund equal total expenditures and requirements for that fund. Appropriations lapse at fiscal year end. The City legally adopts its budget annually for all funds prior to July 1 through passage of an ordinance. The budget ordinance authorizes positions and establishes appropriations for the fiscal year by bureau, fund, and major categories of expenditures. The legal level of appropriation is established for bureau program expenses, interfund cash transfers, debt service and related expenditures, contingencies for each fund, and for the General Fund at the business area level. Bureau program expenses include the major object categories personnel services, materials and services, General Fund overhead, and capital outlay. The City budgets on the modified accrual basis of accounting.

Budgets may be modified during the fiscal year through different means. Bureau managers, without City Council's approval, may request a transfer of appropriations between line items within major object categories, provided transfers do not affect total appropriations. In addition, bureaus may transfer appropriations between major object categories with the permission of their Commissioner-in-Charge, provided the adjustments do not affect total appropriations. However, most appropriation transfers happen via one of the two supplemental Budget Monitoring Process ordinances approved by City Council each year, or the over-expenditure ordinance generally approved by City Council each June. Increases or decreases in total appropriations, including increases funded by a draw on fund contingency, and changes in total positions can only be approved by City Council. Bureaus are allowed to amend the budget via ordinance outside the Adopted Budget, Budget Monitoring, and over-expenditure processes with City Council approval. In addition, Oregon state law requires a formal supplemental budget to increase appropriations or transfer appropriations from a fund's operating contingency during the fiscal year. The supplemental budget process requires a public hearing and advance notice by newspaper publication prior to City Council approval.

**Cash and investments** - As the FPDR Plan is funded on a pay-as-you-go basis, the Funds have limited cash and investment assets, all of which are maintained in a cash and investment pool with other funds of the City. City Charter states that FPDR funds shall be in the care and custody of the City Treasurer; FPDR does not have separate investments or its own investment policy. The Funds' cash and cash equivalents are represented by participation in the City pool rather than specific, identifiable securities. Interest earned on pooled investments is allocated monthly based on the average participation of the funds in relation to total investments in the pool. It is not practical to determine the investment risk, collateral or insurance coverage for the FPDR Funds' share of these pooled investments. Information about the pooled investments, as well as disclosures of the legal and accounting provisions governing the City's management of cash and investments, can be found in the City's annual financial statements.

FPDR accounts for cash and investments in accordance with U.S. GAAP, which requires governmental entities, including governmental external investment pools, to report certain investments at fair value on the balance sheet and to recognize the corresponding change in the fair value of investments in the year in which the change occurred. Disclosures regarding risks associated with cash and investments are included in the City's financial statements.

**Contributions funded with property taxes** - Property taxes are recognized as receivables and revenues when levied. Property taxes become a lien against the property as of July 1 each year and are due in three installments on November 15, February 15 and May 15. Property taxes are due from property owners within the City of Portland.

**Capital assets** - FPDR classifies assets with an estimated useful life in excess of one year as capital assets. The FPDR Fund has two intangible capital assets. One is a database used to process participant-related payments and to track member and beneficiary information. The database is stated at cost, and depreciation is calculated on a straight-line basis over ten years (the estimated useful life of the software). The other is a right-of-use ("ROU") asset for a building lease.

**Leases** - Leases are recognized in accordance with Statement 87. FPDR has one lease it holds as a lessee for its office space. A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments are discounted using the City of Portland's estimated incremental borrowing rate. Future lease payments include fixed payments, variable payments based on index or rate, and any reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease in amounts equal to the annual payments.

Deferred outflows and inflows related to leases and any respective right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

The FPDR Fund has chosen not to implement Statement 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under Statement 87, the Fund will report inflows of cash for lessor leases and outflows of cash for lessee leases.

**Public Employees Retirement System (PERS) liability** – All of the employees that provide services for the FPDR Fund are employees of the City of Portland and therefore are participants in PERS. Contributions to PERS are made by the City and have historically been made based on the annual required contribution. Such contributions are proportionally allocated to the FPDR Fund and charged to expense as funded. In conformance with GASB Statement No. 68 (Statement 68): Accounting and Financial Reporting for Pensions, the City has recognized a PERS liability for the fiscal year ended June 30, 2024; FPDR's share of this liability and related deferred inflows and outflows are reflected in FPDR's ending plan net position.

**Deferred inflows and outflows** - FPDR's share of the City PERS deferred inflows and outflows are included in FPDR's Statement of Plan Net Position. Deferred inflows represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that future period. Likewise, deferred outflows represent a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resources (expense) until that future period. Deferred inflows and outflows of resources for PERS are comprised of several sources; each source is reflected as an actuarially determined balance in FPDR's financial statements. Deferred inflows derive from differences between the City's actual PERS contributions and the City's proportionate share of PERS contributions. Differences between expected and actual experience, differences between projected and actual earnings, changes in assumptions and employer proportion, and City contributions made subsequent to the measurement date constitute deferred outflows. Both deferred inflows and outflows for PERS are amortized over a five-year period.

## NOTE 2 - PLAN FEATURES AND OTHER INFORMATION

**Plan description** - The City of Portland Fire and Police Disability, Retirement and Death Benefit Plan (the FPDR Plan or the Plan) is a single-employer, defined benefit plan for sworn employees of the Portland Police Bureau and Portland Fire and Rescue and their survivors. The plan is governed by the Board of Trustees (the FPDR Board), composed of the Mayor or Mayor's designee, two active members of the Fire and Police Bureaus and two citizens appointed by the Mayor and confirmed by the City Council. The Fire and Police member trustees are elected by the active members of the Fire Bureau and Police Bureau, respectively. The citizen trustees must have relevant experience in pension or disability matters. The Plan is administered by the Bureau of Fire and Police Disability and Retirement, led by the Fund Administrator.

The Plan's authority for vesting and benefit provisions is provided by Chapter 5 of the City Charter, which serves as the Plan document, and can be found at [www.portland.gov/charter/5](http://www.portland.gov/charter/5). Amendments require approval of the voters in the City of Portland. City Council may provide by ordinance any additional benefits that the City of Portland is required by law to extend to the members and may also change benefits by ordinance to maintain the Plan's tax-qualified status with the Internal Revenue Service. FPDR also publishes a Benefit Plan Summary, which can be found at [www.portland.gov/fpdr/charter-and-administrative-rules](http://www.portland.gov/fpdr/charter-and-administrative-rules).

A special property tax levy was approved by Portland voters as the resource for annual employer contributions. Under the Charter, the dedicated property tax must be set at a rate that will fund current year benefit payments and administrative expenses only. Therefore, the FPDR plan is not prefunded on an actuarial basis. City Charter specifies that the special property tax levy cannot exceed two and eight-tenths mills on each dollar of valuation (\$2.80 per \$1,000 of real market value) not exempt from such levy. As required by the Charter, the FPDR Board of Trustees estimates the amount of money required to pay and discharge all requirements of the FPDR Fund, exclusive of any loans, advances or revenues from other sources (such as interagency revenue and interest), for the succeeding fiscal year and submits this estimate to the City Council. The Council is required by Charter to annually levy a tax sufficient to fund the estimated expenses for the upcoming year provided by the FPDR Board. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, City funds.

**Participation and benefits** - As of June 30, 2024, membership data related to the Plan was as follows:

	FPDR One	FPDR Two	FPDR Three	Total
Retirees, beneficiaries and participants with disabilities currently receiving pension or long-term disability benefits	241	1,795	1	2,037
Vested beneficiaries not yet in pay status				
Surviving spouses not yet eligible	-	-	-	-
Terminated employees	-	70	-	70
Active members on short-term disability	-	9	11	20
Active members:				
FPDR pension and disability plan	-	552	-	552
FPDR disability plan only	-	-	859	859
Total active members	-	552	859	1,411

The FPDR Plan consists of three tiers, two of which are now closed to new employees. Fire and police personnel hired before January 1, 2013 generally became eligible for membership in the Plan immediately upon employment. Sworn personnel initially hired on or after January 1, 2013 are not eligible for membership until they have completed six months of service.

FPDR One, the original tier, and FPDR Two, created in 1990, are part of a single-employer, defined-benefit plan administered by the FPDR Board of Trustees. Active members (those not already retired or on long-term disability) enrolled in the Plan on July 1, 1990 were required to make an election as to whether they wished to fall under the provisions of the Plan as constituted prior to July 1, 1990 (FPDR One) or become subject to the new Plan provisions after June 30, 1990 (FPDR Two). FPDR One and FPDR Two are both closed to new entrants; FPDR Two closed to new entrants on January 1, 2007. As of June 30, 2024, there were 241 FPDR One members and 2,347 FPDR Two members and beneficiaries, as well as 70 former FPDR Two employees who are vested, but not yet receiving a pension benefit.



On November 7, 2006, voters in the City of Portland passed a measure that changed the retirement plan for new police officers and firefighters. Members hired after 2006 are FPDR Three members and enrolled in the Oregon Public Employees Retirement System (PERS), predominantly in the Oregon Public Service Retirement Plan (OPSRP) tier, for retirement benefits. New employees do not become members of PERS for six months unless they were previously members of PERS. The Bureaus of Police and Fire pay the employee and employer portions of PERS contributions, but are then reimbursed by the FPDR Fund through the interagency billing process; therefore, the dedicated FPDR tax levy funds FPDR Three PERS contributions as well as the FPDR Plan. FPDR Three PERS contributions are included in disability, retirement and medical benefits on FPDR's *Statement of Changes in Plan Net Position*. More information about the City's PERS liability can be found in the City's annual financial statements. FPDR Three members are covered by the FPDR Plan for disability, funeral and preretirement death benefits. As of June 30, 2024, there were 860 FPDR Three members. This does not include retired FPDR Three members, who remain eligible only for disability benefits (medical costs) arising from service or occupational claims approved before their retirement, and a one-time funeral benefit upon their death. Active FPDR Three members are covered for disability and preretirement death benefits.

All FPDR One members are retired and none are receiving disability benefits.

FPDR Two and Three members receive service-connected and occupational disability benefits at 75% of the member's base pay, reduced by 50% of any wages earned in other employment, for the first year. After the first year, if the member is medically stationary and capable of substantial gainful activity, benefits are reduced to 50% of the member's base pay, and then further reduced by 25% of any wages earned in other employment. The minimum benefit is 25% of the member's base pay. The Plan also provides for nonservice-connected disability benefits at reduced rates of base pay after 10 years of service.

FPDR One retirement benefits are provided upon termination of employment on or after attaining age 50 (with 25 or more years of service) or 55 (with 20 years or more of service). Retirement benefits are paid to members at 2% of current top-step pay for a police officer or firefighter for each year of active service (up to 60%). Therefore, FPDR One members receive post-retirement benefit increases equal to increases in current top-step police officer or firefighter pay. FPDR One retirement benefits are increased, as necessary, on July 1 of each year. If increases in police officer or firefighter pay occur after July 1 in any given year, FPDR One beneficiaries receive the corresponding increase to their benefit on the following July 1, unless the mid-year increase was made retroactive to the prior July 1. FPDR One Fire pension benefits were increased by 6.26% on July 1, 2023 and 4.13% on July 1, 2024. FPDR One Police pension benefits were increased by 5.00% on July 1, 2023 and 3.30% on July 1, 2024. High-ranking FPDR One participants also receive a supplemental retirement benefit; these benefits are paid from the FPDR Fund but are authorized by a City ordinance and are not part of the FPDR Plan. Surviving spouses are not eligible to continue receiving the supplemental benefit after retiree death. The supplemental benefit payments totaled \$26,646 to just one retiree for the fiscal year ending June 30, 2024.

Effective July 1, 1990, the Plan was amended to provide a new tier. FPDR Two retirement benefits are payable upon termination of employment on or after attaining age 55, or on or after attaining age 50 if the member has 25 or more years of service. Members become 100% vested after five years of service. Benefits are paid to members at retirement using the following formula: 2.2% to 2.8% multiplied by years of service (30-year maximum); that product is multiplied by the highest one-year base pay the member received during the final three years of employment. The accrual rate of 2.2%, 2.4%, 2.6% or 2.8% is selected by the member at retirement; the rate determines the survivor benefit.

The City Charter allows the FPDR Board to grant postretirement benefit adjustments to FPDR Two members. The timing and amount of adjustments are at the Board's discretion, with the limitation that the percentage change in any one year may not exceed the highest percentage change granted to PERS police and fire retirees for the same period (currently 2%). For both July 1, 2023 and July 1, 2024, the Board awarded the maximum adjustment, 2%, to all FPDR Two participants.

Additional pension benefits are mandated by Oregon Revised Statutes (ORS) for both FPDR One and FPDR Two members whose service began prior to July 14, 1995, and whose pension benefits are subject to Oregon income tax. The benefits are calculated as a percentage of the Plan benefits, using the higher of 9.89% times the member's percent of service prior to October 1991 (when Oregon began taxing local pension benefits), or 0% to 4% based on the member's total years of service. Surviving spouses receive the same percentage benefit for their survivor benefits as their deceased spouse was entitled to for their pension benefit, so long as the benefits remain subject to Oregon income tax.

Death benefits are paid to the surviving spouse or minor children of a member in a variety of circumstances, primarily the death after retirement of an FPDR One or Two member. A former spouse can also be treated as a surviving spouse in some situations if specified in a court-certified domestic relations order accepted by FPDR. Death benefits calculated as a percentage of base pay are also payable to a surviving spouse or minor children if the member dies from a service-connected or occupational injury or illness before retirement, regardless of vesting. Death benefits are also payable to a surviving spouse or minor children in the case of a non service-connected death before retirement if the member has sufficient service time as defined by the Plan.

**Contributions** - Under the Charter, annual employer contributions to the FPDR Plan are made in the amount of projected current year benefit payments and administrative expenses only. Annual employer contributions to PERS for FPDR Three members are a percentage of current year wages for those members. Employer contributions to both the FPDR Plan and PERS for FPDR Three members are funded by a special property tax levy, which cannot exceed two and eight-tenths mills on each dollar valuation (\$2.80 per \$1,000 of real market value) not exempt from such levy. In the event that funding is less than the required payments to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the FPDR property tax levy in the succeeding year. For the year ended June 30, 2024, the actual imposed levy rate per \$1,000 of real market value under the special property tax levy was \$1.13, and the total revenue received from the levy (which is most of the City's employer contribution) was \$195.2 million.

The FPDR Board periodically assesses the future availability of property tax revenues by ordering projections and simulations in connection with the actuarial valuation of the Plan. The most recent assessment was as of June 30, 2022. The analysis found that, under a wide range of simulated economic scenarios over the next 20 years, the future FPDR Fund levy would remain under \$2.80 per \$1,000 of real market value. The levy exceeded the \$2.80 threshold in at least one year in fewer than 1% of modeled scenarios. This is similar to the results of the prior analysis as of June 30, 2020. Growth in real market values in the City's tax base over the last decade make it unlikely the FPDR levy will ever be insufficient to fund benefits and expenses. The June 30, 2022 analysis extends through FY 2041-42. In non-inflation adjusted dollars plan costs are projected to peak in FY 2040-41, two years later than in the prior analysis. An updated tax levy analysis and projection based on June 30, 2024 data is expected to be complete in January 2025.

More than 99% of employer contributions to the Plan are funded by property taxes. The remainder is funded from pension and disability overhead charges assessed when third parties hire Portland police or fire services, subrogation revenue from disability claims, and other miscellaneous revenue, such as overpayment recoveries.

Employees do not contribute to the Plan. FPDR One members were previously required to contribute 7% of their base salary into the Plan. Effective July 1, 1990, members choosing to join the new FPDR Two tier were no longer required to make contributions into the Plan. All FPDR One members are now retired and no longer contributing.

**Funding status** - The following table shows the Funds' total pension liability and net pension liability for the FPDR Plan, as measured by the most recent biennial actuarial valuation, prepared by independent actuaries as of June 30, 2022 and rolled forward to June 30, 2024. These figures do not include the pension liability for FPDR Three members, who are covered by the PERS Plan. Similar information for PERS can be found in the City's annual financial statements.

	As of June 30, 2024
Total pension liability	\$ 3,759,225,733
Less plan net position	17,917,971
Net pension liability	<u>\$ 3,741,307,762</u>
Plan net position as a percentage of total pension liability	0.48%

The ratio of the net pension liability to covered payroll is 2.123%. Covered payroll was \$176.2 million for the fiscal year ended June 30, 2024. The plan net position is the net position of the FPDR Fund and the Reserve Fund, reported at approximate fair value. Employer contributions to the FPDR Plan for the year ended June 30, 2024 were \$155.0 million. Employer contributions to the FPDR Fund were \$40.8 million higher, but the \$39.4 million used for PERS contributions for FPDR Three members, as well as a \$1.4 million increase in PERS contribution liability for FPDR Three member leave accruals, are excluded here. These expenses are for the PERS Plan rather than the FPDR Plan, and are not part of the benefit payments shown in the Schedule of Changes in Net Pension Liability and Related Ratios for the FPDR Plan.

The net pension liability, as calculated in accordance with GASB Statement 67 (Statement 67): Financial Reporting for Pension Plans, decreased by \$90.0 million between June 30, 2023 and June 30, 2024. The drop was entirely due to an increase in the discount rate – the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index (Bond Buyer Index) – from 3.65% on June 30, 2023 to 3.93% on June 30, 2024.

Significant assumptions used to prepare the June 30, 2023 actuarial valuation and the June 30, 2024 roll forward are listed below. These assumptions were applied to all periods included in the measurement.

Discount rate	3.93%
Long-term expected rate of return, net of investment expense	N/A
Municipal bond rate	3.93%
Valuation date	June 30, 2022
Measurement date	June 30, 2024
Experience study date	June 30, 2019
Inflation	2.25%
Projected salary increases, including inflation	3.25%
Post-retirement benefit increases	
FPDR One	3.25%
FPDR Two	Blend 2.00%/1.75%
Mortality	
Pub-2010 tables, generationally projected using Unisex Social Security Data Scale.	
Healthy Retirees: Healthy Public Safety Retiree, set back 0 months for males and 12 months for females.	
Beneficiaries: Healthy General Employees Retiree, set back 12 months for males and 0 months for females.	
Disabled retirees: Disabled Retiree, blended 50% Public Safety/50% Non-Safety, no set backs.	
Active members: Healthy Public Safety Employee, set back 0 months for males and 12 months for females.	
Actuarial cost method	Entry Age Normal

Many assumptions used in the actuarial valuation are based on an experience study of the FPDR Plan completed with data from July 1, 2014 – June 30, 2019. Both the June 30, 2020 and June 30, 2022 valuations reflect assumptions based on the June 30, 2019 plan experience study, which can be found at this link, under Reports: <https://www.portland.gov/fpdr/budget-reports>.

The projected salary increases above are for members who have reached the top pay step of their job classification, which occurs after no more than five years in the Fire Bureau and no more than eight years in the Police Bureau. Those who have not reached the final pay step of their position have projected annual salary increases ranging up to 21.75%, as detailed in the actuarial valuation report. Pre-retirement withdrawal rates are projected separately for the Fire and Police Bureaus. For police officers, 15% are projected to withdraw in the first year of employment and 7.5% in the second year, as compared with 10% in the first year and 1% in the second year for firefighters. It is projected that 25% of Fire members and 45% of Police members retire between ages 50 and 55, and that all members retire by age 65. Different retirement rates are assumed for those with less than 25 years of service who are eligible to retire based on age. It is expected that 75% of members will retire in a “27 pay date month,” when the final pay used to calculate pensions includes 27 pay periods rather than the usual 26. The valuations assume that 80% of retirees choose the lowest survivor benefit option and that 70% of retirees will have a surviving spouse at death. For purposes of determining eligibility for the additional pension benefit provided in ORS to those subject to Oregon income tax, it is projected that 70% of beneficiaries live in Oregon. Medical expenses for disability claims approved before member retirement are calculated as a liability load: 0.65% of projected pension payments.

The discount rate is equal to the June 30 value each year of the Bond Buyer Index. The Bond Buyer Index is used to approximate a low-risk rate of return in accordance with Statement 67 requirements. It includes 20 general obligation bonds maturing in 20 years with an average rating of approximately Aa2 (Moody's Investor Services) or AA (Standard and Poor's). As a pay-as-you-go plan, the FPDR Funds have negligible current assets, all of which are cash or short-term investments. It was therefore determined that the discount rate should be based exclusively on a high-quality municipal bond index rather than a blended discount rate that would include the bond rate as well as the long-term expected rate of return on the Funds' assets.

The following table illustrates the net pension liability's sensitivity to the discount rate assumption. If a 4.93% discount rate had been used instead of 3.93%, the net pension liability as of June 30, 2024 would have been \$3,293.8 million, or 12%, lower. If a 2.93% discount rate had been used, the net pension liability as of June 30, 2024 would have been \$4,294.1 million, or 15%, higher.

	Current Discount		
	1% Decrease	Rate	1% Increase
	2.93%	3.93%	4.93%
Total pension liability	\$ 4,312,044,320	\$ 3,759,225,733	\$ 3,311,669,731
Less plan net position	17,917,971	17,917,971	17,917,971
Net pension liability	<u>\$ 4,294,126,349</u>	<u>\$ 3,741,307,762</u>	<u>\$ 3,293,751,760</u>

It should be noted that the net pension liability, plan net position as a percentage of total pension liability and the ratio of the net pension liability to covered payroll are measures typically used to gauge the financial health of prefunded plans. Since the FPDR plan is a pay-as-you-go plan funded with a dedicated property tax, the critical measure of the plan's financial health is whether this property tax will ever be insufficient to fully cover plan expenditures, as discussed above in the Contributions section.

**Other assets** - In addition to cash and short-term investments, the FPDR Fund's assets include receivables, two capital assets, and an OPEB asset. The Fund's largest receivable is property taxes due but not received at the close of the fiscal year. For the fiscal year ended June 30, 2024, contributions receivable from property taxes are \$7.3 million. The City OPEB asset has been valued in accordance with GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. FPDR's prorated share of that amount is \$27,508. FPDR's capital assets include a software database with a net value of \$98,384 and related construction -in-progress with a net value of \$1,820 on June 30, 2024. Capital improvements to the database are depreciated over 10 years. Also included in capital assets is a right-of-use asset for a building lease entered into by FPDR in July 2022. The lease asset was initially recognized as an addition in August 2022 in the amount of \$957,213 and has a net value of \$609,136 on June 30, 2024. Further discussion regarding the lease agreement can be found below under Other liabilities.

**Other liabilities** – Outside of accounts payable, which is almost entirely for the June 2024 pension benefit payable on July 1, the FPDR Fund's most significant liabilities as of June 30, 2024 are PERS contributions on leave time accrued by FPDR Three members, FPDR's share of the City of Portland's OPEB and PERS liability, and a lease payable for office space.

The FPDR Fund is responsible for contributions to the PERS Plan on behalf of FPDR Three members (sworn employees hired after 2006) at rates set by the PERS Board. In addition, the FPDR Fund contributes 9% of each FPDR Three member's total wages to that employee's Individual Account Program (IAP) at PERS. FPDR has booked \$2.2 million in estimated compensated absence liability as of June 30, 2024, most of which is liability for future PERS and IAP contributions on leave earned but not yet taken by FPDR Three members.

GASB Statements 68 and 75 were used to value the City’s PERS and OPEB liability. As of June 30, 2024, FPDR’s prorated share of these liabilities is \$3.2 million and \$0.2 million respectively. In the fiscal year ended June 30, 2000, the City issued pension obligation bonds and deposited the proceeds, which were in excess of the City’s annual required contribution, with the PERS plan. In compliance with Statement 68, these excess contributions reduce the City’s proportional share of the PERS liability.

FPDR is also liable for its share of the aforementioned pension obligation bonds, including capitalized interest and costs of issuance. Total bonds issued were \$300.8 million. The remaining outstanding debt carries a fixed interest rate of 7.93%. The debt is allocated to the FPDR Fund (for FPDR employees only), as well as to the general government, enterprise and internal service funds, for these funds to recognize their appropriate share of the indebtedness. The FPDR Fund’s share of this indebtedness, as determined by the FPDR Fund’s weighted average contribution to PERS in the fiscal year ended June 30, 1999, is \$47,612 at June 30, 2024.

The FPDR Fund’s share of the bonds payable transactions for the year ended June 30, 2024 are as follows:

	Outstanding June 30, 2023	Bonds Allocated	Bonds Matured and Paid During Year	Outstanding June 30, 2024
Oregon Public Employees Retirement System Bonds (“PERS Pension Bonds”)	\$ 58,286	\$ -	\$ 10,674	\$ 47,612

Future maturities of bond principal and interest at June 30, 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 10,272	\$ 64,691	\$ 74,963
2026	9,882	68,079	77,961
2027	9,508	71,565	81,073
2028	9,149	75,176	84,325
2029	8,801	78,890	87,691
	<u>\$ 47,612</u>	<u>\$ 358,401</u>	<u>\$ 406,013</u>

Last, FPDR is party to a noncancelable lease for office space that expires on December 31, 2027. The lease liability and right-of-use asset were initially recognized in August 2022 in the amount of \$957,213 as a qualified lease with an annual interest rate of 2.35%. Annual lease payments in future fiscal years range from \$186,724 to \$198,095. In addition, variable operating and maintenance payments may be due each year. The lease included a five-month rent abatement period for July 1 – November 30, 2022.

Lease payable activity as of June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Building	\$ 811,556	\$ -	\$ (163,528)	\$ 648,028

Future annual lease commitments as of June 30, 2024 are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2025	\$ 171,962	\$ 13,035
2026	183,058	8,854
2027	193,231	4,437
2028	99,777	488
Total	<u>\$ 648,028</u>	<u>\$ 26,814</u>

Variable payments related to the lease agreement are not included in the measurement of the lease liability. Variable payments for the fiscal year ended June 30, 2024 are as follows:

Common area maintenance	\$ 3,322
Operating expenses	1,804
Rental credits	<u>(13)</u>
	<u>\$ 5,113</u>

**Commitments and contingencies** - The FPDR Fund is involved in various claims and legal actions in the normal course of business. As of June 30, 2024, there are no claims against the Fund for \$50,000 or more, and no claims involving lesser amounts that might exceed \$50,000 in the aggregate.

### NOTE 3 - SHORT-TERM DEBT

During the year ended June 30, 2024, the FPDR Fund borrowed \$32.4 million in tax anticipation notes. These notes were borrowed to cover fund expenditures from the beginning of the fiscal year until property taxes were collected. There was no outstanding balance as of June 30, 2024.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation notes	<u>\$ -</u>	<u>\$ 32,370,000</u>	<u>\$ (32,370,000)</u>	<u>\$ -</u>

### NOTE 4 - CITY OF PORTLAND OTHER POSTEMPLOYMENT BENEFITS

Other postemployment benefits (OPEB) for the FPDR Fund consist of two components: an implicit rate subsidy for its retired staff's Health Insurance Continuation premiums and a contribution to the State of Oregon's Public Employees Retirement System (PERS) cost-sharing, multiple-employer defined benefit plan. All OPEB costs are associated with retired staff. Neither retired nor active members receive FPDR-paid medical benefits other than those associated with an approved pre-retirement disability claim (see Note 2, Plan Features and Other Information). Since numbers are not available for the FPDR Fund as a separate entity, the numbers below are those of the City as a whole, unless specifically identified.

**Health Insurance Continuation**

**Plan description & benefits provided** - As part of the City of Portland, the FPDR Fund has a Health Insurance Continuation (HIC) option available for most groups of retirees. It is a substantive postemployment benefit plan offered under Oregon Revised Statutes (ORS). ORS 243.303 requires the City provide retirees and their dependents with an opportunity to participate in group health and dental insurance from the date of retirement to age 65. The rate is calculated using claim experiences from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer “plan” is not a stand-alone plan and therefore does not issue its own financial statements. There are no assets accumulated in this GASB-compliant trust.

**Employees covered by benefit terms** - At June 30, 2024, the following employees were covered by the benefit terms:

Retirees & spouses benefitting from HIC benefits	591
Active employees	6,043
	6,634
	6,634

**Total OPEB liability** - The City’s total HIC OPEB liability of \$100,081,194 was determined by an actuarial valuation as of June 30, 2024 and was based on a measurement date of July 1, 2023.

**Actuarial assumptions and other inputs** - The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.10%
Salary increases	1.82%, weighted average
Discount rate	3.7%
Healthcare cost trend rates	4.50% - 7.50%
Retiree’s share of benefit-related costs	23% of estimated HIC costs

The rounded discount rate was based on an assumed municipal bond rate of 3.65%.

Post-Retirement Mortality used is based on Pub-2010 Base Tables, with Generational Projection using Unisex Social Security Data Scale. Active mortality used is based on Pub-2010 Base Tables, with Generational Projection using Unisex Social Security Data Scale.

The actuarial assumptions used in the June 30, 2024 valuation report were based on the actuarial valuation assumptions from the December 31, 2022 valuations of the Oregon PERS and OPERS retirement plans.



**Changes in Total Liability**

	Total OPEB Liability
Balance at 6/30/2023	\$ 112,656,946
Changes for the year:	
Service cost	4,315,142
Interest	4,008,981
Actual experience	(8,739,296)
Changes of assumptions	(7,258,870)
Benefit payments	(4,901,709)
Net Changes	<u>(12,575,752)</u>
Balance at 6/30/2024	<u>\$ 100,081,194</u>

Changes of assumptions reflect healthcare cost increases that were higher than projected from the prior valuation. The Participation rate changed from 52% to 42%. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.

**Sensitivity of the total OPEB liability to changes in the discount rate** - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease 2.70%	Discount Rate 3.70%	1% Increase 4.70%
Total OPEB liability	\$ 108,983,797	\$ 100,081,194	\$ 92,060,560

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates** - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare trend rates:

	Healthcare Cost Trend Rates (6.50% - decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% - decreasing to 4.50%)	Healthcare Cost Trend Rates (8.50% - decreasing to 5.50%)
Total OPEB liability	<u>\$90,004,004</u>	<u>\$100,081,194</u>	<u>\$111,842,451</u>

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB** - For the year ended June 30, 2024, the City recognized an OPEB expense of \$5,803,081. At June 30, 2024, the City reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of resources
Difference between Actual and Expected Experience	\$ 2,588,252	\$ (7,553,503)	\$ (4,965,251)
Changes of Assumptions	21,049,513	(24,405,650)	(3,356,137)
Subtotal	23,637,765	(31,959,153)	(8,321,388)
Contributions after Measurement Date	5,598,849	-	5,598,849
Total	<u>\$ 29,236,614</u>	<u>\$ (31,959,153)</u>	<u>\$ (2,722,539)</u>

\$5.6 million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recongnized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Amounts reported as deferred outflows or deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year End June 30:	Amount
2025	\$ (1,752,076)
2026	(1,258,776)
2027	192,813
2028	465,124
2029	(2,296,306)
Thereafter	(3,672,167)
Total	<u>\$ (8,321,388)</u>

**OPERS Retirement Health Insurance Account**

**Plan description** - The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377 or by URL: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Benefits provided** - RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the City, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan is closed to new entrants after January 1, 2004.

**Contributions** - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS. The City's contractually required contribution rate for the year ended June 30, 2024 was 0.05% of the covered payroll for Tier 1/Tier 2 employees, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan from the City were \$35 for the year ended June 30, 2024. Employees are not required to contribute to the OPEB plan.

**OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB** - At June 30, 2024, the City reported an asset of \$10,612,864 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2021. The City's proportionate share of the RHIA net OPEB asset has been determined based on the City's contributions to the RHIA program (as reported by PERS) during the Measurement Period ending on the corresponding Measurement Date. The City's proportionate share at June 30, 2023 and June 30, 2024 was 3.89% and 2.90%, respectively.

City of Portland:	Net OPEB	
	Asset	Allocation
Governmental activities	\$ 8,432,672	79.5%
Business-type activities	2,031,311	19.1%
Government-wide	10,463,983	98.6%
Fiduciary Fund: Fire and Police Disability and Retirement Fund	27,508	0.3%
Component Unit: Prosper Portland	121,373	1.1%
	<u>\$ 10,612,864</u>	<u>100.0%</u>

For the year ended June 30, 2024, the City recognized OPEB income of \$1,849,906. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources	Net Deferred Outflow/(Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (266,439)	\$ (266,439)
Changes of assumptions	-	(114,431)	(114,431)
Net difference between projected and actual earnings on investments	30,098	-	30,098
Changes in proportionate share	1,734,619	(592,931)	1,141,688
Total (prior to post-measurement date contributions)	1,764,717	(973,801)	790,916
City contributions made subsequent to measurement date	35	-	35
Net deferred outflow / (inflows) of resources	<u>\$ 1,764,752</u>	<u>\$ (973,801)</u>	<u>\$ 790,951</u>

\$35 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Outflows/(Inflows) of Resources					
Fiscal Year Ending June 30,	Differences between Expected and Actual Experience	Changes of Assumptions	Net Difference		Net Deferred Outflow/(Inflows) of Resources
			between Projected and Actual Earnings on Investments	Changes in Proportionate Share	
2025	\$ (222,318)	\$ (114,431)	\$ (147,806)	\$ 741,391	\$ 256,836
2026	(44,121)	-	(354,975)	400,297	1,201
2027	-	-	392,213	-	392,213
2028	-	-	140,666	-	140,666
	<u>\$ (266,439)</u>	<u>\$ (114,431)</u>	<u>\$ 30,098</u>	<u>\$ 1,141,688</u>	<u>\$ 790,916</u>

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense/(income) as follows:

Year Ended June 30,	
2025	\$ 256,836
2026	1,201
2027	392,213
2028	140,666
Total	<u>\$ 790,916</u>

**Actuarial methods and assumptions** - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2021
Measurement date	June 30, 2023
Experience study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 %
Long-term expected rate of return	6.90 %
Discount rate	6.90 %
Projected salary increases	3.40 %
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<u>Healthy retirees and beneficiaries:</u> Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.  <u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.  <u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

**Discount rate** - The discount rate used to measure the total OPEB liability at June 30, 2023 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Depletion Date Projection** - GASB 74 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5	32.5	27.5
Private Equity	17.5	27.5	20.0
Real Estate	9.0	16.5	12.5
Opportunity Portfolio	-	5.0	-
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Total			100.0%

**Long-Term Expected Rate of Return** - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s Capital Market Assumptions Team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.5%	7.1%
Private Equity	25.5	8.8
Core Fixed Income	25.0	4.5
Real Estate	12.3	5.8
Master Limited Partnerships	0.8	6.0
Infrastructure	1.5	6.5
Hedge Fund of Funds - Multistrategy	1.3	6.3
Hedge Fund Equity - Hedge	0.6	6.5
Hedge Fund - Macro	5.6	4.8
Assumed Inflation - Mean		2.4%

**Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate**

- The following presents the City's proportionate share of the net OPEB liability/(asset), as well as what the District's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90%.

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Proportionate share of the net OPEB liability (asset)	<u>\$ (9,647,113)</u>	<u>\$ (10,612,864)</u>	<u>\$ (11,441,469)</u>

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

**OPEB plan fiduciary net position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

**Aggregate net OPEB liability/asset, pension expense, and net deferred outflow/inflow of resources related to OPEB** - The tables below present the aggregate balance (in millions) of the City's net OPEB liability/(asset), OPEB expense, and net deferred inflows and outflows as of June 30, 2024:

	Deferred Outflow/(Inflow) of Resources - OPEB	Net OPEB Liability/(Asset)	OPEB Expense/(Income)
RHIA	\$ 790,951	\$ (10,612,864)	\$ (1,849,906)
HIC	(2,722,539)	100,081,194	5,803,081
Total	<u>\$ (1,931,588)</u>	<u>\$ 89,468,330</u>	<u>\$ 3,953,175</u>

**NOTE 5 - CITY OF PORTLAND EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS****State of Oregon Public Employees Retirement System**

**Plan description** - Civilian City employees and all sworn fire and police personnel hired after December 31, 2006 are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

OPERS prepares their financial statements in accordance with generally accepted accounting principles as promulgated by the GASB. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. OPERS issues a publicly available financial report that can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995, but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or “picked-up” by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member’s IAP, not into the member’s OPERS account.

On November 7, 2006, voters in the City of Portland passed a measure that took effect January 1, 2007. All police officers and firefighters hired on or after January 1, 2007 are now enrolled in OPERS instead of the City’s Fire and Police Disability and Retirement (FPDR) Fund for retirement purposes. They remain under the City’s FPDR plan for disability payments.

### **Benefits provided under ORS 238 - Tier One / Tier Two**

**Pension Benefits** - The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55, Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members.

**Death Benefits** - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.



**Disability Benefits** - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit Changes after Retirement** - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360, monthly benefits are adjusted annually through a cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

### **Benefits provided under Chapter 238A - OPSRP Pension Program**

**Pension Benefits** - The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

*Police and Fire:* 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

*General Service:* 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**Death Benefits** - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

**Disability Benefits** - A member who has accrued 10 or more years of retirement credits before the member becomes disabled, or a member who becomes disabled due to job-related injury, shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

**Funding Policy** - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

The City elected to finance its December 31, 1997 unfunded actuarial accrued liability to receive a lower employer contribution rate of covered employee’s salaries. Proceeds of the 1999 Series C, D, & E Bonds were used to finance all of the estimated UAAL of the City with OPERS as of December 31, 1997. As of June 30, 2024, only Series C bonded debt is outstanding. The debt is recorded on the government-wide statements in the Annual Comprehensive Financial Report of the City of Portland, Oregon, and is allocated to both governmental and business-type activities. Ultimately this debt is viewed as being an obligation of the general government.

**Contributions** - PERS’ funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System’s third-party actuary.

The City’s employer contributions for the year ended June 30, 2024 were \$145.3 million, excluding amounts to fund employer-specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2024 for each pension program were: Tier 1/Tier 2 – 23.60%, OPSRP general service – 20.12%, and OPSRP uniformed – 24.91%. Pension expense for the year was \$171.6 million.

**Pension Asset (Liability) and Related Deferred Inflows and Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and rolled forward to June 30, 2023. The City’s proportion of the set was based on the City’s projected long-term contribution effort as compared to the total projected net pension, a long-term contribution effort of all employers. References to the City of Portland, as the Reporting entity, include the City’s fiduciary fund and component unit. At June 30, 2024, the City’s proportion of OPERS net pension liability was 4.94%.

The City’s net pension liability as the Reporting entity was allocated based on contributions by activity:

City of Portland:	Net Pension	
	Liability	Allocation
Governmental activities	\$ 688,000,786	74.4%
Business-type activities	218,099,315	23.5
Government-wide	906,100,101	97.9
Fiduciary activities: Fire and Police Disability and Retirement Fund	3,216,676	0.3
Discretely presented component unit: Prosper Portland	16,795,397	1.8
	<u>\$ 926,112,174</u>	<u>100.00%</u>

For the year ended June 30, 2024, the Reporting entity recognized pension expense of \$171.6 million. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ 45,289,712	\$ 3,672,117	\$ 41,617,595
Changes of assumptions	82,270,328	613,412	81,656,916
Net difference between projected and actual earnings on investments	16,646,029	-	16,646,029
Changes in proportionate share	76,728,405	-	76,728,405
Differences between City contributions and proportionate share of contributions	-	71,546,624	(71,546,624)
Total (prior to post-measurement date contributions)	220,934,474	75,832,153	145,102,321
City contributions made subsequent to measurement date	145,335,212	-	145,335,212
Net deferred outflow / (inflows) of resources	<u>\$ 366,269,686</u>	<u>\$ 75,832,153</u>	<u>\$ 290,437,533</u>

\$145.3 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported by the City as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Deferred Outflow of Resources

Fiscal Year Ending June 30,	Differences between Expensed and Actual Experience	Changes of Assumptions	Net Difference between Projected and Actual Earnings on Investments	Changes in Proportionate Share	Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflow of Resources
2025	\$ 16,648,651	\$ 32,259,369	\$ (23,750,998)	\$ 27,236,312	\$ -	\$ 52,393,334
2026	12,463,876	32,259,369	(63,623,163)	22,185,066	-	3,285,148
2027	8,024,378	15,548,025	76,648,946	15,304,950	-	115,526,298
2028	5,823,434	2,203,565	27,371,244	9,258,666	-	44,656,909
2029	2,329,374	-	-	2,743,411	-	5,072,785
Total	<u>\$ 45,289,712</u>	<u>\$ 82,270,328</u>	<u>\$ 16,646,029</u>	<u>\$ 76,728,405</u>	<u>\$ -</u>	<u>\$ 220,934,474</u>

Deferred Inflows of Resources

Fiscal Year Ending June 30,	Changes in Proportionate Share	Changes of Assumptions	Differences between Employer and Proportionate Share of Contributions	Net Difference between Projected and Actual Earnings on Investments	Differences between Expected and Actual Experience	Total Deferred Inflows of Resources	Net Deferred Outflow/ (Inflows) of Resources
2025	\$ -	\$ 471,856	\$ 22,781,134	\$ -	\$ 1,049,176	\$ 24,302,166	\$ 28,091,168
2026	-	141,556	20,365,268	-	1,049,176	21,556,001	(18,270,852)
2027	-	-	18,308,160	-	1,049,176	19,357,336	96,168,962
2028	-	-	9,497,430	-	524,588	10,022,018	34,634,891
2029	-	-	594,632	-	-	594,632	4,478,153
Total	\$ -	\$ 613,412	\$ 71,546,624	\$ -	\$ 3,672,117	\$ 75,832,153	\$ 145,102,321

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense/(income) as follows:

Year Ended June 30,	
2025	\$ 28,091,168
2026	(18,270,852)
2027	96,168,962
2028	34,634,891
2029	4,478,153
Total	\$ 145,102,321

## Actuarial Methods and Assumptions

**Actuarial Valuations** - The employer contribution rates effective July 1, 2023 through June 30, 2025 were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2021
Measurement date	June 30, 2023
Experience study	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p><u>Healthy retirees and beneficiaries:</u></p> <p>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Active Members:</u></p> <p>Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><u>Disabled Retirees:</u></p> <p>Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions for the current reporting year are based on the 2022 Experience Study which reviewed experience for the six-year period ending on December 31, 2022.

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan, which is identical to the rate used in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of the contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Depletion Date Projection** - GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

**Assumed Asset Allocation**

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5	32.5	27.5
Private Equity	17.5	27.5	20.0
Real Estate	9.0	16.5	12.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0%

**Long-Term Expected Rate of Return** - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's Capital Market Assumptions Team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.5%	7.1%
Private Equity	25.5	8.8
Core Fixed Income	25.0	4.5
Real Estate	12.3	5.8
Master Limited Partnerships	0.8	6.0
Infrastructure	1.5	6.5
Hedge Fund of Funds - Multistrategy	1.3	6.3
Hedge Fund Equity - Hedge	0.6	6.5
Hedge Fund - Macro	5.6	4.8
Assumed Inflation - Mean		2.4%

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Proportionate share of the net OPEB liability (asset)	\$ 1,529,762,934	\$ 926,112,174	\$ 420,920,458

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the City's net position has been determined on the same basis used by OPERS.

**Changes in Assumptions** - A summary of key changes implemented since the December 31, 2021 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2022 Experience Study for the System, which was published in July 2023, and can be found at: [https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022\\_Exp\\_Study.pdf](https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022_Exp_Study.pdf)

**Allocation of Liability for Service Segments** - For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2020 and December 31, 2021 valuations, the Money Match was weighted 10% for General Service members and 0% for Police & Fire members, based on a projection of the proportion of the liability attributable to Money Match benefits at those valuation dates. The December 31, 2022 allocation is 5% (0% for police & fire) based on account balance with each employer and 95% (100% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

#### **Changes in Economic Assumptions:**

**Administrative Expenses** - The administrative expense assumptions were updated to \$64.0 million per year and allocated between Tier One/Tier Two and OPSRP. Previously these were assumed to be \$59.0 million per year.

**Healthcare Cost Inflation** - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries.

#### **Changes in Demographic Assumptions:**

**Healthy Mortality** - The healthy mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

**Disabled Mortality** - The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

**Non-Annuitant Mortality** - Non-annuitant mortality base tables were updated to Pub-2010 generational mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP-2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.

#### **Defined Contribution Plan – Individual Account Program (IAP):**

**Pension Benefits** - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**Death Benefits** - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.



**Contributions** - The City has chosen to pay the employees' contributions to the plan. 6% of covered payroll is paid for general service employees and 9% of covered payroll is paid for firefighters and police officers. For fiscal year 2024 the City paid \$36.2 million.

**Recordkeeping** - OPERS contracts with VOYA Financial to maintain IAP participant records.

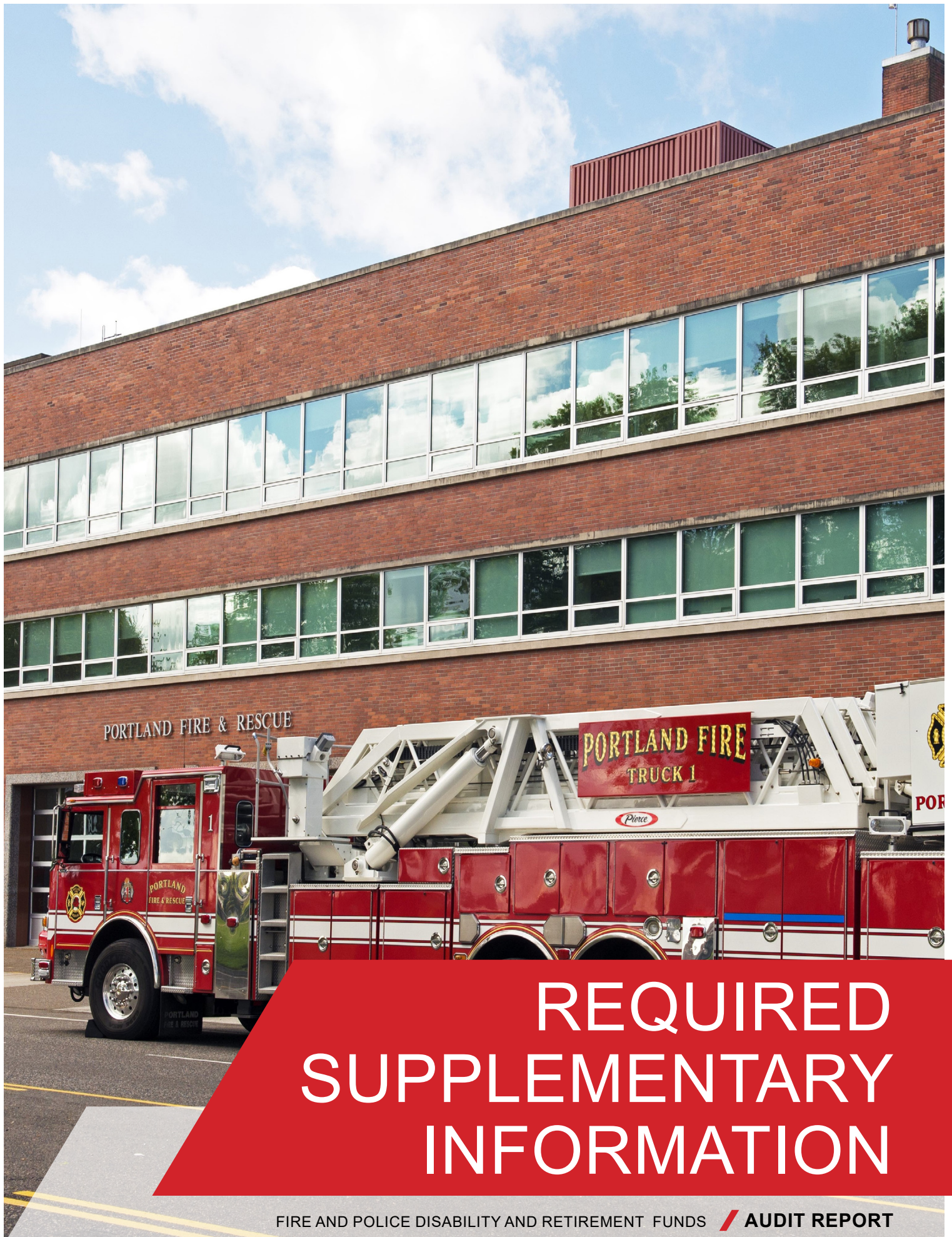
#### **NOTE 6 - SUBSEQUENT EVENTS**

On July 1, 2024 Mayor Wheeler appointed himself Commissioner-in-Charge (CIC) of all City bureaus, including the Bureau of Fire and Police Disability and Retirement (FPDR). The intent is to help centralize the City bureaucracy in preparation for the new form of City government scheduled to take effect on January 1, 2025, when most City bureaus will report to a Deputy City Administrator rather than an elected City Commissioner. Mayor Wheeler replaced Commissioner Rene Gonzalez as FPDR's CIC.

On July 17, 2024 the Portland City Council authorized an interfund loan of up to \$45.0 million from the Parks Capital Improvement Program Fund to the FPDR Fund. Principal and interest (charged at the rate of ten basis points, or 0.10%, above the City's investment portfolio average each month) are due for repayment by January 31, 2025. There are no early payment penalties. FPDR will use the funds to cover a cash flow deficit until sufficient property tax revenues are received in November or December 2024. The FPDR Board of Trustees approved the borrowing at its May 2024 meeting.

On September 11, 2024, the Portland City Council confirmed Mayor Wheeler's nomination of Patrick Hughes, City of Portland Risk Manager, to Chair the FPDR Board of Trustees. Simultaneously, Council confirmed Mayor Wheeler's nomination of Catherine MacLeod to return to the citizen Trustee position she previously held on the Board. Catherine had been serving as the FPDR Board Chair since November 1, 2023.





# REQUIRED SUPPLEMENTARY INFORMATION

FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS / AUDIT REPORT

### Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Years Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 66,869,282	\$ 66,066,108	\$ 110,678,778	\$ 103,515,611	\$ 73,903,174	\$ 65,253,487	\$ 74,361,810	\$ 82,420,266	\$ 66,693,061	\$ 58,853,250
Interest	140,266,458	133,187,154	99,150,722	98,095,681	125,139,549	127,541,668	120,974,879	97,302,658	110,470,511	106,304,323
Effect of plan changes	-	-	-	-	-	-	-	36,063,138	-	185,288,710
Effect of economic/ demographic gains (losses)	-	74,074,036	-	61,245,369	-	61,199,698	-	95,578,193	-	(25,565,616)
Changes of assumptions	(142,945,098)	(36,432,719)	(842,520,569)	27,985,112	774,909,460	150,231,268	(141,632,449)	(215,367,868)	431,404,102	208,943,518
Benefit payments	(160,585,336)	(153,776,728)	(148,086,359)	(144,738,509)	(135,411,347)	(130,733,191)	(125,666,995)	(120,351,973)	(114,001,126)	(110,900,284)
Net change in total pension liability	(96,394,694)	83,117,851	(780,777,428)	146,103,264	838,540,836	273,492,930	(71,962,755)	(24,355,586)	494,566,548	422,923,901
Total pension liability, beginning	3,855,620,427	3,772,502,576	4,553,280,004	4,407,176,740	3,568,635,904	3,295,142,974	3,367,105,729	3,391,461,315	2,896,894,767	2,473,970,866
Total pension liability, ending (a)	<u>\$3,759,225,733</u>	<u>\$3,855,620,427</u>	<u>\$3,772,502,576</u>	<u>\$4,553,280,004</u>	<u>\$4,407,176,740</u>	<u>\$3,568,635,904</u>	<u>\$3,295,142,974</u>	<u>\$3,367,105,729</u>	<u>\$3,391,461,315</u>	<u>\$2,896,894,767</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 155,039,885	\$ 154,248,867	\$ 168,194,622	\$ 143,627,174	\$ 136,560,350	\$ 135,479,059	\$ 132,038,902	\$ 120,700,158	\$ 114,079,956	\$ 115,852,428
Net investment income	3,423,655	1,189,666	(1,371,551)	114,029	1,571,319	1,751,762	869,867	462,193	489,154	(522,201)
Benefit payments	(160,585,336)	(153,776,728)	(148,086,359)	(144,738,509)	(135,411,347)	(130,733,190)	(125,666,995)	(120,351,973)	(114,001,126)	(110,900,284)
Administrative expense	(4,228,898)	(5,077,745)	(4,343,834)	(4,349,368)	(4,083,219)	(4,287,107)	(3,601,087)	(4,085,644)	(5,019,573)	(3,085,925)
Net change in plan net position	(6,350,694)	(3,415,940)	14,392,878	(5,346,674)	(1,362,897)	2,210,524	3,640,687	(3,275,266)	(4,451,589)	1,344,018
Plan net position, beginning	24,268,665	27,684,605	13,291,727	18,638,401	20,001,298	17,790,774	14,150,087	17,425,353	21,876,942	20,532,924
Plan net position, ending (b)	<u>17,917,971</u>	<u>24,268,665</u>	<u>27,684,605</u>	<u>13,291,727</u>	<u>18,638,401</u>	<u>20,001,298</u>	<u>17,790,774</u>	<u>14,150,087</u>	<u>17,425,353</u>	<u>21,876,942</u>
<b>Net pension liability, ending</b> (a) - (b)	<u>\$3,741,307,762</u>	<u>\$3,831,351,762</u>	<u>\$3,744,817,971</u>	<u>\$4,539,988,277</u>	<u>\$4,388,538,339</u>	<u>\$3,548,634,606</u>	<u>\$3,277,352,200</u>	<u>\$3,352,955,642</u>	<u>\$3,374,035,962</u>	<u>\$2,875,017,825</u>

continued on the next page

### Schedule of Changes in Net Pension Liability and Related Ratios, continued

	Fiscal Years Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Plan fiduciary net position</b>										
<b>as a percentage of total pension liability</b>	0.48%	0.63%	0.73%	0.29%	0.42%	0.56%	0.54%	0.42%	0.51%	0.76%
<b>Covered payroll</b>	\$ 176,215,257	\$ 160,431,511	\$ 159,027,392	\$ 155,289,464	\$ 157,329,648	\$ 152,493,193	\$ 143,744,868	\$ 137,619,298	\$ 139,108,113	\$ 139,346,388
<b>Net pension liability</b>										
<b>as a percentage of covered payroll</b>	2123.15%	2388.15%	2354.83%	2923.56%	2789.39%	2327.08%	2279.98%	2436.40%	2425.48%	2063.22%

#### Notes to Schedule

1. Employer contributions shown here are \$40,781,595 less than the comparable numbers in the Statement of Changes in Plan Net Position. The difference is due to contributions made to the Oregon Public Employees Retirement System (PERS) for FPDR Three members, as well as compensated absence accruals also related to FPDR Three members. These are employer contributions and benefit expenses to a pension plan, but not the FPDR plan.

2. The net pension liability decreased by \$90.0 million between the fiscal years ending June 30, 2023 and June 30, 2024, due to an increase in the discount rate from 3.65% to 3.93%.

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Oregon Public Employees Retirement System**  
**Last 10 Fiscal Years**  
*(In Millions)*

	Fiscal Years Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City proportion of the net pension liability (asset)	4.9443580%	4.6977983%	4.5400919%	4.2533558%	4.0813041%	3.6931703%	3.7131302%	3.7833289%	3.7805422%	3.6293418%
City proportionate share of the net pension liability (asset)	\$ 926.11	\$ 719.33	\$ 543.29	\$ 928.23	\$ 706.00	\$ 559.50	\$ 500.50	\$ 568.00	\$ 217.10	\$ (82.30)
Covered payroll <sup>(a)</sup>	\$ 589.29	\$ 529.72	\$ 476.90	\$ 481.70	\$ 439.70	\$ 398.50	\$ 359.90	\$ 343.60	\$ 330.50	\$ 313.10
City proportionate share of the net pension liability (asset) as a percentage of covered payroll	157.16%	135.79%	113.92%	192.70%	160.56%	140.40%	139.07%	165.31%	65.69%	-26.29%
Plan fiduciary net position as a percentage of the total pension liability	81.70%	84.50%	87.57%	75.79%	80.23%	82.07%	83.12%	80.53%	91.88%	103.59%

<sup>(a)</sup> As of the measurement date which is one year in arrears.

**Schedule of City Contributions**  
**Oregon Public Employees Retirement System**  
**Last 10 Fiscal Years**  
*(In Millions)*

	Fiscal Years Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 143.00	\$ 107.30	\$ 100.06	\$ 84.00	\$ 83.40	\$ 57.80	\$ 51.20	\$ 35.60	\$ 33.70	\$ 26.30
Contributions in relation to the contractually required contribution	\$ 143.00	\$ 107.30	\$ 100.06	\$ 84.00	\$ 83.40	\$ 57.80	\$ 51.20	\$ 35.60	\$ 33.70	\$ 26.30
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City covered payroll	\$ 669.10	\$ 589.30	\$ 529.70	\$ 476.90	\$ 481.70	\$ 439.70	\$ 398.50	\$ 359.90	\$ 343.60	\$ 330.50
Contributions as a percentage of covered payroll	21.37%	18.21%	18.89%	17.61%	17.31%	13.15%	12.85%	9.89%	9.81%	7.96%

## Notes to Schedule

### Changes in Assumptions

A summary of key changes implemented since the December 31, 2021 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2022 Experience Study for the System, which was published in July 2023, and can be found at: [https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022\\_exp\\_study.pdf](https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022_exp_study.pdf).

### Changes in Actuarial Methods and Allocation Procedures

For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology, which utilizes member account balance, and the Full Formula methodology, which uses service. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2020 and December 31, 2021 valuations, the Money Match was weighted 10% for General Service members and 0% for Police & Fire members, based on a projection of the proportion of the liability attributable to Money Match benefits at those valuation dates. The December 31, 2022 allocation is 5% (0% for police & fire) based on account balance with each employer and 95% (100% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

### Changes in Economic Assumptions

**Administrative Expenses** - The administrative expense assumptions were updated to \$64.0 million per year and allocated between Tier 1/Tier 2 and OPSRP based on valuation payroll. Previously these were assumed to be \$59.0 million per year.

**Healthcare Cost Inflation** - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries.

### Changes in Demographic Assumptions

**Healthy Mortality** - The healthy annuitant mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Healthy Annuitant mortality tables with group-specific class and setback adjustments.

**Disabled Mortality** - The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

**Non-Annuitant Mortality** - Non-annuitant mortality base tables were updated to Pub-2010 generational mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP-2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.



**Schedule of Proportionate Share of the Net OPEB Liability / (Asset)**  
**Other Postemployment Benefits**  
**Last 10 Fiscal Years <sup>(a)</sup>**  
**(In Millions)**

	Fiscal Years Ending June 30,						
	2024	2023	2022	2021	2020	2019	2018
Proportion of the OPEB pension liability (asset)	2.9000000%	3.8900000%	2.7200000%	1.1970591%	3.9743833%	3.7425954%	3.5367635%
Proportionate share of the net OPEB liability (asset)	\$ (10.61)	\$ (13.82)	\$ (9.35)	\$ (2.44)	\$ (7.68)	\$ (4.18)	\$ (1.48)
Covered payroll <sup>(b)</sup>	\$ 589.29	\$ 529.72	\$ 476.90	\$ 481.70	\$ 439.70	\$ 398.50	\$ 359.90
Proportionate share of the OPEB liability (asset) as a percentage of its covered payroll	(1.80%)	(2.61%)	(1.96%)	(0.51%)	(1.75%)	(1.05%)	(0.41%)
Plan net position as a percentage of the total OPEB liability	201.60%	194.60%	183.90%	150.10%	144.40%	124.00%	108.90%

<sup>(a)</sup> Only years with available information are presented.

<sup>(b)</sup> As of the measurement date which is one year in arrears.

**Schedule of Contributions**  
**Other Postemployment Benefits**  
**Last 10 Fiscal Years <sup>(a)</sup>**  
**(In Millions)**

	Fiscal Years Ending June 30,						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ 0.06	\$ 0.09	\$ 0.07	\$ 0.08	\$ 1.94	\$ 1.78
Contributions in relation to the contractually required contribution	-	0.06	0.09	0.07	0.08	1.94	1.78
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 669.10	\$ 589.30	\$ 529.70	\$ 476.90	\$ 481.70	\$ 439.70	\$ 398.50
Contributions as a percentage of covered payroll	0.00%	0.01%	0.02%	0.01%	0.02%	0.44%	0.45%

<sup>(a)</sup> Only years with available information are presented.

**Schedule of Changes in the City's  
Total OPEB Liability and Related Ratios  
Last 10 Fiscal Years <sup>(a)</sup>**

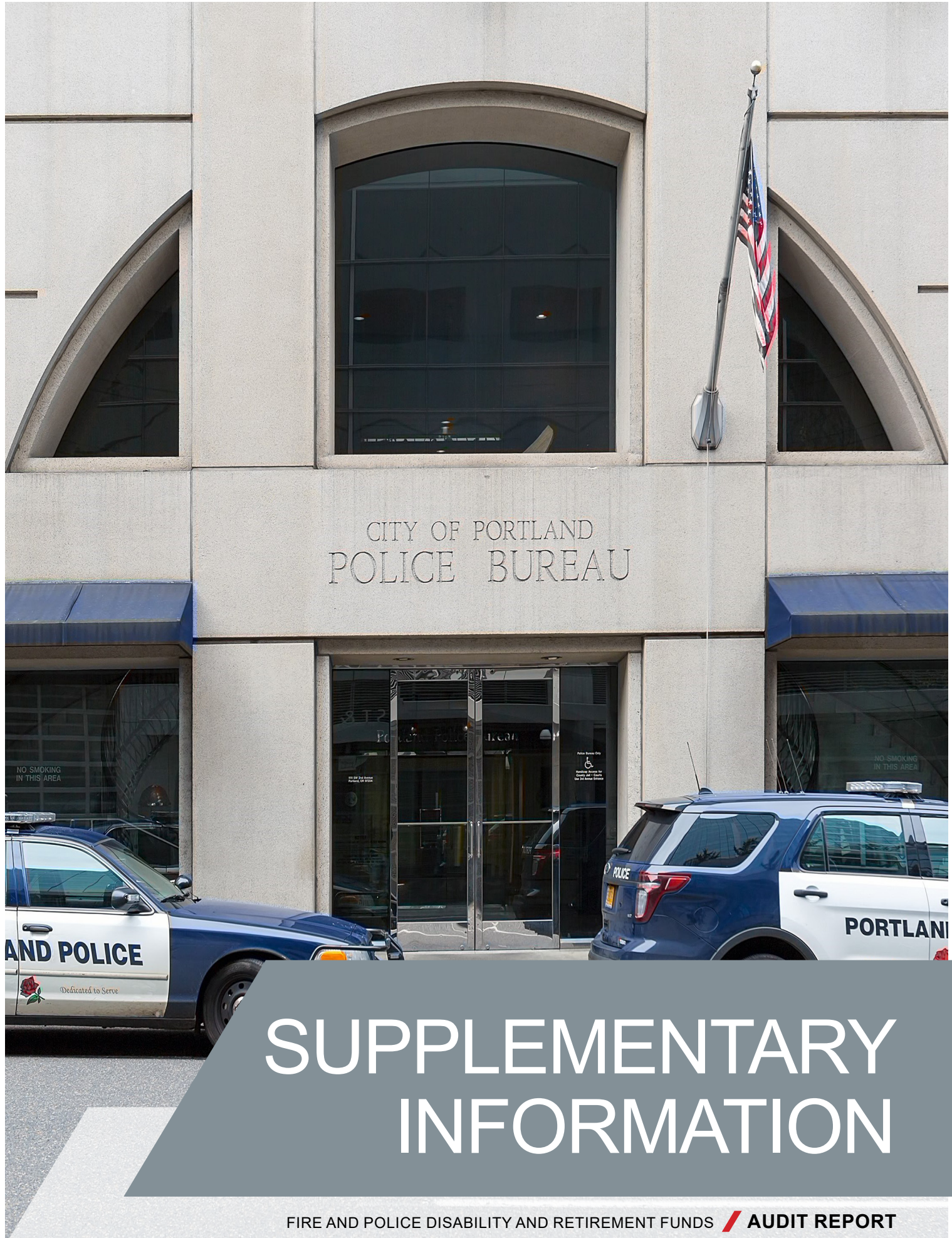
	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service cost	\$ 4,315,142	\$ 5,531,045	\$ 3,864,161	\$ 3,003,933	\$ 3,597,015	\$ 3,675,148	\$ 4,140,465
Interest	4,008,981	2,786,981	2,127,683	2,967,230	3,898,352	3,640,097	3,086,463
Differences between expected and actual experiences	(8,739,296)	-	1,054,522	-	6,051,864	-	-
Changes of assumptions	(7,258,870)	(13,909,112)	26,944,778	10,460,682	(22,748,251)	(2,777,647)	(6,825,794)
Benefit payments	(4,901,709)	(5,772,375)	(5,608,380)	(5,092,723)	(5,668,141)	(5,567,867)	(4,949,560)
Net change in total OPEB liability	(12,575,752)	(11,363,461)	28,382,764	11,339,122	(14,869,161)	(1,030,269)	(4,548,426)
Total OPEB liability - beginning	112,656,946	124,020,407	95,637,643	84,298,521	99,167,682	100,197,951	104,746,377
Total OPEB liability - ending	<u>\$100,081,194</u>	<u>\$112,656,946</u>	<u>\$124,020,407</u>	<u>\$ 95,637,643</u>	<u>\$ 84,298,521</u>	<u>\$ 99,167,682</u>	<u>\$100,197,951</u>
Covered-employee payroll	\$679,973,786	\$528,224,529	\$521,203,120	\$555,559,013	\$549,450,066	\$439,305,357	\$435,541,998
Total OPEB liability as a percentage of covered-employee payroll	14.72%	21.33%	23.80%	17.21%	15.34%	22.57%	23.01%

<sup>(a)</sup> Only years with available information are presented.

## Notes to Schedule

**Changes of assumptions** - There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

- Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.
- Where applicable, demographic assumptions were updated to be consistent with the actuarial valuation assumptions of the Oregon PERS and OPSRP retirement plans. The latest Oregon PERS and OPSRP valuation report available is as of December 31, 2023. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.
- Participation rate changed from 52% to 42% to better reflect actual experience and anticipated future experience.
- Discount rate increased from 3.50% as of July 1, 2022 to 3.70% as of July 1, 2023.



CITY OF PORTLAND  
POLICE BUREAU

# SUPPLEMENTARY INFORMATION



**Fire and Police Disability and Retirement Fund**  
**Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Current year property taxes	\$ 191,571,162	\$ 191,571,162	\$ 191,401,152	
Prior year property taxes	2,130,000	2,130,000	2,076,884	
Total taxes	<u>193,701,162</u>	<u>193,701,162</u>	193,478,036	(223,126)
Revenues other than taxes:				
Other service charges	-	-	31	
Billings to other funds for services	445,500	445,500	519,086	
Investment earnings	1,835,000	1,835,000	1,987,100	
Miscellaneous	145,800	145,800	114,427	
Total revenues	<u>196,127,462</u>	<u>196,127,462</u>	196,098,680	(28,782)
Expenditures				
Current:				
Personnel services	2,979,029	3,155,000	3,111,482	
External materials and services	160,060,955	161,560,955	161,363,702	
Internal materials and services	42,131,339	42,631,339	40,475,152	
General operating contingencies	13,980,376	11,784,405	-	
Debt service and related costs:				
Principal	38,010,675	38,010,675	32,380,675	
Interest	916,403	916,403	681,828	
Debt issuance costs	51,400	51,400	48,016	
Capital outlay	55,093	75,093	59,020	
Total expenditures	<u>258,185,270</u>	<u>258,185,270</u>	238,119,875	20,065,395
Revenues over (under) expenditures	<u>(62,057,808)</u>	<u>(62,057,808)</u>	(42,021,195)	20,036,613
Other Financing Sources (Uses)				
Transfers from other funds	750,000	750,000	-	(750,000)
Transfers to other funds	(750,000)	(750,000)	-	750,000
General Fund overhead	(139,674)	(139,674)	(139,674)	-
Pension Debt redemption	(11,999)	(11,999)	(11,999)	-
Bonds and notes issued	38,000,000	38,000,000	32,370,000	(5,630,000)
Bonds and notes premium	-	-	195,839	195,839
Total other financing sources (uses)	<u>37,848,327</u>	<u>37,848,327</u>	32,414,166	(5,434,161)
Net change in fund balance	(24,209,481)	(24,209,481)	(9,607,029)	14,602,452
Fund balance - beginning	<u>24,209,481</u>	<u>24,209,481</u>	<u>26,311,813</u>	<u>2,102,332</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	\$ 16,704,784	<u>\$ 16,704,784</u>

continued on the next page

**Fire and Police Disability and Retirement Fund**  
**Schedule of Revenues and Expenditures - Budgetary Basis, continued**  
**For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			\$ (632,266)	
Deferred revenue			6,220,818	
Capital assets, net of accumulated depreciation and amortization			709,340	
Other liabilities			(240,000)	
OPEB asset			27,508	
Deferred outflows - pensions			1,222,967	
Deferred outflows - OPEB			47,456	
Compensated absences			(2,200,961)	
Accrued interest payable			(280,545)	
Bonds payable			(47,612)	
Leases payable			(648,028)	
Net pension liability - PERS			(3,216,676)	
Other liability - OPEB			(194,935)	
Deferred inflows - OPEB			(40,722)	
Deferred inflows - pensions			(263,157)	
Fund balance - GAAP basis			<u>\$ 17,167,971</u>	



**Fire and Police Disability and Retirement Reserve Fund**  
**Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Transfer from other fund:				
Fire and Police Disability and Retirement	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Transfer to other fund:				
Fire and Police Disability and Retirement	(750,000)	(750,000)	-	750,000
Total other financing sources (uses)	-	-	-	-
Fund balance - beginning	750,000	750,000	750,000	-
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	750,000	<u>\$ -</u>
Adjustment to generally accepted accounting principles (GAAP) basis:			-	
Fund balance - GAAP basis			<u>\$ 750,000</u>	

**Fire and Police Disability and Retirement Funds**  
**Schedule of Pension, Disability and Death Benefits Expenditures by Bureau**  
**For the Fiscal Year Ended June 30, 2024**

	Members		Other Beneficiaries		Total	
	Number	Amount	Number	Amount	Number	Amount
<b>Portland Fire &amp; Rescue:</b>						
Nonservice disability benefits	5	\$ 54,530	-	-	5	\$ 54,530
Service disability benefits	84	1,517,549	-	-	84	1,517,549
Occupational disability benefits	12	86,769	-	(1)	12	86,768
Early return to work benefits	16	206,869	-	-	16	206,869
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	626	54,432,749	198	5,555,579	824	59,988,328
PERS contributions (FPDR Three)	385	17,243,683	-	-	385	17,243,683
Medical benefits	202	1,926,978	-	-	202	1,926,978
Vocational rehabilitation benefits	-	-	-	-	-	-
Funeral benefits	15	38,492	-	-	15	38,492
	<u>1,345</u>	<u>\$ 75,507,619</u>	<u>198</u>	<u>\$ 5,555,578</u>	<u>1,543</u>	<u>\$ 81,063,197</u>
<b>Portland Police Bureau:</b>						
Nonservice disability benefits	3	\$ 101,292	-	-	3	\$ 101,292
Service disability benefits	98	2,116,345	-	-	98	2,116,345
Occupational disability benefits	8	277,502	-	-	8	277,502
Early return to work benefits	52	364,459	-	-	52	364,459
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	1,110	85,664,765	277	7,162,146	1,387	92,826,911
PERS contributions (FPDR Three)	519	21,762,241	-	-	519	21,762,241
Medical benefits	197	1,367,262	-	-	197	1,367,262
Vocational rehabilitation benefits	-	-	-	-	-	-
Funeral benefits	19	76,510	-	-	19	76,510
	<u>2,006</u>	<u>\$ 111,730,376</u>	<u>277</u>	<u>\$ 7,162,146</u>	<u>2,283</u>	<u>\$ 118,892,522</u>
<b>Combined Fire and Police:</b>						
Nonservice disability benefits	8	\$ 155,822	-	-	8	\$ 155,822
Service disability benefits	182	3,633,894	-	-	182	3,633,894
Occupational disability benefits	20	364,271	-	(1)	20	364,270
Early return to work benefits	68	571,328	-	-	68	571,328
Claims settlement	-	-	-	-	-	-
Pensions (FPDR 1 and 2)	1,736	140,097,514	475	12,717,725	2,211	152,815,239
PERS contributions (FPDR Three)	904	39,005,924	-	-	904	39,005,924
Medical benefits	399	3,294,240	-	-	399	3,294,240
Vocational rehabilitation benefits	-	-	-	-	-	-
Funeral benefits	34	115,002	-	-	34	115,002
	<u>3,351</u>	<u>\$ 187,237,995</u>	<u>475</u>	<u>\$ 12,717,724</u>	<u>3,826</u>	<u>\$ 199,955,719</u>

**Notes to Schedule**

1. The benefits amount in the Statement of Changes in Plan Net Position is \$201,366,931. The difference between that amount and this schedule consists of the change in the PERS contribution portion of the compensated absence liability associated with Police and Fire FPDR Three members, totaling \$1,411,212, which is reclassified to a benefit expense for GAAP reporting.

2. Counts presented here represent the number of members or beneficiaries for whom a given expense was incurred during the year. Individuals may be included in multiple lines.

**Fire and Police Disability and Retirement Funds**  
**Schedule of Number of Pensioners and Beneficiaries by Bureau**  
**As of June 30, 2024**

	Portland Fire & Rescue			Portland Police Bureau			Total		
	Other			Other			Other		
	Members	Beneficiaries	Total	Members	Beneficiaries	Total	Members	Beneficiaries	Total
Pensions	611	129	740	1,091	183	1,274	1,702	312	2,014
PERS:									
Contributions	378	-	378	481	-	481	859	-	859
Disability	12	-	12	31	-	31	43	-	43
	<u>1,001</u>	<u>129</u>	<u>1,130</u>	<u>1,603</u>	<u>183</u>	<u>1,786</u>	<u>2,604</u>	<u>312</u>	<u>2,916</u>

**Fire and Police Disability and Retirement Funds**  
**Comparative Schedule of Number of Pensioners and Beneficiaries by Bureau**

	June 30,										Increase (decrease) Ten years ended June 30, 2024
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
<b>Portland Fire &amp; Rescue:</b>											
Pension:											
FPDR 1&2 members	611	602	595	609	604	620	618	615	610	602	9
FPDR 3 members <sup>(1)</sup>	378	347	322	316	296	289	267	265	224	192	186
Other beneficiaries	129	134	138	146	144	144	154	169	176	179	(50)
Total	<u>1,118</u>	<u>1,083</u>	<u>1,055</u>	<u>1,071</u>	<u>1,044</u>	<u>1,053</u>	<u>1,039</u>	<u>1,049</u>	<u>1,010</u>	<u>973</u>	<u>145</u>
Disability:											
Members	12	17	20	11	18	19	12	14	18	24	(12)
Other beneficiaries	-	-	-	-	-	-	-	-	-	-	-
Total	<u>12</u>	<u>17</u>	<u>20</u>	<u>11</u>	<u>18</u>	<u>19</u>	<u>12</u>	<u>14</u>	<u>18</u>	<u>24</u>	<u>(12)</u>
Total Fire	<u>1,130</u>	<u>1,100</u>	<u>1,075</u>	<u>1,082</u>	<u>1,062</u>	<u>1,072</u>	<u>1,051</u>	<u>1,063</u>	<u>1,028</u>	<u>997</u>	<u>133</u>
<b>Portland Police Bureau:</b>											
Pension:											
FPDR 1&2 members	1,091	1,044	1,017	1,014	953	943	910	880	845	824	267
FPDR 3 members <sup>(1)</sup>	481	451	402	407	399	358	336	270	240	230	251
Other beneficiaries	183	176	177	171	177	177	177	184	185	189	(6)
Total	<u>1,755</u>	<u>1,671</u>	<u>1,596</u>	<u>1,592</u>	<u>1,529</u>	<u>1,478</u>	<u>1,423</u>	<u>1,334</u>	<u>1,270</u>	<u>1,243</u>	<u>512</u>
Disability:											
Members	31	30	34	35	32	31	42	36	40	42	(11)
Other beneficiaries	-	-	-	1	1	1	1	1	2	2	(2)
Total	<u>31</u>	<u>30</u>	<u>34</u>	<u>36</u>	<u>33</u>	<u>32</u>	<u>43</u>	<u>37</u>	<u>42</u>	<u>44</u>	<u>(13)</u>
Total Police	<u>1,786</u>	<u>1,701</u>	<u>1,630</u>	<u>1,628</u>	<u>1,562</u>	<u>1,510</u>	<u>1,466</u>	<u>1,371</u>	<u>1,312</u>	<u>1,287</u>	<u>499</u>
<b>Summary of disability:</b>											
Fire	12	17	20	11	18	19	14	14	18	24	(12)
Police	31	30	34	36	33	32	37	37	42	44	(13)
Total	<u>43</u>	<u>47</u>	<u>54</u>	<u>47</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>60</u>	<u>68</u>	<u>(25)</u>
<b>Summary of pension and disability:</b>											
Fire	1,130	1,100	1,075	1,082	1,062	1,072	1,051	1,063	1,028	997	133
Police	1,786	1,701	1,630	1,628	1,562	1,510	1,466	1,371	1,312	1,287	499
Total	<u>2,916</u>	<u>2,801</u>	<u>2,705</u>	<u>2,710</u>	<u>2,624</u>	<u>2,582</u>	<u>2,517</u>	<u>2,434</u>	<u>2,340</u>	<u>2,284</u>	<u>632</u>

**Notes to Schedule**

<sup>(1)</sup> FPDR Three members are enrolled in the Oregon Public Employees Retirement System. FPDR makes contributions to PERS on their behalf.

**Fire and Police Disability and Retirement Reserve Funds**  
**Schedule of Imposed Tax Levies Compared with Maximum Levies Authorized**

Year ended June 30,	Imposed levy rate per \$1,000 of real market value <sup>(1)</sup>	Imposed levy	Maximum levy authorized (\$2.80/\$1,000)	Imposed levy under authorized levy
2015	1.37	126,777,805	259,331,341	132,553,536
2016	1.23	126,376,817	287,358,793	160,981,976
2017	1.10	132,477,613	338,199,473	205,721,860
2018	1.08	148,214,877	384,951,394	236,736,517
2019	1.05	156,454,895	419,138,031	262,683,136
2020	1.05	161,017,652	427,766,153	266,748,501
2021	1.09	173,302,844	445,249,849	271,947,005
2022	1.20	199,916,664	467,317,213	267,400,549
2023	1.07	190,408,711	499,880,246	309,471,535
2024	1.13	201,700,074	500,681,255	298,981,181

**Notes to Schedule**

<sup>(1)</sup>The imposed levy differs from property taxes raised due to discounts and delinquencies.



# Audit Comments and Disclosures

FIRE AND POLICE DISABILITY AND RETIREMENT FUNDS / **AUDIT REPORT**

# **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Trustees  
City of Portland, Oregon, Fire and Police  
Disability and Retirement Fund and Reserve Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Portland, Oregon, Fire and Police Disability and Retirement Fund and the City of Portland, Oregon, Fire and Police Disability and Retirement Reserve Fund (the “Funds”), component units of the City of Portland, Oregon, which comprise the statement of plan net position as of June 30, 2024, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Funds’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds’ internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon  
October 25, 2024

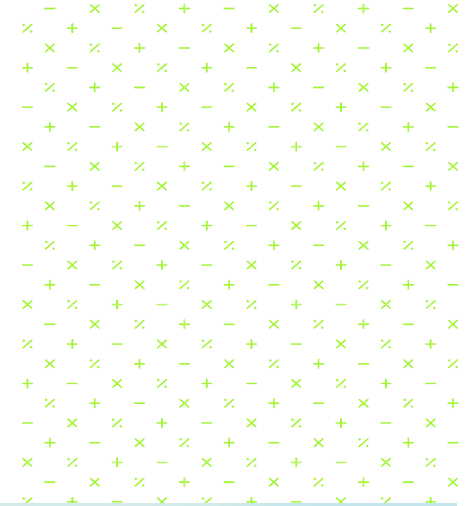




# City of Portland Fire and Police Disability and Retirement Funds

Communication with Those Charged with Governance

November 19, 2024



# YOUR DEDICATED TEAM



**KEITH SIMOVIC, CPA**  
Engagement Reviewer  
And Partner



**LAURIE TISH, CPA**  
Concurring Reviewer  
and Partner



**ALISE HORSLEY, CPA**  
Audit Senior Manager



**ALLEN SOUTAVONG**  
Audit Senior



# Nature of Services Provided

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**1** Independent Auditors' Report on the financial statements of City of Portland Fire and Police Disability and Retirement Funds, component units of the City of Portland

**2** Technical review of the financial statements for compliance with generally accepted accounting principles

**3** Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance in Accordance with *Government Auditing Standards*

**4** Communication to Those Charged with Governance





# Audit Opinion/Reports

Financial  
Statements

Unmodified  
(clean) opinion  
on financial  
statement

Government  
Auditing  
Standards  
Report

No significant  
deficiencies or  
material  
weaknesses  
noted



# Required Communications

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- Planned scope and timing
- **Accounting policies – No significant changes**
- **Audit adjustments and proposed audit adjustments – None noted**
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- **Audit observations and recommendations – No material weaknesses noted**





# Audit Issues – NEW ACCOUNTING PRONOUNCEMENTS

## New Standards

GASB 100, *Accounting Changes and Error Corrections* – effective for the fiscal year ended June 30, 2024.

GASB 101, *Compensated Absences* – effective for the fiscal year ending June 30, 2025.

GASB 102, *Certain Risk Disclosures* (Effective for June 30, 2025 financial statements)

GASB 103, *Financial Reporting Model Improvements* (Effective for June 30, 2026 financial statements)



# Acknowledgements

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Thank you, Sam Hutchison, Stacy Jones, Asha Bellduboset, and their staff for their excellent facilitation of the audit process, and Minh Dan Vuong for his management of the audit contract.

- The audit progressed on time and in an orderly fashion; all requested schedules and draft financial statements were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all our requests in a timely manner.
- 'Tone at the Top' and attitude from management was one of helpfulness, candor, and openness in response to audit requests and discussion points.





THANK  
YOU







# **FIRE AND POLICE DISABILITY AND RETIREMENT**

## **City of Portland, Oregon**



### Information Item No. 2

The Disability and Pension Claims Appeals Process



# FIRE AND POLICE DISABILITY AND RETIREMENT City of Portland, Oregon



1800 SW First Ave., Suite 250, Portland, OR 97201 · (503) 823-6823 · Fax: (503) 823-5166  
Samuel Hutchison, Director [fpdr@portlandoregon.gov](mailto:fpdr@portlandoregon.gov)

November 19, 2024

## Disability and Retirement Claim Appeals Process

### Disability Claims Appeal Process

#### Claim Denial

A cornerstone of the Portland voters' reform of the Fire and Police Disability, Retirement and Death Benefit Plan (FPDR Plan) in the 2006 election was to prohibit the Board of Trustees from deciding disability claims: "The Board shall not decide applications for disability benefits provided by this Chapter." FPDR Plan, Section 5-202(a). The voters vested this authority in the Fund Administrator (FPDR Director).

If the Director denies a claim, the analyst who has investigated the claim will notify the Member in writing of the decision along with the notice of the right to request a fact-finding hearing. If a Member wishes to have the Director's decision reviewed by a hearings officer, a request for hearing signed by or on behalf of the Member must be made, in writing, and received by the Director within sixty (60) days of the mailing date of the denial.<sup>1</sup>

#### Office of Administrative Hearings

The Office of Administrative Hearings (OAH) is an independent body that has been retained by the Board of Trustees since 2006 to conduct evidentiary hearings under these rules on disputed issues concerning a Member's benefits under the Plan.<sup>2</sup> The Portland City Council approved Ordinance No. 180693 on December 20, 2006, authorizing FPDR to enter into a intergovernmental agreement with the State of Oregon (OAH) to conduct hearings for appeals of FPDR claim decisions.

The role of OAH is charged with providing an independent and impartial forum for citizens and businesses to dispute decisions affecting them, made by state agencies.

#### Hearing

OAH conducts all administrative hearings regarding appealed disability claim decisions in accordance with Charter Chapter 5-202(b) and Section 5.6 of the FPDR Administrative Rules,

<sup>1</sup> FPDR Administrative Rule 5.6.02 (A).

<sup>2</sup> FPDR Administrative Rule 5.6.01.

“Appeals Process”, OAH assigns a hearings officer to adjudicate the hearing.<sup>3</sup> The hearings officer has to be a member of the Oregon State Bar, have relevant disability training and experience, and not be a Member or a beneficiary of a Member.<sup>4</sup> Hearings conducted by and under the control of a hearings officer<sup>5</sup> are non-adversarial fact-finding proceedings which are intended to develop an accurate and complete record which will allow the hearings officer to arrive at a fair and equitable determination.<sup>6</sup> FPDR Members may elect to represent themselves, or they may be represented by an attorney.<sup>7</sup>

The Member or Member’s attorney and FPDR’s attorney present evidence to the hearing officer. Both parties can provide new evidence to support their positions until the hearing officer has closed the hearing record. In addition to the appeals process, Section 5.6 of the FPDR Administrative Rules contains the rules for the conduct of the hearing and evidence.

The decision of the hearings officer is final unless an appeal to the independent panel is filed by the Member or FPDR within 30 days of the hearings officer’s order.

### **Independent Panel**

Review of a hearings officer’s order shall be performed by an appellate panel of three hearings officers assigned by the Office of Administrative Hearings. OAH conducts all appellate reviews in accordance with Charter Chapter 5-202 (b) and the FPDR Administrative Rules. An administrative law judge must be a member of the Oregon State Bar, have relevant disability training and experience, and not be a Member or a beneficiary of a Member.<sup>8</sup> The Charter requires individuals on the appellate panel serve staggered, three-year terms.

The appellate panel has no deadline for issuing their decision. However, decisions are usually issued within two to three months of the conclusion of the parties’ briefing. The decision of the independent panel is the final decision of the Fund and may be appealed to the Oregon Circuit Court within 30 days of the appellate panel’s decision through a statutory procedure called the writ of review, which is how other City decisions that may be appealed are brought to the circuit court.<sup>9</sup>

### **Circuit Court**

The circuit court has jurisdiction to review decisions made by or on behalf of the City under Oregon Revised Statutes Chapter 34, through the writ of review. The court has discretion as to how to conduct the writ of review proceeding. Most often, the court has allowed the parties to

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<sup>3</sup> FPDR Administrative Rule 5.6.02(C).

<sup>4</sup> Charter Section 5-202(b).

<sup>5</sup> FPDR Administrative Rule 5.6.03 (C) (“All hearings shall be conducted by and under the control of the hearings officer.”)

<sup>6</sup> FPDR Administrative Rule 5.6.03 (A).

<sup>7</sup> FPDR Administrative Rule 5.6.03 (B).

<sup>8</sup> Charter Section 5-202 (c)

<sup>9</sup> Charter Section 5-202 (h) 4

brief the case and then will conduct an oral argument, where the assigned judge has the opportunity to ask questions. There is no deadline for the court to decide the case, but FPDR's experience has been the court typically rules either "from the bench" at oral argument or in a written decision a week or two afterward.

The circuit court's decision may be appealed to the Oregon Court of Appeals within 30 days of the entry of judgment by the circuit court.

### **Oregon Court of Appeals**

The Oregon Court of Appeals reviews for legal error and substantial evidence. After the parties have briefed the case and the court has held oral argument (if requested by at least one party), a decision is typically published within several months. There is no deadline for the court's decision. A party may file a petition for review by the Oregon Supreme Court with 35 days of the Court of Appeals' decision. The Oregon Supreme Court examines certain criteria to determine whether to grant review and will decline to review cases that do not satisfy the criteria, making the Court of Appeals' decision usually the final decision on a matter.

### **Oregon Supreme Court**

If the Oregon Supreme Court grants review of a case, the parties will file briefs, and the Court will conduct oral argument. Like the Court of Appeals there is no specific timeframe within which a decision from the Oregon Supreme Court will issue.

## **Retirement Benefits Appeals Process<sup>10</sup>**

A dispute occurs when a Member or Beneficiary disagrees with a determination made by the Director of the amount of any benefit or the resolution of any matter affecting a retirement benefit under the Plan. An appeal may also be filed by an authorized representative of the Member or Beneficiary who is the Claimant. A Claimant may not submit an appeal than one year after the date the individual has knowledge of all material facts that are the subject of the dispute.

If the Claimant wants a review of a denied Claim, they may submit an appeal in writing to the Director. The deadline for submitting any such appeal shall be 60 days after the Claimant receives the written notification of the denial of the Claim.

Within 60 days following the receipt of the appeal, the hearings officer will give the Claimant either (i) a written notice of the decision, or (ii) if special circumstances require an extension of time for review, a notice of a 60 - day extension of the review period. In the latter case, the notice of the decision shall be delivered to the Claimant within 120 days after the receipt of the appeal. The hearings officer's review will consider all comments, documents, records, and other

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<sup>10</sup> FPDR Administrative Rule 5.4.08.

information the Member or Beneficiary submits, without regard to whether that information was submitted or considered in the initial benefit determination.

If the appeal is denied, the notification will explain the specific reasons and specific Charter provisions on which its decision is based and include a statement regarding the Claimant's rights to bring a civil action,

The decision by the hearings officer shall be the final and conclusive administrative review proceeding under the FPDR. The Member or Beneficiary is required to pursue all administrative appeals under the Plan before challenging the denial of the Claim in a lawsuit.

The member may appeal the hearings officer's decision to the Circuit Court by filing timely filing a petition for a writ of review.



**FIRE AND POLICE DISABILITY AND RETIREMENT**  
**City of Portland, Oregon**



Information Item No. 3

City of Portland Transition

# City Transition Update



## Portland Transition

Voter approved.  
Community centered.  
City delivered.



# What changes did voters approve?

## TODAY



Vote for one candidate



## FUTURE



Rank candidates



Citywide elections



Four geographic districts



### Commission Form

4 commissioners  
+ mayor who create policy  
AND oversee bureaus.

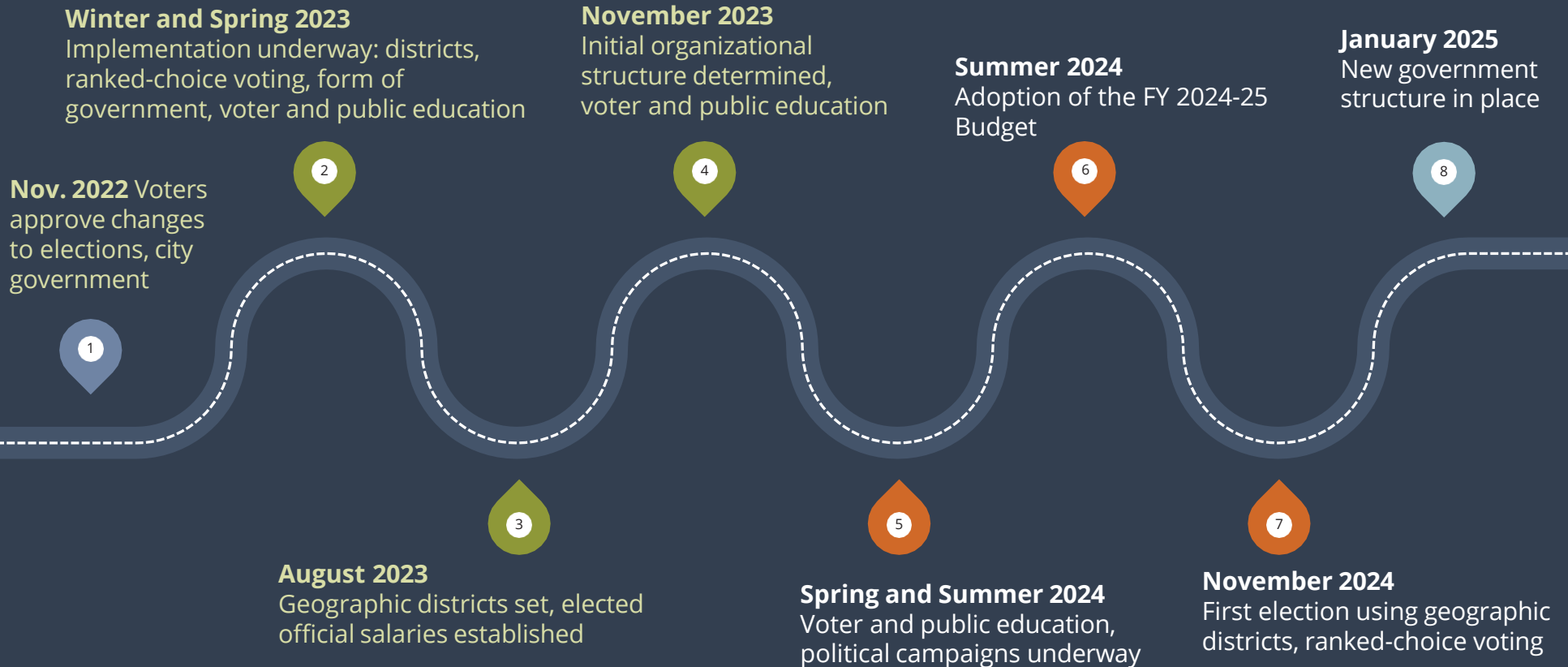


### Mayor-Council

12 Councilors who create  
policy. Mayor manages city  
with a city administrator.



# Countdown to January 2025



# How will our future government work?

## TODAY



### Commission Form

City council is made up of  
4 commissioners  
+ a mayor who sets policy  
AND manage bureaus.


## JAN. 1, 2025



### Mayor-Council

12 councilors who will set policy  
+ a mayor who will manage the city  
with a city administrator.


# How the Form of Government is Changing

- 12 Councilors, 3 from each of the City's four districts.
  - In the new system, city council will no longer manage bureaus. Instead, they will focus on developing laws and policies, engaging constituents, and increasing community representation in decision-making.
  - The mayor will have executive authority over city business, collaborating with and delegating responsibilities to a city administrator.
  - Portland's mayor will no longer serve as a member of the city council, voting only to break ties on non-emergency ordinances. However, the mayor will be able to propose laws – and they will propose a budget for city council approval.
- 

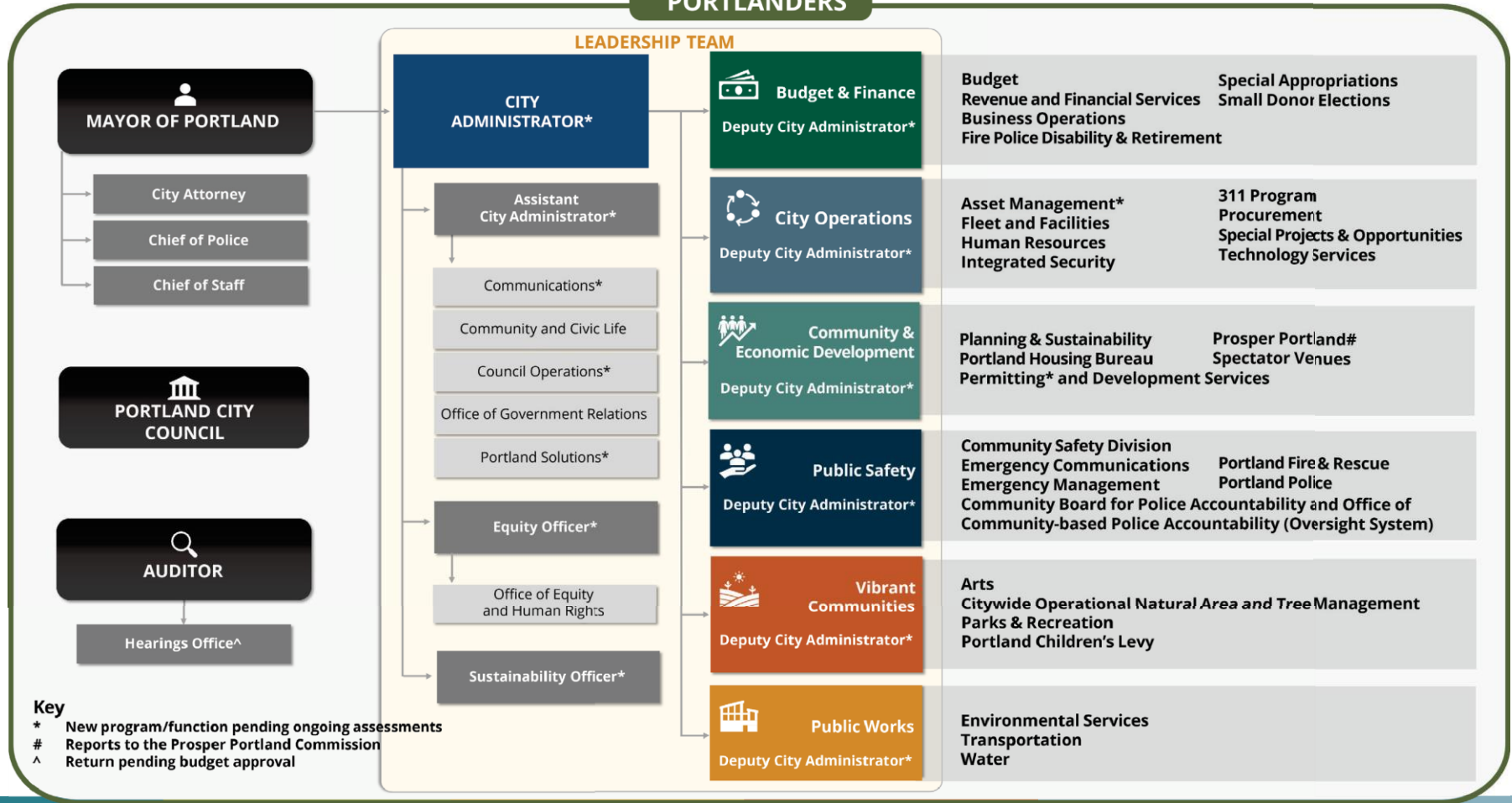
# Future Roles of Council and Mayor

City Council Sets Citywide Policy	Mayor Oversees City Services
Engages the public on community needs.	Engages with staff and leadership on City operational needs.
Sets the direction of city government through a strategic planning process, usually with the help of a city administrator.	Leads implementation of council's strategic plan, with help from City leadership.
Approves the City budget in accordance with the strategic plan.	Proposes necessary budget funding to implement the strategic plan.
Approves policies as necessary to respond to community or organizational issues and to achieve strategic outcomes.	Requests development of policies to address community or operational issues or to achieve strategic outcomes.

# City Administrator Role

- The city administrator is hired by the mayor and confirmed by city council to implement laws and manage bureaus. They will supervise deputy city administrators, assistant city administrator, and bureau directors, except for the police chief and the city attorney.
  - Deputy city administrators oversee service areas – groups of bureaus and programs with similar missions.
  - The Portland's City Leadership Team, including the city administrator, assistant city administrator and deputy city administrators are responsible for leading and coordinating operations across the City to improve delivery of internal and external services, developing and implementing a *citywide vision and priorities* and continuing to grow a shared culture across the organization.
- 

# How will the city be organized?



# Implementation of New Organization

The new city organization becomes effective January 1, 2025  
In preparation, the mayor reorganized the city structure on July 1, 2024, to mirror the new organization.

- Interim city administrator and deputy directors were appointed.
- Service areas were created.
- Bureaus and offices were signed to service areas.
- FPDR was assigned to the Budget and Finance Service Area, under DCA Jonas Biery

# Impact of Change on FPDR

- FPDR is getting assistance and attention it did not get before.
- Get service area support for communications including web design, equity plans, office safety.
- Additional bureaucracy for the director.
- New budgeting process
- Overall, minimal impact to FPDR staff and no impact to our Members.

**FPDR is still unique, still have our identity.**





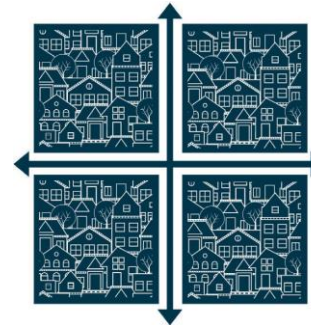
# How will Portland's leaders be elected?

## Auditor/Mayor



Citywide elections

## City Council



Four geographic districts  
for City council  
(3 members per district,  
12 councilors total)

# Get ready to rank your vote!

## Election day is November 5, 2024



how to mark your ranked-choice ballot

**Sample Ranked-Choice Voting Ballot**

- Rank the candidates in the order of your choice, up to 6.
- Fill in one oval per rank column.
- Fill in one rank per candidate.
- To write in a candidate, write the person's name on the line provided and fill in the oval for the rank of your choice.

City of Portland Contests						
City of Portland Mayor Rank as many candidates as you wish, up to 6						
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
Candidate A	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate B	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate C	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate D	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate E	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate F	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Candidate G	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Write in a name above the	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Learn more about Ranked-Choice Voting: [Portland.Gov/Vote2024](https://Portland.Gov/Vote2024)

Sign up for updates and alerts: [Portland.Gov/Vote2024](#)

Sign up for updates and alerts: [Portland.Gov/Vote2024](#)



where to go to learn more on ranked-choice voting

[www.Portland.Gov/Vote](https://www.Portland.Gov/Vote)

### Portland 2024 Election: Shifting to Ranked-Choice Voting

Project

In 2024, Portland voters will use ranked-choice voting and districts to elect their representatives. Learn more about these new election methods, Portland's changing form of government, and the implementation of voter-approved charter changes.

Services and Information | News | Events | Documents

Featured content

# What is ranked-choice voting?

**Rank up to 6 candidates** in order of preference for city contests:

- **Mayor and Auditor** (Citywide with one winner)
- **City Councilors** (3 winners per district, 12 total)

For more information:  
[Portland.gov/vote2024](https://portland.gov/vote2024)

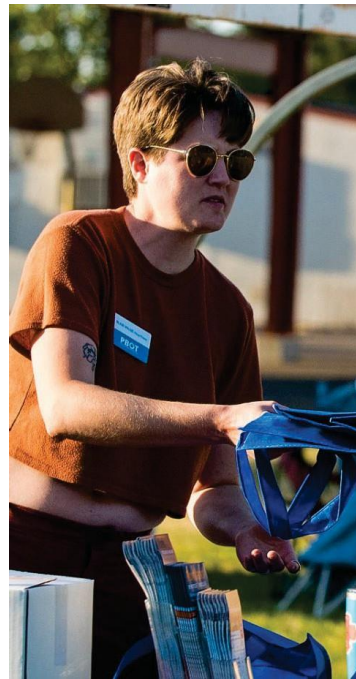
City of Portland Contests						
City of Portland, <b>Mayor</b> Rank as many candidates as you wish, up to 6						
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
<b>Candidate A</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Candidate B</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Candidate C</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<b>Candidate D</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Candidate E</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Candidate F</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Candidate G</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
OR Write-in on the above line	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Where can I learn more about ranked choice voting?

## [Portland.Gov/Vote2024](https://Portland.Gov/Vote2024)

Learn more about the November 2024 elections and view voter education materials.

**[Multco.Us/Elections](https://Multco.Us/Elections)**  
Get ballot information





# FIRE AND POLICE DISABILITY AND RETIREMENT City of Portland, Oregon



1800 SW First Ave., Suite 250, Portland, OR 97201 · (503) 823-6823 · Fax: (503) 823-5166

Samuel Hutchison, Director

[fpdr@portlandoregon.gov](mailto:fpdr@portlandoregon.gov)

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## ➤ Chapter 5 Charter Changes Effective January 1, 2025

### Section 5-202. Powers of Board and Fund Administration.

- (f) The Fund shall have a Fund Administrator. The Fund Administrator shall be appointed by the ~~Mayor~~ **City Administrator**, approved by the Board and confirmed by the City Council. The Fund Administrator shall be a qualified disability expert. The Fund Administrator shall have the position of a bureau director and shall report to the ~~Mayor~~ **City Administrator**, and the Board. The ~~Mayor~~ **City Administrator** may remove the Fund Administrator, for any reason, after seeking the advice of the Board. The Board and the Fund Administrator may appoint other agents or advisers to assist the Board or Fund Administrator, including actuaries and attorneys.

### Section 5-403. Changes **by Council**.

- (a) Mandated Benefits. If the City of Portland is required by law to extend to the Members additional benefits not described by this Chapter, the Council may provide for such benefits by ordinance and such additional benefits shall be paid from the Fund. Such ordinance may include reductions in corresponding benefits described in this Chapter, which shall override inconsistent provisions of this Chapter.
- (b) PERS, Social Security and Workers' Compensation. If the City of Portland is required by law to cover all, or substantially all, of its police officers and fire fighters under one or more of the programs described in Paragraph 1, 2 or 3 below, or if the ~~Council~~ **City** acts voluntarily to do so and such action is ratified by the affirmative vote of a majority of the Active Members, the corresponding benefits provided by this Chapter, as determined by the Council, shall cease to be provided and the City's employer contributions, taxes, benefit payments or other costs of the newly extended program for police officers and fire fighters shall be paid from the Fund. Such costs shall be requirements levied under Section 5-103. The programs are: 1. The Public Employee Retirement System of the State of Oregon; 2. The federal Social Security system; and 3. The workers' compensation benefits required by statutes of the State of Oregon.
- (c) Tax Qualified Status. The Council is authorized to change the benefits provided by this Chapter by ordinance to the extent necessary to comply with changes in the requirements for tax qualified status as described in Section 5-402.
- (d) Advice by Board. The Council shall not take action under this Section without seeking the advice of the Board on the action proposed to be taken.

(e) Savings Clause. The Council is authorized to modify the provisions of this Chapter by ordinance to the extent necessary to provide a substantially equivalent benefit if any one or more sections, clauses, sentences or parts of this Chapter shall for any reason be adjudged unconstitutional or invalid, or the use of the levy to pay and discharge any requirement, employee contributions, employer contributions, payroll taxes, benefit payments, or other costs of the Fund as provided in Section 5-103, is invalidated. In order to prevent payment of dual benefits, such ordinance shall require that the total benefits received by any Member do not exceed those provided in this Chapter before the 2007 amendments.

➤ **City Code Chapter 3.127 Bureau of Portland Fire and Police Disability and Retirement**

~~(Chapter added by Ordinance 180690, effective December 20, 2006.)~~

**3.127.010 Bureau of Portland Fire and Police Disability and Retirement.**

In conjunction with Chapter 5 of the Charter of the City of Portland, there is established by the City Council, the Bureau of Portland Fire and Police Disability and Retirement as a part of the Mayor's portfolio and charged with the implementation of Chapter 5 of the Charter.

**3.127.020 Purpose.**

The purpose of this office is to administer Chapter 5 of the Charter of the City of Portland. This purpose may be accomplished by direction from the Board of Trustees of the Fire and Police Disability and Retirement Fund ("FPDR") and in accordance with the provisions of Chapter 5 of the Charter of the City of Portland.

**3.127.030 Organization.**

~~(Amended by Ordinance 180917, effective May 26, 2007.)~~

The Bureau of Portland Fire and Police Disability and Retirement ~~shall~~ **will** be directly responsible to its Board of Trustees and to the Mayor. Pursuant to Chapter 5 of the Charter, the FPDR Board ~~shall~~ **will** have the powers listed in Section 5-202 of the Charter. Other bureaus may provide FPDR with necessary information and assistance in accordance with Chapter 5 of the Charter and include, but are not limited to, Portland Fire & Rescue, the Bureau of Police, and the Bureau of Human Resources.

**3.127.040 Administrator's Powers and Duties.**

The Administrator of the Fire and Police Disability and Retirement Fund ~~shall~~ **will**:

- A.** Be the Director of the Bureau of Portland Fire and Police Disability and Retirement, in accordance with Charter Chapter 5 Section 5-202;
- B.** Be responsible for administering the terms of the FPDR ~~P~~lan;

- C. Serve as the principle administrator of the FPDR ~~P~~lan and have the power to initially approve or deny claims filed with the FPDR and to subsequently suspend, reduce or terminate benefits as provided in Charter Chapter 5;
- D. Lead and direct the activities of the staff of the FPDR;
- E. Oversee and direct other agents or advisers of the FPDR including actuaries and attorneys;
- F. Be responsible for integrating disability, retirement, and return-to-work programs with other bureaus within the City where applicable; and
- G. Review and propose amendments as necessary to the FPDR to conform to changes in federal or state law and, as appropriate, provide Council with the documentation necessary for its review and approval of the same.

### **3.127.050 Staff and Delegation.**

The Administrator may delegate to ~~their~~ ~~his or her~~ staff members any of the Administrator's duties when the Administrator is not available or able to perform those duties.



# **FIRE AND POLICE DISABILITY AND RETIREMENT**

## **City of Portland, Oregon**



### Information Item No. 4

Proposed Board Meeting Schedule



## Proposed 2025 FPDR Board of Trustees Meeting Schedule

Agenda items, meeting dates, and meeting locations are  
subject to change.

Board meetings will be held in City Hall Council Chambers starting at 1:00 p.m.  
unless otherwise noted.

January 28 <sup>th</sup> <b>Virtual</b>	Introduce of Fire and Police Trustees Financial <ul style="list-style-type: none"> <li>▪ Budget Approval</li> <li>▪ Levy Analysis and Actuarial Valuation</li> </ul> General business
March 18 <sup>th</sup> <i>(The 25<sup>th</sup> is during PPS spring break)</i> <b>Virtual</b>	FPDR Two Benefit Adjustment General Business
May 27 <sup>th</sup>	Tax Anticipation Notes FPDR Two Benefit Adjustment, if necessary General Business
July 22 <sup>nd</sup>	General Business
September 23 <sup>rd</sup>	State of FPDR General Business
November 18 <sup>th</sup> <i>(The 25<sup>th</sup> is during Thanksgiving week)</i>	General Business

In accordance with the Portland City Code and state law, The Fire and Police Disability and Retirement Board of Trustees will hold hybrid public meetings, which provide for both virtual and in-person attendance. Board members will elect to attend remotely via video, teleconference, or in person. FPDR has made several avenues available for the public to listen to the audio broadcast of this meeting, including the City's e-GovPDX YouTube Channel, Channel 30, and [www.portlandoregon.gov/video](http://www.portlandoregon.gov/video)



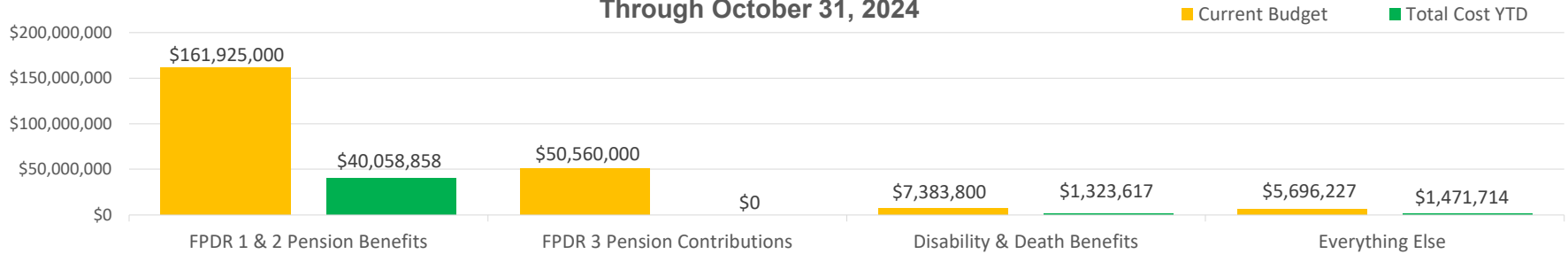
**FIRE AND POLICE DISABILITY AND RETIREMENT**  
**City of Portland, Oregon**



Information Item No. 5

FPDR Summary of Expenditures

### FY 2024-25 Budget to Actual YTD Through October 31, 2024



### FY 2024-25 Budget to Actual YTD by Month

Mid Level Classification	Detail Classification	Original Budget	Current Budget	July	August	September	October	YTD Total
<b>Revenues</b>	Taxes	\$221,850,559	\$221,850,559	-\$891,350	\$542,948	\$207,624	\$374,122	\$233,343
	Beginning fund balance	\$16,220,577	\$16,220,577	\$0	\$0	\$0	\$0	\$0
	Bond and note proceeds	\$45,000,000	\$45,000,000	\$5,000,000	\$15,000,000	\$0	\$15,000,000	\$35,000,000
	Miscellaneous Sources	\$2,922,000	\$2,922,000	-\$18,413	\$23,969	\$26,035	\$31,560	\$63,151
	Interfund Cash Transfer Revenues	\$750,000	\$750,000	\$0	\$0	\$0	\$0	\$0
	Interagency Revenues	\$690,330	\$690,330	\$656	\$1,339	\$0	\$670	\$2,665
<b>Revenues Total</b>		<b>\$287,433,466</b>	<b>\$287,433,466</b>	<b>\$4,090,893</b>	<b>\$15,568,256</b>	<b>\$233,658</b>	<b>\$15,406,352</b>	<b>\$35,299,160</b>
<b>Personnel</b>	Personnel	\$3,257,501	\$3,257,501	\$287,272	\$275,391	\$255,977	\$277,611	\$1,096,251
<b>Personnel Total</b>		<b>\$3,257,501</b>	<b>\$3,257,501</b>	<b>\$287,272</b>	<b>\$275,391</b>	<b>\$255,977</b>	<b>\$277,611</b>	<b>\$1,096,251</b>
<b>Ext. Mat. &amp; Svcs.</b>	Other External Materials & Services	\$971,903	\$971,903	-\$62,254	\$27,940	\$56,301	\$61,132	\$83,119
	FPDR 1 & 2 Pension Benefits	\$161,925,000	\$161,925,000	-\$17,993	\$26,710,044	\$6,602	\$13,360,204	\$40,058,858
	Disability & Death Benefits	\$7,383,800	\$7,383,800	-\$255,228	\$461,906	\$475,191	\$641,747	\$1,323,617
<b>Ext. Mat. &amp; Svcs. Total</b>		<b>\$170,280,703</b>	<b>\$170,280,703</b>	<b>-\$335,475</b>	<b>\$27,199,891</b>	<b>\$538,094</b>	<b>\$14,063,084</b>	<b>\$41,465,594</b>
<b>Int. Mat. &amp; Svcs.</b>	Other Internal Materials & Services	\$986,123	\$986,123	\$63,723	\$72,038	\$78,769	\$64,034	\$278,564
	FPDR 3 Pension Contributions	\$50,560,000	\$50,560,000	\$0	\$0	\$0	\$0	\$0
	Return to Work/Light Duty	\$420,700	\$420,700	\$0	\$0	\$0	\$0	\$0
<b>Int. Mat. &amp; Svcs. Total</b>		<b>\$51,966,823</b>	<b>\$51,966,823</b>	<b>\$63,723</b>	<b>\$72,038</b>	<b>\$78,769</b>	<b>\$64,034</b>	<b>\$278,564</b>
<b>Capital Outlay</b>	Capital Outlay	\$60,000	\$60,000	\$0	\$0	\$0	\$13,780	\$13,780
<b>Capital Outlay Total</b>		<b>\$60,000</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,780</b>	<b>\$13,780</b>
<b>Fund Expenses</b>	Contingency	\$14,172,482	\$15,114,082	\$0	\$0	\$0	\$0	\$0
	Debt Retirement	\$46,766,562	\$45,824,962	\$0	\$0	\$0	\$0	\$0
	Interfund Cash Transfer Expenses	\$929,395	\$929,395	\$13,910	\$13,910	\$13,910	\$13,910	\$55,640
<b>Fund Expenses Total</b>		<b>\$61,868,439</b>	<b>\$61,868,439</b>	<b>\$13,910</b>	<b>\$13,910</b>	<b>\$13,910</b>	<b>\$13,910</b>	<b>\$55,640</b>



**FIRE AND POLICE DISABILITY AND RETIREMENT**  
**City of Portland, Oregon**



Information Item No. 6

FPDR Updates

# FPDR Organizational Chart

## Union Representation

