FIRE AND POLICE DISABILITY AND RETIREMENT BOARD OF TRUSTEES MEETING	MINUTES

This was a virtual meeting with the option to attend remotely via a Zoom webinar platform.

Date and Time: September 24, 2024, at 1:00 p.m.; Meeting adjourned at 3:45 p.m.

Board Members Present:
Patrick Hughes (Board Chair); Christopher Kulp (Police Trustees); Kyle MacLowry (Fire Trustee); Tom Kramer (Citizen Trustee); Catherine MacLeod (Citizen Trustee)

Also Present:
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

Motions Made and Approved:
- Motion by Trustee MacLowry that was seconded by Trustee Kulp and unanimously passed (5-0) to approve the May 28, 2024 minutes.

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 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 FSLA 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 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 ad nauseam because 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 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 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 pended 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.

<u>INFORMATION ITEM NO. 2 – REVIEW OF FIRE AND POLICE TRUSTEE ELECTION PROCESS</u>

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 themself, 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 17th. Council adopted the budget effective July 1st and then on July 17th, 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 it 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 up 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 19th 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.