

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

Date and Time: November 19, 2024, at 1:00 p.m.; Meeting adjourned at 2:35 p.m.

Board Members Present:
Patrick Hughes (Board Chair); 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); Tommy Stoffel, Jr. (Portland Police Criminalist and future Police Trustee); Keith Simovic (Moss Adams); Alise Horsley (Moss Adams); Minh Dan Vuong (City Audit Services Deputy Director); OpenSignal PDX

Motions Made and Approved:

- Motion made by Trustee MacLowry that was seconded by Trustee MacLeod and unanimously passed (3-0) to approve the September 24, 2024 minutes. (Trustee Kramer was absent from the vote).
- Motion by Trustee Kramer that was seconded by Trustee Hughes and unanimously passed (4-0) Resolution 557 authorizing Director Hutchison to extend the contract with Ogletree Deakins, FPDR’s Outside Legal Counsel in an amount not-to-exceed \$150,000 for a one-year period.

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: Patrick, I'll leave it up to you. I think we have a quorum. Christopher Kulp is the only trustee missing at that point. You've got yourself, Catherine MacLeod, Kyle MacLowry, and Tom Kramer here.

Chair Hughes: Well, I think we'll get started and we can catch up when he joins. Any objection to that? Why don't we move forward.

Director Hutchison: Okay.

Chair Hughes: Okay, let's see. We have introductions. Sam, do you want to handle that, or would you like me to?

Director Hutchison: Okay. The first part of the agenda is an introduction of our new Police Trustee Thomas Stoffel, and you go by Tommy, is that correct?

Trustee Stoffel: Correct. Sorry, this is my first zoom meeting and I'm getting my computer stuff all ready. Yeah, I go by Tommy.

Director Hutchison: So Tommy is here visiting today. He will officially take over January 1, 2025 as the new fire trustee; we're glad to have him on board.

Trustee Stoffel: Police, I think.

Director Hutchison: Police, I think. Sorry Tommy, that's a big offense.

Trustee Stoffel: I'd actually prefer to work for the fire bureau, but I'll take it.

Director Hutchison: And Kyle was re-elected, so he'll be rejoining us on January 1, 2025 for another three-year stint with us, and both their terms will expire on December 31, 2027. Welcome aboard, everybody. So back to approving the meeting minutes.

Chair Hughes: Any additions, edits, or questions to the minutes from September 24th? Going once, twice? Okay, I need a motion to approve them and then a vote.

Trustee MacLowry: I'll make a motion to approve the minutes. Catherine, I think you're muted.

Trustee MacLeod: I've unmuted. Can you not hear me?

Chair Hughes: Now I can.

Trustee MacLeod: I'll second the motion.

Chair Hughes: All in favor say aye.

Trustee MacLeod: Aye.

Trustee MacLowry: Aye.

Chair Hughes: Aye. I think we got it.

Director Hutchison: Hold on, did we lose somebody here?

Julie Hall: I don't see Trustee Kramer anymore. I wonder if he was dropped. He'll come on in a minute and blame it on Comcast.

Director Hutchison: You can say it passed because you had three yes votes on that, so that passes. We don't need to hold up at this point.

Chair Hughes: It looks like you have to get us a room, Sam.

Director Hutchison: Well, we're going to try. We'll talk about that at the end for our future board meetings and where they are.

Chair Hughes: Okay. The minutes are approved with the three. Do we have any visitors for introduction?

Director Hutchison: Stacy, do you have a couple you want to introduce?

INFORMATION ITEM NO. 1 – AUDITOR'S ANNUAL REPORT PRESENTED BY MOSS ADAMS

Stacy Jones: Yeah, I'll introduce them as part of our first information item, though, but do we have any other visitors that we need to introduce before we move on to that? Okay, well then with your permission, Chair Hughes, we did move one information item to the top of the agenda before we move to the action item since we do have some special visitors. So with your permission, I'll go ahead and introduce that item.

Chair Hughes: Please.

Stacy Jones: All right. For the record, I'm Stacy Jones. I'm the FPDR Deputy Director and Finance and Pension Manager and we always have Moss Adams join us at the November meeting. Moss Adams, who the city has under contract to do all of our financial audits currently, including FPDR's standalone audit. So we are part of the city's comprehensive financial audit, but we have our own standalone audit conducted every year. We have some folks from Moss Adams to present to you as the governing body their findings and their results of that audit as they do every year. Those of you who have been around for a few years will remember Keith and Alise, but for Chair Hughes and then also for Trustee-elect Stoffel, let me introduce them. Keith Simovic is the lead partner at Moss Adams who oversees all the financial audits here at the city of Portland. We're extra fortunate because Keith has particularly deep experience here with FPDR. He's been involved with our audit for many years at different levels as he promoted up through the ranks at Moss Adams. And then he has with him Alise Horsley who is the senior manager at Moss Adams on the FPDR audit. She's been part of the FPDR audit team for three or maybe four years now. I'll turn it over to them so they can share their findings with the board and give you folks an opportunity to ask questions. I'll turn it over to you, Keith.

Keith Simovic: Perfect. Can you all hear me okay?

Trustee MacLeod: Yes.

Keith Simovic: Thank you so much, Chair Hughes and fellow trustees. For those of you that are used to hearing this presentation in the past, we look forward to sharing our results now that the audit is completed for FPDR for its June 30, 2024 fiscal year end. So we have a presentation that we'll share and

you'll get to hear from my coworker Alise as well. It won't just be me the whole time. Can I share my screen? Looks like it's disabled.

Stacy Jones: Are you able to fix that, Julie?

Keith Simovic: While we're working on that I can go ahead and get started.

Julie Hall: You should be able to share your screen. I'm sorry to interrupt you.

Keith Simovic: No worries. Yep, it looks like it's working now. Let me pull this up for everyone. Can you all see this? Great, all right.

So in addition to Alise and I that are here today representing Moss Adams and our team, it wasn't just the two of us working on this. Any of our audits with the city, it's a whole team effort, so even what you see on here isn't our full team. We had additional staff that was involved in helping us in the prep phase of the audit, but this is the core group of our team. In addition to Alise and myself, we had Laurie Tish. She serves as what we call our concurring review partner. You can think of that as a QC role. Laurie is a partner that's been with our firm for many years and leads our government services practice, so she knows the governmental accounting standards very well and works in that realm 100% of her time, just like I do. And she's responsible for coming in and reviewing certain key documents in our audit process, it's something that our firm requires. It's not necessarily required by professional standards, but we feel very strongly that it's good to have someone that's what we call a cold reviewer coming in that doesn't really have any other connections to the management team or staff at FPDR and that's really coming in just to make sure we followed all of our professional standards. Did we do everything that we said we were going to do during our planning phase of the audit and do all the final deliverables include all the items that would be required from our professional standards and does the annual financial report that FPDR puts together, does that meet the technical requirements that the governmental accounting standards puts forth. It's a very key role that that person is required to sign off on all the things that we do to make sure we can move forward and finalize our report. We're happy to have her serve in that role for us again this year. And Allen Soutavong served as our audit senior. He's been on the engagement team for a few years too. So you have a team that's very experienced with FPDR coming back for the audit this year.

All right, I know there's a lot of words on the page, but we'll summarize. This is intended to give you a summary of what you can expect to receive when you hire an independent CPA firm to come in and do a financial statement audit of FPDR each and every year. So number 1, what you can expect to receive and what you would want to look for in that annual financial report for FPDR is our report over the fairness and accuracy of the financial statements. How do we get to the point where we can give that report? It's through all the detailed testing that we do, back to contracts, agreements, sampling all the benefit payments throughout the year and making sure the amounts you're paying people are appropriate and are in line with the plan document underlying all of this. We're looking at the revenue sources coming in and so through all the detailed testing that we're doing there, we gather enough substantive evidence that we can give an opinion to say do we believe this is a fair and accurate representation of FPDR's financial statements as of June 30, 2024. In addition to that, we have to do a technical review of that financial statement document. Not only do we have to make sure that we're testing and make sure the numbers reported there are fair and accurate and supported by evidence, but we also have to make sure that you're able to put together that document and that it meets, again,

all the technical requirements that the governmental accounting standards board puts forth. That's a key piece that we're going through to make sure we're doing that technical review and that you're meeting all those different requirements so at the end of the day we can say this is a set of financials that's prepared in line with generally accepted accounting principles.

On top of that, we issue an audit report for your compliance with government auditing standards because of FPDR's involvement in the city's audit and having to follow through on government auditing standards, there's a few additional things that we have to do there to comply with government auditing standards. One, we have to make sure we bring forth a team that has a certain amount of continuing professional education, that they understand governmental accounting standards and governmental auditing standards as well. And we're also issuing an additional report in line with government auditing standards where we note, did we have any what we would call significant deficiencies or material weaknesses that we identified in internal controls, and also did we find any instances of noncompliance in the course of our audit procedures. So that's an additional report that you see as well. And then finally, we come before you to communicate to the governing body of the organization and to let you know how the audit went, give you more insight other than did we get a clean audit or not. That's obviously very important and the goal of all of this, but in addition to that, this communication is to give you that additional insight as to do we run into issues along the way? Did we complete this in the initial time frame that we had laid out? Did we have any significant audit adjustments or material errors that we noted during our process? Did we have material weaknesses or significant deficiencies in internal controls? So those are the types of things that you can glean from this kind of presentation outside of just, again, did we get a clean opinion or not.

For those two audit reports that I mentioned in your annual financial report, for your report on the fairness and accuracy of the financial statements, it's a clean opinion. That's exactly what you're looking for as the governing body taking responsibility overall for FPDR. You want to know that you had a third party come in that's independent of FPDR and its staff and looked at the books and records and get to a point where you can give a clean opinion that says this is a fair and accurate representation of your financial position at year-end. So very, very good news there through all the reviews that we did looking at your internal controls, looking at the evidence surrounding a lot of the records and transactions that were recorded during the year, we gathered enough evidence that we could get to that point and issue that audit opinion. So very good news there. And in that additional government auditing standards report, we did not have any significant deficiencies or material weaknesses to note, which is exactly what you're looking for there. We evaluate your internal controls each and every year. We test a number of those extensively to get an understanding of if they are operating effectively. Are we following through on all the policies and procedures we have in place impacting your financial statements and we didn't have any areas where we found any gaps in internal controls that we would say rose to the level of a significant deficiency or material weakness. So that's very, very good news and what you're looking for in that audit report. So with that, I'm going to turn it over to Alise. We'll get to hear from her go through a few additional requirements that we have in this process.

Alise Horsley: Hi, everyone. Thanks for having us today. Like Keith said, the required communications, he lined out a couple of these. These are some things that you probably won't find in the audit report, I'm not talking just about the clean opinion and finishing the audit, but some other insights to how the audit went. And so that first bullet point, planned scope and timing, if we had any issues with our scope of the audit or if we were planning to issue or finish audit procedures during this specific time frame

and that didn't happen. We might line those out for you; we planned issue on this time, and we did not issue on that time. But good news, we issued right on time this year. And then next, accounting policies. We would point you to the notes in the financials for your accounting policies. There were no significant changes in the current year. You did implement one new standard, GASB 100, that didn't have a big effect on the organization as a whole. And then in the audit adjustments or proposed audit adjustments, we had none. No adjustments there.

The next one talks about consultation with other accountants. If we happen to come to a disagreement with management and we couldn't hash it out and management went to another accountant and asked their opinion or got a second opinion on some issue, we would have to note that here as well and we did not note any of those. We would also let you know if there were any difficulties in performing the audits or disagreements with management in general. We didn't have any of those either. And then along with that letter of internal control, audit observations and recommendations, if we had any of those, we would note those in this meeting as well. We didn't have any internal control findings, no material weaknesses to note, so all good news. No scary findings in here. That's good and then a little bit about new accounting pronouncements. We won't go into a whole accounting lesson today, but you did implement GASB 100, which is accounting changes and error corrections. Not a big impact on the organization. It has more of an impact on governments with funds and those changing major funds, that's where you see a big change with the standard this year about how you present those in the financial statements. And then ones to look forward to, GASB 101, compensated absences, a little bit of a change there. I think the organization's still looking at how that's going to affect people June 30, 2025. And then forward to the future, GASB 102, certain risk disclosures, and then GASB 103, the financial reporting model improvements, which could have an impact on the organization as well, but those are things to look forward to in the future, there are more GASBs to implement. Next slide.

Keith Simovic: Just real quick on GASB 102. That one is nothing that's going to impact how you're recording transactions or presenting them, but it is clarifying disclosures that need to be in your financial statements. Although for FPDR and your financial report currently, I don't know that this will have an impact. It has to do with wanting or making it very explicit that you have to have disclosures if you're a governmental entity following GASB rules, and that you have disclosures surrounding when you have constraints or concentrations, right? And so, it's trying to call out to the reader of your financial report if there are certain risks that can inhibit your ability to say, raise revenues for example. And this is something that FPDR has disclosed in its financial report each and every year regarding the property tax levy cap that's out there and your ability to raise those revenues in future years. So I think this is something where a lot of organizations probably already are meeting the requirements in this new standard that will be coming out next year, such as FPDR, but some organizations were choosing not to just because it wasn't explicit in the standards. I think there's items in this standard that really won't have an impact because of the financial reporting that you're already doing within the FPDR June 30, 2024 financial statements.

Trustee MacLeod: I have a question about GASB 101. Can you hear me okay?

Keith Simovic: Yes.

Trustee MacLeod: Is that likely to have any impact on members receiving disability payments or such, prior to retirement? Is that likely to have any impact on them?

Keith Simovic: It should have no impact on how the plan operates or cash flow or anything like that. It's a financial reporting.

Trustee MacLeod: Okay.

Stacy Jones: And Trustee MacLeod, I don't think GASB 101 will have any impact on our financial reporting either. We still need final pronouncement from Central Accounting on that but not the way I read it. And I don't think GASB 102 will either, because as Keith said we're already meeting those requirements around disclosing our constraints. I do think GASB 103 will have some impacts on our reporting, but that's a few years out. Just in terms of where we put things, and we can add some information to our notes and our RSI (required supplementary information) for that. That has some reporting rules around budget to actuals that I think will probably impact us down the road.

Keith Simovic: Good question, though.

Alise Horsley: All very good insight. And then just some acknowledgements here at the end. I appreciate Sam, Stacy, and Asha, and all the staff there. You're super awesome to work with and we really appreciate that you're very timely and always providing things that we need when we need them. So you'd think that would be a given, but you're amazing at that. So just kudos to your team who have been great this year and every year that I've worked with them. And with that, we're open to questions if anyone has any.

Trustee MacLowry: I've got a couple questions. And bear with me, this is very far from my lane, so these are probably going to be some pretty simple things. But just reading through some of this first part, the financial section. My first question has something to do with on page 11 referring to compression, and it's just because it's not how I understood budget compression. The report is talking about state constitution caps each property's general government taxes at \$10 per \$1,000. After reaching this point, all levies, including FPDR's, are subject to compression. It was my impression if we ever hit that \$2.80, which is very unlikely, the compression happens to the general fund, not to the levies. Is that an incorrect way of understanding compression?

Stacy Jones: It's probably better if I answer that question, Keith and Alise. So the way compression works, it is property by property. So if an individual property goes into compression, Trustee MacLowry, there's an order of compression. The first thing that happens is that local option levies are compressed. So that's the first layer of compression, and those get compressed all the way down to zero before permanent levies are compressed and we are a permanent levy. So let's say compression was happening at my house in southeast Portland. So the parks local option levy would be compressed out of existence and I forget what other local option levies we have. But all the option levies would be compressed out of existence first to get my house down below that \$10 cap. Then after that all general government levies are compressed simultaneously in proportion to get you down below that cap. So depending on the property and the degree to which it was in compression, permanent government levies can be compressed.

Trustee MacLowry: So it's not in reference to the general fund at all, it's just specific to the levies?

Stacy Jones: Yes. So the general fund which is funded by the city of Portland's general government levy, that can be compressed, our levy can be compressed, Multnomah county's general government levy

can be compressed. It's just that the local option levies get compressed first, and they get compressed all the way out of existence first before the permanent levies get touched. Does that make sense.

Trustee MacLowry: Yes, I did not understand that prior to this. On that same page there's a discussion about the discount rate used to calculate the net present value of the liability and that it shrunk. Is that something that we've discussed before in our meetings?

Stacy Jones: Probably, but it doesn't hurt to talk about it again. That's actually at least to a great degree dictated by GASB standards as well. So Keith and Alise, if you prefer to talk about that, you can. Why don't you guys talk about the discount rate used to calculate the liability because they get tired of listening to me. That's dictated by GASB 67 and 68 and just to refresh Keith, we use the GO (general obligation) bond index as our value for the risk-free rate.

Keith Simovic: So there are requirements in the GASB standards that talk about this. There was a big kind of change gosh, it's been eight to maybe ten years now since I think that standard came out and kind of shifted how you calculate this or kind of put some additional guidelines surrounding how an actuary has to go about setting the discount rate and everything. And so if you have a plan that's basically not funded, typically they're having you go out and look for things as Stacy mentioned, the GO bond rate that you're using. So, they update that discount rate on an annual basis as they remeasure the liability, the actuaries do this, and setting that discount rate equal to what the GO bond index rate is at this point in time.

Stacy Jones: Does that make sense, Trustee MacLowry?

Trustee MacLowry: Yeah.

Stacy Jones: You want me to take another stab at that?

Trustee MacLowry: Actually, not really. If you don't mind bearing with me for a moment, I'm going to try to find some other things I had notes on. Page 21, the PERS liability. I want to doublecheck from reading it, it sounds like that's talking about the PERS liability specific for the FPDR employees, not the fire and police employees, is that correct?

Stacy Jones: On page 21. Yeah, so that's just disclosures related to the general accounting policies of the city of Portland. And yes, that note is about all of the accounting policies of the city and FPDR and is about the general PERS liability and that we're in compliance with GASB 68 which governs PERS and how we do our financial reporting around that liability.

Trustee MacLowry: Okay. All right. I do have one other, if you don't mind. I just have to find it. Page 30, the health insurance continuation. Just give me a second here. It has to do with this single employer plan at the end, is not a stand-alone plan therefore does not issue its own financial statements. There are no assets accumulated in this GASB compliant trust. I didn't realize that FPDR was related to the health insurance continuation in retirement.

Stacy Jones: It's not.

Trustee MacLowry: It's not, okay. So is this referring to something else, or is this specific to FPDR employees?

Stacy Jones: No, this is kind of crazy, you sort of have to be an accountant to even understand this. So notes 4 and 5, we have to include them in our audit document because they relate to the city as a whole, but those are just pure copies of the city's notes on OPEB and PERS, because the FPDR employees are in OPEB and PERS. So this is about the OPEB and PERS benefits for the city's general liability. There are a few paragraphs in notes 4 and 5 do pertain specifically to the FPDR fund's share of that. So, the FPDR fund has a share of the city's overall liability in the PERS plan and some of that is the fire and police liability and some of that is liability for our own employees. And we also have a share in the city's OPEB liability, which is other post-employment benefits which are like the implicit rate subsidy when we allow retirees to continue on the city's health insurance at the rate pool, at the city employee rate, and things like that. So all of those liabilities get shared out among all the funds in the city, and then we as our own fund have to share in that liability and report that part of the liability and then we have to include these notes that explain what is that OPEB liability and what is that PERS liability to explain our share of it, but it doesn't really have anything to do with the FPDR plan at all.

Trustee MacLowry: Or the city health insurance reserves?

Stacy Jones: Well now it could have something do with the city health insurance reserves, and I'm not an expert on that.

Trustee MacLowry: Okay.

Stacy Jones: It could. If you had a specific question about it, I could try to get you an answer.

Trustee MacLowry: I was just trying to clarify because I have some working knowledge of how that reserve works and it clearly is in a trust and it does accumulate assets, so I was just trying to figure out if that was referring to that, because it didn't make sense to me because clearly, it's a trust. It's not a GASB trust, somebody can help me out, I can't remember the acronym, it's a different type of trust. But it has somewhere around \$22 to \$26 million in it, last I heard. I was just trying to clarify it because I didn't know about the health insurance continuation for FPDR. But it does sound like it's somewhat of an accounting or arcane thing that I didn't really understand.

Stacy Jones: Yeah, there is no health insurance continuation benefit for FPDR members. There is a health insurance continuation benefit for some PERS employees. I don't know if Keith or Alise know more about this than I do, or possibly Chair Hughes.

Keith Simovic: Stacy, you're on point that this represents FPDR's share of that liability. Now the health insurance continuation account, there isn't a trust related to that so the reserves that you might be referring to might be something different. There isn't a reserve related to this. This is, as Stacy was saying, kind of an implicit rate subsidy plan where employees are able to stay on the plan for a period of time, but nothing's being funded by the city for that.

Trustee MacLeod: And I'll jump in here as well, just from general experience with these kinds of plans, although not this one in particular. So yes, Trustee MacLowry, if you'd like Stacy to investigate this further, you certainly should. But my general familiarity with these implicit rate subsidy plans is that the actuary would not be looking at reserves sitting in a trust, they wouldn't be looking at that particularly to develop the city-wide liability for this post-retirement health continuation by retirees. They wouldn't be looking at that trust or using any reserves in that for any reason. That's just general procedure from my familiarity with other plans. But certainly if you want to explore it further, you should.

Trustee MacLowry: Very good. Thank you very much.

Keith Simovic: Any other questions on our audit results or procedures or anything?

Trustee MacLeod: I don't have any questions, but I do want to second your comments about the staff's approach to the audit and their work in general. It always does seem very clear and open and supportive. So you know, it's good to hear that the audit review found the same thing.

Chair Hughes: Okay, no other comments or questions. I've got to second Catherine there too, that looks like good work from the staff and a lot of information back and forth. If not, Keith, Alise, thank you for a very good presentation and I think we can move on and let you off to your freedom.

Stacy Jones: I just want to thank Keith and Alise and also Allen Soutavong who led the Moss Adams FPDR field audit team this year and did a great job and just say that we really appreciate the professionalism and expertise of everyone at Moss Adams. And as we mentioned before that document is the blood, sweat, and tears of Asha and Svetlana in our office, as well as Taylor Irvin in central accounting. Thanks to everyone's hard work and we're glad to have another clean audit year and to the expertise and guidance of the folks at Moss Adams, thank you.

Keith Simovic: Thanks Stacy, and thank you Chair Hughes.

Chair Hughes: Thanks, much. Okay, we have a switch now. Sam, do you want to bring in the outside counsel contract?

ACTION ITEM NO. 1 – OUTSIDE LEGAL COUNSEL CONTRACT EXTENSION

Director Hutchison: Yes, I will here. I'll share my screen and we'll walk you through the contract and what's going on. Okay, so what we have here is resolution 557. We had talked a couple of board meetings ago that we wanted to go out for an RFP for our outside legal counsel contract. Legal contracts with the city are handled a little bit different than normal procurement-level contracts in that the City Attorney's office is the one who oversees them and shepherds them through the whole process. So, us going out for an RFP, there's a discussion back and forth between us and the city attorney's office about who's responsible for issuing that RFP. So, we went back and forth on that and settled that we were going to do the RFP. Then we started talking with Procurement, we normally expect a five-month turnaround on the RFP process. We've learned it's gone up to eight months, so we do not have eight months in time to get this is going. So we thought the best thing to do was to extend the present contract with Ogletree Deakins one more year from January 1, 2025, to January 21, 2026, and then we'll go out with an RFP for the 2026 start date in probably April or May of next year.

So that's what we wanted to do here at this point. And just for everybody here if you've not met Lorne, Lorne, can wave your hand? He is our lead counsel for Ogletree Deakins. He does a lot of work behind the scenes. Ogletree Deakins has agreed to the contract, so we just have a few more procedural changes and a cleaning up of the contract which I'll show you in a minute. We're going to increase the not-to-exceed value on this by \$25,000 more, and you'll see by the math later this is probably twice as much as we need but we're upping it to that because there may be big projects coming in the next year. We have the Oregon legislature coming up for the summer. We don't know if they'll do anything that may apply to PERS or something else. We also have a new presidential administration coming in and there may be particular things that come through them or through the legislature that could trickle

down into impacting pensions or even potentially workers' compensation. So that's why we put the buffer in place just in case that happens.

So that's the resolution. Here's a sample of the contract amendment. There are a few tweaks we're going to make to change it, but the text is the same. Again, we're going to extend the contract through January 21, 2026, increase the not-to-exceed amount by \$25,000 and lead counsel is \$500. I will say that is a break from their high rates at Ogletree Deakins. That gives Lorne about 50 hours of time to go over the 25. I don't think he'll go over more, 24 hours a year is typical, but we need to make sure we have that should there be any changes at the state or federal level over the next year. Like I said, Lorne said Ogletree Deakins is willing to sign it, we just need to get the last little tweaks of this to them and we hope to get that by next week. So what we're asking you is to go ahead and approve this resolution allowing us to extend the Ogletree Deakins contract under the condition of a not-to-exceed amount increasing by \$25,000.

Julie Hall: Sam, do you see that Trustee Kramer has his hand up?

Director Hutchison: Go ahead, Tom.

Trustee Kramer: Sam I may have misheard. I thought I heard you say through January 1, I may have misheard. The documents use a January 21 date. I'm fine with either as long as we're clear on what we mean.

Director Hutchison: It is January 21. I apologize if I said January 1st.

Trustee Kramer: I probably misheard.

Director Hutchison: I've been misstating things, but what's in writing is what we're going to go by, which is January 21st. Any other questions? If not, I'll turn it over to you, Patrick.

Chair Hughes: Okay, it looks like we have a motion to approve the agreement for legal services through January 21st with the monetary increases that are in the document.

Trustee Kramer: I would make that motion.

Chair Hughes: I would second it and all in favor say aye or raise hands. It's hard to see everybody. Aye here.

Trustee MacLeod: Aye.

Trustee MacLowry: Aye.

Trustee Kramer: Aye.

Chair Hughes: It looks like you have an approved motion, Sam, and you better high tail it over to Procurement fast and get that signature.

Director Hutchison: Actually, Procurement doesn't have to sign it. That's one of the changes here, because only city attorney's office needs to sign it because it's an attorney contract. So we have to delete that signature line off this particular document. So we'll get that hopefully to Lorne next week for signature.

Chair Hughes: Great. Okay. We're down to information item number 2, disability and pension claims appeal process.

INFORMATION ITEM NO. 2 – THE DISABILITY AND PENSION CLAIMS APPEAL PROCESS

Director Hutchison: That's me again, I'll share another document. Okay, I think Kyle had a question about the appeals process focusing on the pension appeals, but I thought would be a good opportunity to show you what the claims appeals process is and where OAH fits into it so just when we discuss in future meetings about OAH and the intergovernmental agreement this gives you a background of the services that they offer and what we have. The PowerPoint I have here is the same as the pdf document that's in your books. The pdf document has a bunch of footnotes in it telling you where these provisions are in both the charter and the administrative rules. I'm trying to show you that I didn't make all this stuff up, it's pulled out of the rules and the charter. You won't see those on this presentation.

So we'll start out with the disability claims appeals process. This is very well documented with detail in the administrative rules, administrative rule 5.06. Okay, so what happened in 2007 as part of the charter change, the FPDR disability benefit decisions prior to that charter change were made by the Board of Trustees. Due to quite a few reasons, there's a lot of history involved into that, I think you might have seen some of that. I think I shared a bunch of documents that talked about the Charter change in 2007, and this was part of it. So at that point, when the Charter change was made, it says the board won't decide the application for disability benefits, rather the fund administrator or FPDR Director will make that. So that was a change. In addition to that, as part of the rules and somewhat in the Charter change, a little bit more detail was entered on the appeals process for disability denials.

So if I deny a claim, we'll have the analyst who investigated the claim notify the member of the decision and with the rights of appeal. If the member wants to appeal, they can do so within 60 days of the mailing date of our denial letter. And they can do it or somebody on their behalf if they have an attorney can make that request for an appeal at the hearing level. We use the Office of Administrative Hearings to conduct our hearings for both that and the independent panel review. So OAH is created by the State of Oregon, it's a State of Oregon agency. They do independent reviews for most state agencies except for workers' compensation, and they provide an independent and partial forum for people to file appeals of any decision made by the state or anybody who's contracting with them to provide the appeals review process. The intergovernmental agreement with OAH was signed in December of 2006. It was a Council ordinance, not an FPDR resolution. It was a Council ordinance, and they're the ones that made the decision to go with OAH at that time. Kyle, did you have a question?

Trustee MacLowry: Just curious, for the intergovernmental agreement with OAH, is there a financial component to that?

Director Hutchison: Yes, there is. We'll share that with you when we bring up the intergovernmental agreement. They do charge us for their services, as they charge all of their agencies in the state for their services, so anybody that uses them does pay for their work. Okay, so for the hearing, OAH conducts the hearing level. They do it and they follow our Charter, chapter section 5-202(b) and section 5.06 of the FPDR administrative rules. OAH assigns a hearing officer to adjudicate it and they have to be an attorney, a member of the Oregon bar, they have to have some relevant experience, and can't be a member or beneficiary of the FPDR plan. So the hearings are conducted under the control of

the hearing officers. The ALJ, Administrative Law Judge, is the one who controls the hearing. They're considered non-adversarial fact-finding proceedings. The intent is to get a full and complete view of what is happening with the member and their disability or claimed disability. So the idea is to get an accurate and complete record which will allow the hearing officer to have the full range of information to make an equitable decision. FPDR members may represent themselves or may be represented by an attorney. I would say about 95% use an attorney. Okay, I am moving a little fast so Julie, can you make sure that I catch people with their hands up?

So the attorneys from both sides, from the member and from FPDR, present evidence to the hearing officer. They can provide new evidence that was not provided to FPDR at the time we made the claim decision. We usually make a claim decision based on certain information we have, the member will go out and get more medical information or maybe an independent review on their part and present it as new information. So again, it's fact finding. We're trying to get all the facts that we can for that and so each party's allowed to add facts and clarify what was being there, because again, the idea is a fair hearing on what's happening. They can do so until at some point the hearing officer will say, okay, I'm now closing the record so everybody makes sure that everything everybody wanted to submit is submitted and they'll close it. Once they close that record and they've read all the different potential briefs from the attorneys, the hearing officer or ALJ has 30 days to make a decision. Again, they follow the rules in 5.06 of our administrative rules.

The decision of the hearing officer is final unless they appeal it to the independent panel, and the member can do that within 30 days of a hearing officer's order. And again, the panel has three ALJs on it and they are provided by OAH. They do similar things for other agencies in the state having review panels of more than one or two ALJs and they'll do it by the charter and administrative rules. They do not allow new evidence to be submitted at this time. People that come through briefs and stuff try to represent the existing information, but they cannot add new information at this point. Again, the ALJ must be a member of the bar and have some disability experience and they have staggered terms. They have no prescribed deadline for issuing their decision. We usually find they do it in two to three months at the conclusion of the briefings. I've seen it as short as just a few weeks, there's been a couple that have gone several months. Usually it's for a really complex issue that requires a lot of research, and they do a tremendous amount of research. They'll go through workers' compensation hearings and other hearings of similar situations just trying to compare information on how other panels or other decisions were rendered and what they based their decisions on. This is considered the final decision of the fund. The FPDR rules and Charter have no further appeals proceedings after this, however they can appeal it to the Circuit Court through a writ of review. It's the same process that happens with a lot of other legal things that happen throughout the city.

The Circuit Court follows Oregon laws and statutes to run their trial and hearings. The court has their own discretion of how they want to proceed and there are multiple different ways that they can go with it. Most of the time, they allow parties to brief the case and occasionally they will conduct oral arguments, and at this point the assigned judge can ask questions. There's no deadline for them to decide a case, and again, we usually find they make these decisions very rapidly. They'll do it from the bench, which means as soon as the last person is done giving their oral presentation, they can rule right then and there, or they do a written decision which takes a week or two. Again, these are done very quickly. A Circuit Court's decision can be appealed to the Oregon Court of Appeals within 30 days, and the Oregon Court of Appeals reviews for legal error and substantive evidence. Again, you're not adding

new information, you're looking at what already exists, but you're taking a fresh look at it to figure out did everybody prior follow all the legal requirements and follow the intent of what the charter and the administrative rules say. Again, after the parties are briefed and held oral arguments, it will be published within several months. They are not fast in turning these around and there's no deadline prescribed for them to do that. The party may file for a petition for review by the Oregon Supreme Court in 35 days after the appeals court decision. The Oregon Supreme Court is not required to look at everything that's appealed to them. Rather, they examine certain criteria to determine whether to grant a review and if they do decline to receive a Court of Appeals decision is the final decision and stands. The Supreme Court, again if they grant review of the case, they file briefs, oral arguments again, there is no specific time frame which the Oregon Supreme Court will issue. Again, it could be many months before they do that. So any questions on that?

Chair Hughes: I do have one, sorry. I was searching for my mute button. The member can appeal to the Circuit Court and upward, the fund being done. Once it's in the Circuit Court, in theory would the fund have the ability to appeal to the appellate court or we're done?

Director Hutchison: Well, we're not done. I mean, we're done with our outline, appeals process, and the Charter. If it goes to circuit court, we are a party. We become the defendant, and we have to defend our point of view through the Circuit Court, Court of Appeals, and Supreme Court.

Chair Hughes: Thank you.

Director Hutchison: So we're not out of the picture, it just changes where they go into the Civil Court process outside of the FPDR appeals process. Franco.

Franco Lucchin: I just want to clarify as we've actually litigated this issue. Either party may file a petition for writ of review to the circuit court, and then similarly either party may appeal from there. So don't be misled by the language about the final decision of the fund. What that refers to is the fund being part of the city, this is the final decision of the city, and that confers jurisdiction to the Circuit Court with a timely petition for writ of review and with the other criteria that the statute requires.

Director Hutchison: And the point is that if the independent panel has overturned FPDR's decision, we can be the one to take it to Circuit Court and then through the process. Thanks for clarification. Okay, so the retirement benefits appeals process. The rules for this are pretty thin compared to the extreme detail they give for the disability appeals process. There's not been that many retirement appeals, but we'll walk you through what's in the rules and the charter at this point. So basically, any time a member or beneficiary disagrees with a determination to the amount or retirement benefit, they have the right to appeal. We have calculated the benefit right and they may not like a few of the dates or something like that so they can file an appeal. They have to file within one year of the date they had knowledge that the material facts were there. So basically you can't wait five years after your pension benefit has started to complain about the calculated amount. This is designed to give members one year to make sure their pension is being paid the way they think it should be paid to file an appeal. There's also what they call a denied claim. It could be we've denied their pension. I don't know why we would do that, and we've never have, or it could be that they've asked us to look at something in it and I will have denied their ask for something. So in that sense it becomes denied. And if I'm denying a request or question, they have 60 days to file an appeal. So within 60 days of receiving notice of appeal, we're expecting a hearing and again, OAH is the one who is doing the review here at this point. They'll make

their decision in 60 days, or if there are special circumstances, they can extend it to 120. One thing I didn't push out was on the ALJ level, at the hearing level, once they close the input of new information, they have 30 days to make their decision. That wasn't on the slide, but 30 days to make a decision. Here they have 60 to 120 to make a decision. And again, they can offer new information that was not in FPDR's hands at the time FPDR made the decision.

Julie Hall: Sam.

Director Hutchison: Yes.

Julie Hall: Trustee MacLowry's hand's up.

Director Hutchison: Yes.

Trustee MacLowry: Just to clarify the protocol for the retirement benefit appeal. So, if a member makes an appeal, it is then the director's decision to accept or deny, at which point the denied claim within 60 days can be brought to the OAH, is that correct?

Director Hutchison: Yes, that's what we've done in the past.

Trustee MacLowry: Thank you.

Director Hutchison: It gives us time to review it. Again, if it's denied, we'll give the specific reasons as to why it was denied and they have the right to bring a civil action. There is nothing in the administrative rules or charter for a pension or retirement benefit appeal go to an independent panel. That was excluded or left out of the rules. So if they disagree with the ALJs, they immediately go to civil action, which is a writ of review. Then the Court of Appeals and Supreme Court, same as we described before. Basically, what they're saying is that this is pretty standard and assumes if you have an administrative appeals process, courts always expect you to complete that administrative process before you take it to civil court.

Julie Hall: Sam, Chair Hughes' hand is up.

Director Hutchison: Patrick.

Chair Hughes: Sam, it might be a question for Franco. I've never had to look at this but on the appeal process for disability or retirement, if they are represented by attorneys do we have an exposure of paying attorney's fees or not?

Franco Lucchin: That's a good question, but no. It is dissimilar to the Oregon workers' comp division hearings in that sense.

Chair Hughes: Okay, thank you.

Franco Lucchin: Sure.

Director Hutchison: And just to repeat on the slide, they have a right go to the Circuit Court, that's their next step if they do not agree with the ALJ's decision. I didn't repeat what happens to the Circuit Court and Court of Appeals, and Supreme Court, it's the same thing as I went into before. So again, I just wanted to give you an idea of what the process is because this is important to our members and I think there may be things we talk about next year that will come back that are driven partly by the appeals

process. I know it's a good background when we start talking about OAH and the governmental agreement here in the next one or two board meetings. Any other questions on that? Okay, I think we're done.

Chair Hughes: Thanks, Sam. Information item 3, the City of Portland transition. A very popular subject.

Director Hutchison: Yeah, that's me again. Is it still showing on your screen?

Chair Hughes: Yes.

INFORMATION ITEM NO. 3 – CITY OF PORTLAND TRANSITION

Director Hutchison: So, we're going to talk about the city transition update and what this is all about. So last year voters approved a Charter change that's changed our form of government. You've probably been hearing a lot about it or maybe not. For us here in the city it's a very big deal that's why we're hearing a lot about. We just went through an election for the city. So what all changed? There are three things that changed. Today you vote for one candidate, and they cover the entire city. So you only vote for one candidate. This Charter changes the voting to ranked choice voting. We'll go over a little bit of that in a minute. It's pretty new, and it's interesting that they tried to present that to the state, and it was turned down, so the state is sticking with the old voting process. City-wide elections, each of the commissioners were elected as a city-wide position. Now they went to four geographical districts and each one has three members in that district. So the idea was there were certain parts of the city that felt left out of the governing process. Creating districts ensures that each part of the city has representation on the council. Always the west side of Portland seemed to be the number one area that commissioners were from. Now they're from the north, east, south, and west parts of the city.

Presently, they're changing the form of government. We now have four commissioners and a mayor who comprise the council. They're all voting members, and they create the policy or the legislation for the city, and they also do the executive component of the city. You know, most governments have their legislative and executive branches separate. Today they are one in the same. That's led to some issues here and people wanted to resolve those issues and so they created a mayor-council form of government. You have our 12 councilors that form the city council. They do all the legislative and policy setting, and the running of the city, and the executive management falls to the mayor with the city administrator.

This is a crazy timeline. I'm only going to hit a few points on it. November 2022 is when the voters passed these charter changes to introduce the ranked choice voting, the city council makeup change, and voting by districts. So summer was interesting here. There was an adoption of the 2024-25 budget, and the interesting thing about that budget, half the budget is for the old council, and half of the budget is for the new council, because it splits the fiscal year. So January 1, 2025, is when it comes in. That was an unusual budget. And the new council coming in is going to have to live by that budget whether they like it or not. But I think the mayor and the city council tried to balance it well, to not hinder the new council coming through. Then what we did also in July, we'll talk a little bit more about this later, we tried to redo the executive part of the city, all the bureau assignments, everything, to mimic what we expect to be happening on January 1, 2025. Mayor Wheeler wanted to give us six months of attempt to run over an organization and make it work so the new council doesn't come in and have to create this new organization from the ground up while trying to learn their jobs. And so in

November, just a couple weeks ago, we had the first election using ranked choice voting to determine who the new mayor and is the city commissioners, not commissioners anymore, city councilors are. I think they finally settled on all 12, a couple of races were literally down to the last couple ballots. Interestingly, they said 1 in 5 voters did not make any attempt to do the ranked choice voting. We'll talk a little bit more about that. They found that was interesting. So, 20% of the voters didn't even attempt to use the new voting system. Again, this is just a recap of the old form of government and everybody's commissioners who did both executive and legislative duties, and then here's a split between 12 councilors, the mayor, and city administrator. A repeat of what we said before in just a little bit more detail, the council will no longer manage bureaus. They'll focus on developing laws and policy and engaging constituents. That's one of the biggest reasons why they created the districts, so more people have a say in government. The mayor has executive authority of running all the executive parts of the business, the operations of the city. And the mayor will no longer serve as a member of city council but they will have the ability to break ties on nonemergency ordinances. The mayor may be able to propose laws, but can't vote on them, and the mayor will still be responsible for proposing the budget.

Just a little bit more here, I'm not going to go into a lot more detail. A big part here is strategic planning. The city has never really had a strategic plan. The dream is to have this new council create a strategic plan and run the city from the strategic plan. We don't do that now. The city becomes more reactionary and tries to manage the city's future by trying to manage the budget. It should be the other way around, our view for the future should drive the budget. So that's what they're looking to do. And they're looking at the mayor's job as not only to run the city but help support the council and what they need to do to implement their policies and help them create the policies. The city administrator is really the person who's going to be running the city. They're hired by the mayor and confirmed by city council. They will supervise deputy city administrators and an assistant city administrator and all the bureau directors, except for police and city attorney. Those two bureaus will continue to report directly to the mayor. The deputy city administrators will oversee service areas, I have a graphic of what that looks like. Basically, the bureau directors will report up through the deputy city administrators up then through the city administrator.

A key part of this third paragraph here, leading, coordinating operations across the city. The big issue with the present commissioner form of government is intense silos, heavily controlled by the commissioners. Honestly, there are a couple commissioners that did not allow bureau directors to meet with other bureau directors that reported to another commissioner. So the funniest thing, it's a small thing, but it was a big pain, was the tree code. You have a city tree code, you have parks who has their own trees code, not a code but requirements for how they manage the trees on their property. You have the water bureau because some of what they do controls trees. The department of transportation has trees all along the roads. Everybody manages trees differently, so they wanted to get together and create a uniform way of managing trees, but they were told 'no' by their commissioners. That's the most absurd example you can give of the siloing effect. That's going away, because right now they're going in through next year's budget. The deputy city administrators and city administrator are getting in a room and talking about how they manage the budget across all bureaus and all service areas, and so they're taking away the silo effect and saying, what's best to manage money across the city, and they're doing that with a lot of other things. It's refreshing to see they are taking horizontal look at how the city operates.

Okay, so here is the organization chart for the city. Coming forward on the left you have the mayor. These three in black are the elected officials. Again, the city attorney and chief of police report directly to the mayor. The mayor has their own chief of staff. You have the city council, and the auditor which is independent and not directly impacted by this organizational change. You have over here on the right-hand side the city administrator who reports to the mayor. They oversee this whole block of stuff that's going on. They have an assistant city administrator who oversees areas that are truly across the city and affect every bureau and every office, and that's why they're housed there. Then you come over here to the multicolor area, these are the service areas. They linked like bureaus and programs into a service area. The obvious one, we'll start from the bottom up, is public works. Environmental services, which is sewer, predominantly, transportation and water. Vibrant communities, which is predominantly parks and recreation, it does have the children's levy because there's a lot of interaction with the parks department, and the arts also does that, and you also see that city-wide operational natural resource area and tree management. So here's where your tree management's going to go in the future and they'll oversee it across the whole city. Public safety is pretty straight forward; police, fire, emergency management, emergency communications, emergency management is there. Community economic and development, so this is planning and sustainability, the housing bureau, Portland prosper which sets a lot of the development areas in the city, and permitting and development services, which they've moved from about seven or eight bureaus into one office right there to hopefully get more streamlining for that process. City operations, this is a lot of the programs that touch all bureaus and all employees throughout the city, so you have asset management, fleet and facilities, human resources, procurement, then you have technology services or IT people. Then the top one is budget and finance. Pretty straightforward, all the budgeting and financing are in this area, as well as FPDR. We're sort of an odd one out, but this is where we best fit because we do have a financial impact on the city and some unique finances and so we thought this was the best place to put us. Any questions so far in what we're doing?

Again, this was all set up here on July 1, 2024, that organizational structure here as much as possible with the exception of city council, but this part here and the city administrator was set up. We have an acting city administrator and active deputy city administrators. So FPDR was assigned to the budget and finance area, as I said before, under deputy city administrator Jonas Biery. He worked with the city, left the city, came back to the city and he has good background knowledge of what FPDR is about which makes it easy for us to work with him in that service area. The impact of the change on FPDR is that we're getting assistance and attention we didn't get before. We are a unique group so sometimes being out of the mainstream is good, but sometimes there are certain services that we couldn't get help with. Those services included communications, equity plans, and office safety. We're just too small to be able to do those on our own, so it's great that we have the communication web design, some of our communications with our retirees and stuff that they'll help us with. A little bit on the negative side is additional bureaucracy for me. I now have to report directly to somebody and talk to them every week whereas when I was with commissioners, I talked to them once every three months, and Commissioner Gonzales I only talked to him once in a year and a half. I occasionally work with their chiefs of staff, but now I'm part of a team having to work with them, and I just have to deal with some bureaucracy. The new budgeting process, we'll defer that to Stacy when she does her budget here in January. Overall, there's a minimal impact to FPDR staff and no impact to our members from this change which is good to say. They will be oblivious to this change when they deal with us. We are still unique and we still

have our identity. We didn't lose it. We're still what we are, and part of my job is to insulate all these changes from them and our members as we move forward.

We switch to the second part here, how the leaders are elected. Again, there are four geographical districts. We have three members from each district so there's quite a few people we had to vote for. Then ranked choice voting. Let's go to this next page here. So ranked choice voting was interesting. We had to find six people and rank them one, two, three, four, five, six. For my district, district 4, we had over thirty people vying for three positions. It was a nightmare trying to dig through who of those thirty were worth talking about and dealing with and having to vote for. It took me about four or five hours just to get that list of thirty down to ten people to look at personally and then spend some time to look at the last ten and order them one through six. It's a lot of work to do; some people liked it, some people didn't. Like I said one in five said this is too complicated and they just left this stuff blank. It's a new way of voting. All in all, we did get people elected. There weren't any surprises, or nobody didn't call foul because of this new method. So it worked in that sense that we got people elected, it's just they're going to have to do a lot more selling to the people who do this. And hopefully in the future we won't have thirty people to choose from, that was just crazy. And they're all new people, I knew nobody on the list in my district, so I had start from scratch. And again, the state tried to go with their version of rank choice voting in the election and it got turned down at the election for the state version. And again, there's more stuff on ranked choice voting if you want to know. Any questions on that? It was a lot of work internally to make this work, especially from the bureau director level on up. I think it's gone well, I think the change team has done a fantastic job at communicating with the public and with our staff on what's going on. Then when we roll out with a new mayor and new council next year, it will be very interesting to see because they have to accept anything that we put into place. They can turn this whole thing on its head and reroll the dice. I doubt they will, they wouldn't be smart to do that, but that's a risk that we have with this. Okay, anything else?

Chair Hughes: That was one of the better presentations I've seen on transition. You should send that to Mike Jordan.

Director Hutchison: Actually, half of that is his presentation. I just tried to tailor it to how it would impact FPDR.

Chair Hughes: Can you spin back up to the slide that shows the new organization?

Director Hutchison: This one here?

Chair Hughes: Yeah. Just a comment from another city employee. When you look at the six colored boxes now, the six service areas. I actually see those six deputy city administrators sitting in a room and banging out ideas together, which you have to hope is better than bureau directors on their own. So it's kind good to see, but we have a lot to do. Just a comment that it seems to be going in the right direction so far.

Director Hutchison: I agree with that and I think the old silo form of government, everybody was trying to protect themselves and the city administrators have been tasked, no, your job is to the city first and then to bureaus that report up to you second. And no one in the bureaus are being short changed, but they have to make some tough decisions on this upcoming budget.

Just in case you haven't heard city of Portland, with the exception of fire and police and I forget one or two other bureaus, have zero cuts in their budget, but the remaining bureaus have 5 to 8% cuts in budget. So the deputy city administrators are tasked with, where do you find that money? It isn't going to come equally from every bureau. They're going to take it to where it makes most sense to protect what the city can offer its citizens.

Chair Hughes: It's going to be tight. Great.

Director Hutchison: Okay.

Chair Hughes: Thanks, Sam.

Director Hutchison: I have one more thing, Patrick. I forgot to talk about this one here.

Chair Hughes: I was going to ask about that, yeah.

Director Hutchison: This is real quick here. There were some changes made to the Charter back in 2022, and I wanted to show you what they are. They're minuscule and not impacting anything we do. Section 5-202, powers of the board. Basically, it's who can hire and fire me and instead of the mayor it's now the city administrator who can do that. Nothing else has changed. Section 5-403, they made one change. They deleted by council, simply because under part b, and this gets a little crazy here. There's other benefits PERS, social security and workers' comp, that's what this part b refers to. There's two parts to this, and there's an 'or' in the middle of it. First of all, if the city's required by law to cover or change how firefighters fall under PERS, social security, workers' comp, the city council has the right to make those changes to comply with the law. Then there's this 'or' here in the middle you can see where I struck out council and added city. What they're saying is at this point the city can act independently and decide they want to, let's say, move all the firefighters and police officers to the state workers' compensation system. The council used to have to do it, now they're saying the city which is basically the mayor or city administrator can decide to do that. But just hold on here, it has to be ratified by affirmative vote of half by the majority of our members. They can't unilaterally do it. But this is just to say that can be initiated by the city and not necessarily by city council. The odds of this happening at least at this point is nil, none at all, but that's one place they made the change. So there's no other parts of 5-403 that were changed. Now we have part of the city code, you don't see this very often, but chapter 3.127 actually created the bureau of FPDR and created the FPDR director in 2006, along with the charter change that occurred in 2007. So the only changes they made, and they did this throughout the charter, is every place that said shall was changed to will. Shall is a murky term that I think meant something way back when that doesn't quite mean the same today. So they want to be clear so there isn't any waffling to it. A couple changes to the title of the word plan. Then lastly at the bottom is the administrator which is bureau director may delegate instead of saying his or her, they went to the gender-neutral term of their. So again, minor changes. I wanted you to be aware of those. They aren't big at all.

Chair Hughes: The shall and will change affected everything, it must have been changed 10,000 times throughout the city.

Director Hutchison: Yeah. The city is going through a lot more code changes. None of them impact FPDR. There are administrative rules outside of FPDR, almost all of them were allowed bureau directors to make them to them. They are not, they are all being pulled to the city administrator. Ours (FPDR's

rules) are still our responsibility because it is in the Charter with the FPDR Board of Trustees approving them. That will not change. The city administrator will not need to approve them or act on them. There's no change for us on that.

Chair Hughes: Great. Thank you, Sam. Item number 4, proposed board meeting schedule. I should ask, any questions? There didn't appear to be.

Director Hutchison: No. This time instead of Stacy it's me being the talking head for the meeting here, just trying to dump the overwhelming information. Julie, did you want to take the future board meetings or the board schedule?

Julie Hall: Sure. Can everyone hear me?

Chair Hughes: Yes.

Julie Hall: Let me share my screen.

Director Hutchison: Oops, got to stop sharing. There you go. Now you got it.

INFORMATION ITEM NO. 4 – POSPOSED BOARD MEETING SCHEDULE

Julie Hall: All right. Can you guys see that? Okay. We decided to go virtual for the January and March meetings which I think was a really smart idea. I don't have AV training until January 21st, so we're just going to have those meetings be virtual, and then we will be in council chambers. We have some really nice new signs for the board of trustee members who are on the dais. They're fancy, they're really nice. I'm looking forward to seeing the room. And as usual, we'll meet early in March and November in the third week of the month since spring break is in March, and then of course the fourth week of the month is thanksgiving, and we don't want to meet that week. So, I'll learn a lot more at the AV training. I probably will attend a few council sessions just to see how it goes and then we'll meet there in May and talk about tax anticipation notes, I suppose. I can't really think of anything else to say. Sam, do you have anything to add?

Director Hutchison: No. The other room that we were using in the 1900 building, we have lost. We don't have access to that room anymore. So City Council is meeting virtually and they're hoping by maybe December that the outgoing council will meet in the new chambers. We don't know if it will be ready by January and we don't want to be the guinea pig for any meeting in January for all the technology. The new City Council is going to have committee meetings, so they're going to be using the room a lot. We've tried to lock down our times, but Council gets what the Council wants. We're pushing hard and we have some advocates that are managing the schedule that we keep our fourth Tuesday in that location. But that's why we're giving it through March that we're going to do virtual meetings just so we can get through all that stuff and not play ping pong with everybody.

Chair Hughes: Thanks, Julie.

Julie Hall: Thank you.

Chair Hughes: We're on to the summary of expenditures.

Stacy Jones: All right.

Chair Hughes: That's Stacy?

INFORMATION ITEM NO. 5 – SUMMARY OF EXPENDITURES

Stacy Jones: Yeah, that's back to me. Before I throw it open for questions, I'll just mention that you may notice that we have added a column for current budget as well as original budget, which is something that doesn't normally happen until much later in the year. And that's because if we amend our budget at all, it's normally very late in the year just to prevent over expenditure in one category or another. But as I mentioned at our September meeting this year council had to amend our budget almost right after they adopted it to take out the budget that we originally had in for TANs (Tax Anticipation Notes) and add in the budget for the interfund loan with Parks that you approved at our May board meeting because they didn't get their side of the transaction in before budget adoption. That's why there's an immediately amended budget. It doesn't look that different, because note sales and internal loan proceeds, while separate accounts, both roll up to bond and note proceeds in the major categories. And then on the other side, note retirement and internal loan remittances, also different accounts, both roll up to debt retirement. But you can see that debt retirement will be about \$950,000 less, which was the whole point of all of that, is that we're saving about a million dollars, and we put that extra money in fund contingency in the budget. That's that, almost a million dollars in savings. In any event, as we go through the year, you want to compare spending to the current budget column, which is really the budget as authorized by the board and then sort of amended in May when you authorized the interfund loan in May. I did just want to point that out because you don't normally see that column this early in the year. Are there any questions about the expenditure report thus far? I don't really see any. All right.

Chair Hughes: No? We'll wait a couple months before we ask tough questions.

Stacy Jones: I'm surprised Trustee Kramer doesn't have a tough question for me.

Chair Hughes: Okay. Item number 6, FPDR updates.

INFORMATION ITEM NO. 6 – FPDR UPDATES

Director Hutchison: Okay. I think you just saw what our future board meeting agendas are; January, actuarial evaluation levy, adequacy analysis and the budget; March will be the benefit adjustment or COLA for people. That's what we have on the agenda for now. I have one more topic to go if I can find it. I'll share my screen again.

Okay, so what you're seeing here is our organizational chart of FPDR. It's broken down, we do have our service or team areas, but we're showing you who's represented by what union. As of right now 14 of our 18 people are represented by a union in FPDR. Most of our members are part of CPPW, which is the City of Portland Professional Workers Association, and those in sort of the orange, or at least they look orange on my screen, and then those in blue are AFSCME, which is the American Federation of State and County Municipal Employees. So AFSCME has about 1,000 city employees in addition to those at FPDR, and CPPW has 770 employees throughout the city, so they're decent sized unions. So right now, the city is in labor negotiations with both of these unions. AFSCME, they're at the mediation level. At this point there's no indication that either union will strike. However, Kim, Stacy, and I are reviewing options to keep FPDR operational should there be a strike. This is just to let you know we're in the area of negotiating a contract and worst-case scenario are there could be a strike. So just to let you know we're preparing for that. Patrick?

Chair Hughes: Is the group preparing a strike plan under your COOP (Continuity of Operations Plan) or at this point just trying to prepare?

Director Hutchison: Well, it's a strike plan that is like our Continuity of Operations Plan. We're looking specifically at what are critical functions and who will perform those critical functions if that particular person is not available. We have plans in place. The AFSCME employees have been a part of that union for a long time and we've had run-ups in the past where we've been told to prepare for strikes. So we have plans there, we just modify them through. CPPW is a new union, should they strike we'll be creating something brand-new on how to deal with that.

Chair Hughes: Thanks, Sam.

Director Hutchison: And we'll keep you posted should there be any changes or if anything unfortunately moves toward a strike, because if there's a strike there will be an impact probably to some of our members in what we do. Kim, Stacy, and my job is to do everything possible to make sure that the impact is as minimal as possible. And part of the big challenge, which is why I gave you the numbers throughout the city, is that normally you have all your analysts over here under the disability area. Well, all analysts in the city would be on strike again, worst case scenario. So we can't look to other bureaus to backfill us or provide us help. We're going to have to look to ourselves to figure out how we do all that work. That's what our job is, to figure out how we would best continue to provide services to our members during a strike.

Chair Hughes: The temporary services contract that the city has is becoming very popular.

Director Hutchison: And you know, temps is an option. Part of it is when you have temps, it takes you weeks to get those people up and trained. So you have to evaluate, when do you start to do that? Is a strike going to last a few days, few weeks, few months, we don't know. So, we have to make some educated guesses based on what we learn at the time as of the duration of the strike would be and how you would respond to it. Okay.

Chair Hughes: I believe we've covered everything. Any other comments or questions?

Stacy Jones: Sam, I didn't think about this until just now, but the board might be interested in an update on the 27 pay date retirement month real quick. I'll just say quickly we're kind of right in the middle of it. This is our third 27 pay date retirement month in the last 12 months. So this is the craziest stretch of the 27 pay date retirement months we've had thus far since that phenomenon emerged in 2008. This is going to be I think our second highest retirement month ever. Right now we have, let me just pull up the latest as of today, we have a total of 55 active-duty folks walking out the door. 51 retirements and 4 resignations. That's 21 fire and 34 police. Barring anyone changing their mind, by the end of the day today 33 of those folks will have signed their pension applications, so that's kind of where we are in that 55 at this point. And our highest retirement ever was August of 2020 when we had 62, I believe. So we're pretty close to that. It's really been a lot of folks walking out the door. Trustee Kramer, I see your hand up.

Trustee Kramer: Patrick, I just had a quick note about the retirement workshop I attended at the fire training center about five weeks ago, and I wanted to put on the record a note that I thought the FPDR staff did an outstanding job. It was really a very informative, very well-organized presentation and I was really glad I went.

Chair Hughes: Great. You have a hand up, Kyle?

Trustee MacLowry: Yes. Two things. Stacy, for that 55 people that retired, do you track how many do the retire rehire the program or is that not part of the stats?

Stacy Jones: We do track that. I don't have that at my fingertips. Let me see if Beth has that in her sheet.

Trustee MacLowry: I'm not sure how frequent that is used by the police side. It's becoming more and more frequent on the fire side.

Stacy Jones: Yes, I know there were a lot on the fire side just anecdotally. Yeah, we do track that but I don't have that at my fingertips, Trustee MacLowry. I'm sorry.

Trustee MacLowry: That's okay, I was mostly curious.

Stacy Jones: I can get back to you with that, though.

Trustee MacLowry: My second one was about upcoming dates for the retirement workshops. I'm not sure where to track them exactly and I'm actually interested in going to one as well. Is that through the website or is that going to come out in roll call? Do you know.

Stacy Jones: Those are on the website, although actually now that you say that I'm not sure that Beth has posted those yet.

Director Hutchison: We don't have the 2025 meetings on there yet.

Stacy Jones: We don't have them on there yet. Normally we do have them on there by now. I guess we've been completely overwhelmed with our 27 pay date retirements, but normally we have them up on our website. We'll get those posted and we'll have four next year, like we usually do. The first one is usually at the end of the February or beginning of March, but we'll get those posted soon. I'll put that on my list to make sure Beth gets that out.

Trustee MacLeod: Thank you and when they do get posted, would you send us an alert or mention it in the January meeting so we can look and sign up for one of those?

Stacy Jones: Yes, absolutely. Yes.

Trustee MacLowry: You read my mind. Yes, thank you.

Stacy Jones: It's been an exciting time in the FPDR office. We've had lots of folks coming in and retiring.

Trustee MacLeod: I just have a follow-up to Kyle's question on the retire rehires. Is there a limitation on the length of service that can be done subsequent to retirement if you're rehired?

Stacy Jones: So, the retire rehires, it's not like a DROP (Deferred Retirement Option Plan) program or anything like that. They're not continuing to accrue service in the FPDR plan when they're rehired. So when they retire, they're retired to us. They're just retirees to the FPDR plan. We treat them as if they had gone out and gotten a job at Walmart or something. Their return to service at the city is of no interest to us, I suppose would be the best way to put it. But the police, the PPA contract and the PFFA

contract do have specific provisions around how long they can return to work, and I don't remember all the details. Trustee MacLowry might know the details of the fire retire rehire program.

Trustee MacLowry: For the fire side it's one year and it can be extended to six months by the Chief of the bureau, they can decide if they can have an additional six months.

Trustee MacLeod: Thanks.

Stacy Jones: And while they're rehired, they're covered by the city's workers' compensation plan, not by the FPDR disability plan for any new on the job injuries. And then they may or may not, I think it's negotiable with the city, but I believe that at least at this point always been covered under the PERS plan for that time. I believe that's the same at police. The program has existed at police for quite a while, but it's new at fire. How long have we had it at fire now, Trustee MacLowry?

Trustee MacLowry: I'd say about three years.

Chair Hughes: Did we run out of new thoughts? Looks like it, and my eyes are still open. I'm still waking up at 3:00 a.m. every day, so I'm actually proud of myself for making it all the way until almost 3:00. Okay, well thank you everybody, thanks staff and thanks to staff who are not present. We will see you at the next board meeting.

Trustee MacLeod: Yes, thank you. All right. Take care.

Stacy Jones: Bye, everyone.

Kim Mitchell: Thank you all. Bye.