Western Lane Ambulance District
Siuslaw Valley Fire and Rescue
Western Lane Fire and EMS Authority

2625 Highway 101 North, Florence, OR 97439

Joint Special Meeting Minutes, August 20, 2020, 5:00 p.m.
The Zoom recording will be posted on SVFR & WLAD Websites

SVFR BOARD MEMBERS PRESENT: Directors Ron Green, Ned Hickson, Sam Spayd
SVFR BOARD MEMBERS ABSENT: Directors Alan Burns, Jim Palisi

WLAD BOARD MEMBERS PRESENT: Directors Rick Yecny, Larry Farnsworth, Mike Webb
WLAD BOARD MEMBERS ABSENT: Cindy Russell, John Murphey

WLFEA BOARD MEMBERS PRESENT: Directors Sam Spayd
WLFEA BOARD MEMBERS ABSENT: Cindy Russell, John Murphey, Jim Palisi

STAFF PRESENT: Chief Schick, Chief House, Dina McClure

Chief Schick called the meeting to order at 5:00 p.m. Roll Call established quorums with SVFR and WLAD.

MaryMichelle Sosne, Actuarial Business Specialist with Oregon PERS, introduced herself and provided a Power Point Presentation. Her slides included:

- PERS Funding Equation: At the end of each calendar year, the PERS actuaries calculate the system's funded status using this equation: Benefits = Contributions + Earnings. Every two years PERS adjusts contributions so that over time those contributions will be sufficient to fund the benefits earned if earnings follow assumptions.
- Solving the Equation: There was a list of six objectives and principles with predictable and stable rates being the primary goal.
- Basic Principles of PERS Reform: The only way to reduce total costs for a retirement system is to reduce benefits. Contributions can't go down unless earnings go up or benefits go down. Only prospective benefits can be reduced, not benefits earned in the past. It's all about math and not about opinions.
- Where the Funding Balance Got Away: A graph from 1990 to 2018 showed earnings averaged 15% until 1999, driving up Money Match benefits, but contributions were never set to align with these increases. Employers sued over the PERS Board's 1997 and 1999 rate orders, leading to 2003 reforms that redirected member contributions and limited crediting, driving down the rate of benefit growth. Earnings cratered in 2007-09 (28%), so 2013 reforms sought to limit COLA, but were rejected by the court.
- Actuarial Accrued Liabilities: Graphs show a breakdown of liability by member category and active membership by tier. Approximately 72% of PERS' total accrued liability is for members who are no longer working in PERS-covered employment (retired/inactive). Although OPSERP members have 7% of accrued liability they now make up 71% of the active working population.
- Funded Status: As of December 31, 2018, PERS was 69% funded (75% including employer side accounts). Side accounts hold deposits from PERS employers of pension obligation bond proceeds and other advance lump-sum payments that are amortized to offset that employer's contribution. The unfunded actuarial liability was $27 billion ($21.8 billion including side accounts). The UAL fluctuates based on various factors, including investment returns, board reserving policies, statutory plan design changes, and litigation outcomes.

- System Funding Level and Status: This graph showed a projected UAL excluding side accounts. At steady 7.2% returns, the UAL remains relatively level at $25 billion for several years before declining to below $8 billion at year end 2037.
- Pooling: Both districts are members of the State and Local Government Pool (SLGRP), OPSRP and Retiree Healthcare. The assets and liabilities in these pools determine our rates. All members of the SLGRP pay the same UAL rate. The UAL rate is determined by dividing the entire pool's UAL by the entire pool's payroll. The UAL amount for any employer in the pool is simply a portion of the pool's UAL allocated to the employer based on the employer's combined valuation payroll, not the employer's actual experience. Since the UAL is shared amongst all employers in the pool, an employer cannot pay off their UAL unless and until the pool's UAL is paid off. However, since both of our districts joined the pool with less UAL than the average SLFRP pool member, we are assigned a transition surplus, which reduces our rate slowly over 20 years, expiring on December 31, 2027. In addition, WLAD has a Pre-SLGRP pooled liability rate from being in a pool prior to the SLGRP that had less of a UAL.
- Managing Rates: There are two ways an employer can influence their rates: payroll and establishing a side account. SVFR was able to get in on the Employee Incentive Fund that will begin to provide a rate offset on July 1, 2021. WLAD was in a different tier and funds were already dispersed when WLAD applied. The EIF program has been defunded due to funds from sports lottery being reallocated by legislation.
- The last slides were graphs that showed net contribution rates for the rate setting valuations 2013-2019 and the advisory rates for 2021.

Questions from the Board:
A variety of questions were asked and Sosne will provide more information on these issues:

1. The financial modeling of funded status and projected rates.
2. Projected rates with a side account using a minimum of $250,000.
3. Look into Western Lane's UAL allocation difference from 2015-2017 and verify the source of that difference vs Siuslaw's change.
4. Find out if the UAL allocation should be reported to GASB on a Balance Sheet as an account payable item.

Meeting adjourned at 6:40pm.

Respectfully submitted,
Dina McClure
Recording Secretary