A G E N D A

LRAPA
Lane Regional Air Protection Agency

LANE REGIONAL AIR PROTECTION AGENCY
MONTHLY BOARD OF DIRECTORS MEETING
WEDNESDAY NOVEMBER 17, 2021
12:15 P.M.

Note Location ➜ VIA ZOOM

By Video: https://us02web.zoom.us/j/82551664224

By Audio: +1 253 215 8782

Meeting ID: **825 5166 4224**

(Note: Start times for agenda items are approximate.)

1. (12:15 p.m.) CALL TO ORDER

2. (12:15 p.m.) ADJUSTMENTS TO AGENDA

3. (12:20 p.m.) PUBLIC PARTICIPATION (time limited to three minutes per speaker)

   A. **Comments on an Item on Today's Agenda**

   B. **Comments on a Topic Not Included on Today's Agenda** (Note: This is an opportunity for the public to bring up unscheduled items. The board may not act at this time but, if it deems necessary, place such items on future agendas. Issues brought up under this agenda item are to be limited to three minutes' speaking time by the person raising the issue. If additional time is necessary, the item may be placed on a future agenda.)

   C. **Comments from Board Members** (Note: This is an opportunity for ***Board Members*** to bring up unscheduled items regarding today's public comments, and/or written/electronic comments they have received. The board may not act at this time but, if it deems necessary place such items on future agendas.)

ACTION ITEMS:

4. (12:30 p.m.) Consent Calendar

   A. Approval of Minutes for October 14, 2021, Board of Directors Meeting ***VIEW MATERIAL***

   B. Approval of Expense Reports for July - October 2021 ***VIEW MATERIAL***

DISCUSSION AND POSSIBLE ACTION:

5. (12:35 p.m.) Approve Local Dues Request to IGA Partners for FY2023 ***VIEW MATERIAL***

6. (12:45 p.m.) Benefits Evaluation – Resolution Proposal ***VIEW MATERIAL***

REPORTS:

7. (12:55 p.m.) Advisory Committee ***VIEW MATERIAL***

8. (1:00 p.m.) Director's Report of Agency Activities October 2021 ***VIEW MATERIAL***

9. (1:20 p.m.) Old Business

10. (1:25 p.m.) New Business

11. (1:30 p.m.) Adjournment

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Nos esforzamos por proporcionar accesibilidad pública a los servicios, programas y actividades de LRAPA para personas con discapacidades. Las personas que necesiten adaptaciones especiales, como dispositivos de asistencia auditiva, formatos accesibles como letra grande, Braille, documentos electrónicos o cintas de audio, deben comunicarse con la oficina de LRAPA con al menos 72 horas de anticipación. Para las personas que requieren servicios de interpretación de idiomas, incluyendo la interpretación calificada de ASL, comuníquese con la oficina de LRAPA al menos con 5 días laborables de anticipación para que LRAPA pueda proporcionar los servicios de interpretación que sean lo más completos disponibles. Para todas las solicitudes, envíe un correo electrónico al Coordinador de Antidiscriminatoria de LRAPA a accessibility@lrapa.org o llame a la oficina de LRAPA al 541-736-1056.

M I N U T E S
LANE REGIONAL AIR PROTECTION AGENCY
B O A R D M E E T I N G

November 17, 2021

VIA - ZOOM

ATTENDANCE:

Board: Joe Pishioneri – Board Chair - Springfield; Kathy Holston – Vice Chair - Oakridge; Jeannine Parisi – Eugene; Howard Saxion – Eugene; Jenna Knee – Eugene; Mike Fleck – Cottage Grove; Terry Fitzpatrick - Springfield

Absent: Joe Berney – Lane County; Matt Keating – Eugene

Others: Mary Bridget Smith – Attorney, City of Springfield; Peter Nielson – PERS; Jim Daniels – CAC Chair

Staff: Steve Dietrich; Debby Wineinger; Travis Knudsen; Colleen Wagstaff; Robbye Robinson; Julie Lindsey; Beth Erickson; Katie Eagleson; Lance Giles; Chris Coulter

1. **OPENING: Pishioneri** called the meeting to order at 12:15 p.m. and introduced new Board member, Springfield representative Terry Fitzpatrick.

2. **ADJUSTMENTS TO AGENDA: None**

3. **PUBLIC PARTIPATION: None**

4. **ACTION ITEMS:** Consent Calendar

   A. Approval of Minutes October 14, 2021 Board of Directors Meeting
   B. Approval of Expense Reports July - October 2021

   MOTION: Fleck MOVED to approve the Consent Calendar, Saxion SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

5. **APPROVE LOCAL DUES REQUEST TO IGA PARTNERS FOR FY2023:**

Dietrich said the next two items on the agenda are there not only for discussion, but possible approval.

Lindsey outlined the following FY23 alternatives:

The first proposed alternative (FY23-A) is calculated using the FY22 dues adjusted for inflation (current CPI of 5.3%, average 12 months for West B/C size communities) and including an additional 4% increase for the Cities of Eugene and Springfield, as well as Lane County, as was recommended by the Resources and Projects Committee and approved by the LRAPA Board, in order to restore, over a 10-year period, about half of the local dues reductions that occurred during the recession.

The second proposed alternative (FY23-B) is based on the FY22 dues adjusted for inflation (current CPI of 5.3%, average 12 months for West B/C size communities). This alternative essentially puts the 10-year plan (to restore half the dues lost during the recession over a 10-year period) on pause for another year as was also done last year.

The third proposed alternative (FY23-C) is the same as the second alternative, which is based on the FY22 dues adjusted for inflation (current CPI of 5.3%, average 12 months for West B/C size communities). This alternative essentially puts the 10-year plan (to restore half the dues lost during the recession over a 10-year period) on pause for another year as was also done last year. In addition to the proposed dues, this alternative includes developing a methodology for future dues based on services provided by LRAPA.

Holston said we have to have dues, and we have to have a way to calculate them and increase them. She would like to see the staff report about how we would increase areas based on their services. But she is also concerned about that, knowing full well that Oakridge's services are high in many cases, but their ability to increase dues is low. She thinks it is a fairer and cleaner way to just say that we budget to expenses as well as future expenses, not to a restoration. Her community sees that language and asks why they aren't just planning their budget and their dues based on what they need and what they anticipate, as opposed to trying to get to an arbitrary numbers from the past.

Parisi said she didn't see the population growth as one of the increase variables and that's always been included. We have raised them by both CPI and population. And she assumes it's not going to impact the MOE (maintenance of effort), she knows the state funds are higher because the DEQ gave $175,000 additional over the biennium, and just wanted to make sure that MOE calculation is going to still work out with the option that staff recommended, and she is completely in support of revisiting the old plan.

Fleck said Oakridge and Cottage Grove are actually paying full fare at the moment. And basically what we are currently paying is a higher percentage based on population than any of the other jurisdictions. He thinks that's where the restoration comes in, to get everybody on an even playing field where we are all paying the same percentage. How would we even determine a methodology based on services? Would it be based on industry in the community? Would it be based on the amount of time spent on investigations? He is just kind of curious what that would even look like, and he's not suggesting he wouldn't support it.

Pishioneri said he didn't like the term restore; he holds it in disdain. Only in a sense that it's almost like how dare our organization go to our taxpayers and say, we didn't have a very good budget 10 years ago. And we really want to make that up. And we want you to pay a higher rate until such time. It's a continual restoration mode. We need to look at it in today's numbers and in today's operational costs.

Saxion said he wasn't around 10 or 15 years ago, The world's industry mix has changed air quality, there's been a lot of changes in it and just because we had a budget 10 years ago, does not mean that we need the same budget this year. It seems like you need to establish what your program is and how much money you're going to need and then determine what the cost allocation should be based on that, rather than 97 cents or whatever the number is, and it just seems backwards to him and the way we're budgeting in this 10 year plan, He suggests just get rid of that, because we're not using it anyway and revisit it and see what we need going forward in budget and resources.

Fleck said the big thing was the maintenance of effort, and as long as we're achieving the maintenance of effort, he is okay with that. But in all fairness, he thinks that if we are staying with population, then Cottage Grove and Oakridge ought to go to the same 29 cents instead of the 97 cents we're currently paying. It is small dollars, and he’s not going to fall on his sword over it. But, if we are talking about fairness, that's the reason he thinks we're trying to get everybody back to the same playing field.

Pishioneri agreed, we need to be fair and use the same matrix across the board. Oakridge has been a focal point of a lot of effort and a lot of costs, that is because it's needed. Springfield hasn't had that type of need, if we had that same level of need then it's going to cost a lot more to run this agency. A true partnership is really allowing everyone to benefit from the same organization. He thinks the dues ought to be across the board.

Holston asked for clarification on the recommendation, you said it would sunset the 10 year plan. Are you are saying we would set that aside, and then we would still do the CPI increase, but not the 4% increase? **Lindsey** said correct 4% is related to the 10 year plan.

Fleck said we should all be based on population. **Pishioneri** said he thinks if we were to entertain a motion, let's make that model, he would agree making that modification, That would be up to the vote of the Board to make those changes and make it an equal playing field for all members. And use the same cost matrix.

Parisi said Oakridge and Cottage Grove have carried their fair share for a long time, the small cities, while the bigger entities partners have not been able to do that, and your ideas completely fair, she would offer two things. One is make sure that we are adjusting for population growth, so that we are not shorting ourselves. The second thing is she wants to see what the difference is and then allocate that as part of the CPI. Basically we are resetting the playing field. She didn’t want the organization to lose money. She would like us to at least stay at the steady state, with population and CPI. That is her preferred alternative, if the smaller cities feel that's fair. It's a small increase to the larger partners, but really de minimis.

Holston said if she understands correctly what you want to do is use the recommendation of C. But ask them to calculate dues equally, using the same factor for each one. In doing that, now we want you to look at how we calculate, and we still want to do a study on it. Are we applying one little piece when we get a recommendation from staff in the future that says this is how we really want to recalculate it. She is wondering whether it's kind of necessary to do that this time around, when we know we'll be looking at information explaining a better way in another few months.

Parisi said she understands what **Holston** is saying. How many iterations of this does the organization want to take and if it feels like they can adjust to the reduction without a whole lot of harm. She wants to basically hold the organization harmless. We are just doing CPI, and she is assuming population changes. She was just trying to find a way to not reduce the dollar amount. Especially if it starts upsetting the maintenance of effort, which she is guessing is not a problem. We don't want to do 14 iterations of this, but she guesses this is bridge strategy that gives us a whole year to come up with a new methodology that everyone's comfortable with, review the ordinance because she feels like the ordinance applies to LRAPA. She feels we have some constraints or legislatively that we need to follow. That is maybe a bigger conversation.

Lindsey said she wanted some more information, specifically on the differences like the city of Springfield. Currently, we have talked quite a bit with Mary Bridget Smith, our attorney, and part of her work with LRAPA is in-kind as part of this agreement, while she would love to see one methodology where everything's applied equally across the board, and there is some in-kind services. She wants to do some research and really give value to those. What Mary Bridget Smith and we have talked about is, for example, with Springfield, we bring their dues up to the gross amount, and then she bills us for her services. She thinks there's more of those agreements around, she hasn’t been able to get her hands on them. In regard to your population comment, I was unable to find a different population than what was posted last year. So that's why I based it off last years. Knowing that a new methodology would pick that up in regard to how we fairly distribute among the population, and then the MOE is in consideration under this proposal to make sure that we stay within our MOE boundaries.

Fleck said he feels guilty because he is the one who initiated all of this. He can support this right now. And for next year, let's do a detailed look at this. He certainly didn't want to short Springfield, if they are providing in-kind services that are matching maintenance of effort as well. And the reason we have never balked, and he assumes Oakridge as well, because it's not big dollars in our budget, we've been happy to kind of floated, but if we dropped the current mechanism, he would like to see change. He is not worried about this year.

Dietrich pointed out that whatever agreement everyone was operating under in the past, he didn’t know if it was signed by everyone and the previous Director. Whatever you vote on today, if it does affect that agreement, we might need you to sign an agreement.

> **MOTION: Fleck MOVED to adjust for inflation, put the 10-year plan (to restore half the dues lost during the recession over a 10- year period) on pause for another year as was done last year. In addition to the proposed dues, this alternative includes developing a methodology for future dues based on services provided. Holston SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS**

6. BENEFITS EVALUATION – RESOLUTION PROPOSAL: *View presentation here*

Lindsey said LRAPA would like to request that we consider joining the PERS retirement system. We have a short presentation on investigating review shown to recent recruitments and how we believe that the PERS system has affected the outcome of our recruitments. **Peter Nielson** has joined us. Peter is one of the Employer Reporting Operation Analysts for PERS and could answer PERS related questions. She will try to answer them first but may have to defer to him. The Board does have to approve a resolution in order to allow LRAPA to start having these discussions of a transition plan.

Lindsey highlighted recruitment and retention concerns. She also has a financial overview and staff recommendation for the Board. At the end, there should be time for discussion and questions.

Lindsey said it is known through the industry that LRAPA is currently not a member of PERS, which we believe does create a competitive issue when we are looking for new employees in this specialized labor pool. We have a succession plan that we would like to update as part of the Directors goals. And part of that is looking at our entire benefit program. That overview will happen in the next six to eight months. But we are currently in a unique opportunity to look at our current retirement system, which has brought this to light why we want to look at PERS. We also have a current recruitment coming up that we would like to post offering PERS to a possible candidate. We've had some difficult recruitments in the recent past, we've had our Director recruitment, her recruitment, and a recruitment for a field inspector. And both the Director recruitment and the finance recruitment were retooled and put out a second time to try to gain some interest in our candidate pool, particular for her position. Overall PERS is a retirement program at the public state level that allows certain benefits that employers are not willing to give up moving to other positions. The other recruitment we had was a field inspector. What happened there is after posting it twice, we actually only ended up with a single hire, instead of our desired two, we do know that we have a vacancy coming up. We wanted to train two folks at the same time using our Senior Inspector. The first employee was hired in September, and she was introduced at the last Board meeting. She is currently undergoing training. When we put this recruitment out again, we will have to do that training program with the candidate. And we really strive to become one of those destination employers instead of a training employer. And what that means is when a posting goes out for LRAPA we gain interest from folks that are willing to come here. Instead of being that training employer where we recruit those that don't have a lot of experience. We do a lot of training; we help them get their certifications. And once they have that under their belt they move on to these higher destination employers. We need to get that competitive edge. We need to really be able to set ourselves apart when we have these positions open. It has been noted in previous discussions about how important it is to keep those benefits at the same level if not greater than some of our competitors, which one of the biggest is DEQ.

Lindsey said what we currently have is a customized retirement plan. This plan requires us to have a third party plan administrator that comes at a cost. That administrator provides oversight and restatement of this plan. The restatement happens every 10 years. The unique opportunity we are in right now is this plan is in restatement until June 30 of 2022. Which means we have the right to look through the plan as it sits overall and make adjustments, which then allows us to look at the PERS option. If in fact, we can move there, we would need to make changes to our current Voya plan. Voya is very similar to the 401k. And similar to PERS, it does have the five year vesting period. It does require contributions from the employer and the employee. One important note to make is that LRAPA employees are currently contributing 6% of their wages to the retirement plan that would transfer over to PERS and then the balance of the account does move to the beneficiary upon death. Voya is set apart a little employees are allowed to loan against this retirement account. But it is not a widely used perk. One of the disadvantages of Voya is that it does terminate at the end when the employee separates from the company. So it is not transferable to other governments. And the other drawback is you have to be a member, employee of LRAPA for one year in order to be eligible for retirement which is a minimum six months greater than what PERS offers. So if we look at the PERS side, number one, it is a state administered program. So part of the dues come in and take care of that program, which would relieve LRAPA some of that day to day management of this Voya system. And there's some efficiencies to be gained in the work that we do, especially her position in regard to administering the program. There's the five year vesting, but what's underlying here are the advantages to PERS in which many employees are not willing to give up. If you look at the state of Oregon, and you want to move from one government to the next you retain your PERS as you move to these different governments that helps encourage folks to look for promotional opportunities in other governmental jurisdictions. The PERS program does offer pre-retirement disability benefits and pre-retirement death benefits. LRAPA does have a few of these, long term disability insurance plan that we may be able to look at because PERS does have some options to offer some of these other retirement benefits. PERS also allows post-retirement healthcare options, employee paid, or member paid. If somebody wants to retire at 62 there’s the three years before Medicare gives them that option. PERS does provide a defined benefit as well as 401K type plan. And one of the options is that defined benefit can be passed on to your beneficiary and then your balance would move to the beneficiary upon death. So those are some of the highlights of the plans.

Lindsey said we did a survey of our current employees, we have 19 FTE, and 13 of them are eligible to move to PERS. She anticipates all 13 would go in under the OPSRP program, and not the tier one or tier two levels. That is what this cost analysis was focused on. 6 employees not eligible to move to PERS at this time. Only 13 folks would be moving. In our resolution is all future employees would move to PERS. She asked Voya to look at some options for us in order to maybe reduce the fees. When you look at the totals we are paying $136,056 into Voya. Keeping Voya for the few and doing PERS in our transition time is $162,778, which is about an annual change of $26,700, monthly about $2,200 and then divide that by the 13 employees. It's about $171 per employee per month. She can think of several things to have budget offsets to help cover some of these costs. And that's going to include these efficiencies in my personal systems here and my financial group's systems in reducing the Voya and reducing the need to manage the loans because they are now coming straight out of our payroll system. In reducing our oversight of that program, I'm looking at also being able to reduce hiring and training costs, because we're hoping to retain or attract these higher level folks that may not need as many training hours.

Lindsey said The Oregon Public Service Retirement Plan (PERS) went into effect around 2003. We had tier one around 1995/1996 tier one was limited, and employees moved into tier two, that limited some of the big costs that were happening with PERS. Around 2003, the Oregon legislature put in OPSRP (Oregon Public Service Retirement Plan), and this limited those benefits even more. We started out with 5.82%. It increased in 2019 to about 10.33%. This is the employer cost. We asked what they thought the market would go to, and they provided some projections. We really don't know what the markets going to do. But it is estimated our OPSRP folks in 2029 may be the employer percent would be about 11.24%. It is possible that we would bring in a mid-career tier two, looking for a promotion, maybe in the management level or Director level. It would be very slight chance that by the time Steve retires there would still be a tier one wanting to make a career change, but possibly a tier two. And if that's the case, the single tier two person, their rates would probably be higher at that time. The analysis she did was really focused on OPSRP folks.

Lindsey said PERS requires us to have an approved resolution by the Board in order to start developing a transition plan. The resolution was provided as part of the attachment to the agenda. It reads LRAPA's intention to join PERS. This resolution looks at who's eligible. Our requirement that all new employees would join PERS, and you don't leave PERS once you join. Identify some employer choices, you recognize that employees would be responsible for paying the employee contribution versus LRAPA. Picking up an additional 6%. And it also sets the proposed start date.

Fleck said he is absolutely not going to support going to PERS. We all know, PERS has just been an utter disaster for cities. He pulled up a fact sheet, and said every jurisdiction right here, you can go right on the IRS website, and it shows the PERS employer contribution rates. You are saying that the rates are going to be 10.33%. His first question on that is that the 2019 to 2021 rate or is that the 2021 to 2023 rates. Because just looking at his own city Cottage Grove is currently on the OPSRP at 13.87%. The next two years we're going to 20.51%. This is a whole lot more than 10.33%. And, with the Senate Bill 1049, we are now with the legislature with the OPSRP now backfilling the shortfall in the unfunded dollars for tiers one and two, and who knows what the future holds with the legislature robbing these funds to pay for the unfunded liability in the tier one or two. He thinks these estimates are astronomically low. And PERS has once again, been an absolute disaster. He has had many jobs over his career. And managed three different retirement accounts at this point. He is not understanding the concern around somebody having their remaining PERS and then going into ours and having two different retirement accounts. He understands there's some incentive for folks to be able to move there. But not at the expense of our amount of funds available. The 2012 work session with the county commission, he was there as Board Chairman. That year we were talking to them about the cuts because our budget back then and he knows he has said before we were in dire shape. In fact, our projections when you go out from Nasser Mirhosseyni previous numbers show that we have a finite number of years where we are going to be in good shape. He just can't with fiscal responsibility incur what could be just astronomical expenses. Don't get him wrong, he wants to pay our employees well, he wants them to have good benefits, but not at the expense of the agency, which is what he believes this would do. We just had the most unbelievable jump in our PERS expenses in our budget this year at the city, granted we have a lot of tier one and tier two employees. Unfortunately, he believes that LRAPA will succumb to the same problem if we go down this road.

Holston said Mike Fleck expressed it very well. She also has some grave concerns about the cost. Are we convinced that the reason we had a difficult time hiring is because of our retirement plan? Or is it the socio economic stability that we're seeing right now. And it's been a unique two years. She is not sure that we can just blame it on our retirement plan is not being attractive. Also, not thinking that we will ever compete with DEQ as far as being a destination employer. We are a small agency; we always will be a small agency because we deal with just the county. We are setting ourselves up as being a destination hiring point and not recognizing that there will always be in this agency a group of folks who come to learn and then to move on. And that's not necessarily a bad thing. She does not see that we've had a lot of attrition in our staff. We have people who have been here a long time. And while she wants them to have the best possible benefits. As an employer, we should always be wanting that. She does not think this is the best way to go considering how expensive it is, and the anticipated rising costs, which we've seen in the last 5 to 15 years, and we can anticipate they will continue to grow. She thinks we need to really look at what the recruitment failures where perhaps it isn't just our retirement plan. She would oppose this.

Saxion said he realized that we did have a challenge in recruiting. And he gets that if you're a public employee your pension plan may not be transferable. He is retired and he does not have a pension, that is why he saved through a 401k. And he was with a large company, he wished his company would have matched 8%. That's with only a 6% employee contribution. That's very generous from what he has seen at least in the public sector. He is not convinced we are not competitive with the current program. He has also just read in the paper things about the large increases in the PERS contribution from the employer, the agencies, and that is concerning to him. Especially when you have a program that tries to guarantee a retirement income, that's pretty foreign to him. His retirement is pretty dependent on investments and things. And there's certainly risks there. For a small agency, he would be concerned about the ability the agency has to absorb large increases in PERS cost. If the PERS investment advisory group misses it, which they have in the past, because it's dependent on a very volatile stock market and bonds and all that kind of thing. He has concerns about any resolution that would require us to make a commitment at this time that LRAPA would actually join PERS. If there's value in further discussion with PERS, he is okay with that. But certainly not willing to make any commitment at this point until he gets a more in depth analysis.

Pishioneri said it does not surprise him that this is not a one meeting conversation, it's a very complex issue. He sees both sides, he is a PERS retiree, and tier one. When someone is currently in PERS and has 20 years of service in and they stop they are not actually eligible for full retirement benefits in PERS until they get so many years in. He knows with police and fire, it's 25 years, but with civil services 30 years, so someone may want to be able to obtain to get to that milestone, so they get full benefits. He knows that would certainly make this organization attractive to a current PERS employees so they can keep that clock rolling. He didn't see where it's delineated as to really how much oversight time we're putting into this, how much effort it is, something we look at once a month and say, okay, it looks good, keep rolling, or it could be something you have to look at daily, he didn't know. That's kind of a hard way to use that as a litmus test. He did some numbers based on what you had, and he actually came up with less annual change than what you have based on his math. He had a monthly cost or monthly change of $1,982.09, as opposed to the $2,227.00, he used the same numbers you used. and the cost of Voya and the cost PERS. He thinks what threw it off a little bit was the administrative costs. He is not absolutely opposed as much as Mike Fleck is, but he absolutely wants to move forward and get more information as Howard Saxion alluded to, he thinks it's a very important topic. And it's very important to the staff at LRAPA that we do our absolute due diligence before we bite off any carrot. It's paramount that we do it correctly. And regardless of the timing issues, before we take that leap, because we can't jump back up on top of the hill after we jump.

Parisi agreed with Joe Pishioneri, the issue at hand is attracting current PERS employees to jump to LRAPA. So they can stay in the system. She actually knows somebody who was interested in the Director's position, and they wouldn't apply because it was not PERS. That is a challenge, especially when you're recruiting with other public agencies. Many public agencies and state agencies are in the PERS system. It's going to be a recruiting challenge for us. She is also a PERS employee. She feels a little conflicted here, she also feels a little bit of an ethical dilemma to even be commenting on this, how can she deny other people the benefits of PERS? But that's her own personal dilemma. **Parisi** asked Peter, since you're here on the call, and Mike has some different numbers than some of the numbers that Julie provided about escalation costs. She was wondering if he could help us understand the difference in projections, because any of us who were publicly employed and looking at costs they have been significant, some of us have been trying to pay down some of that, into the fund to try to reduce our costs. But some of those escalation numbers she thinks were a couple of years back, we are in the 20 to 24% for the school district, so they are big numbers. And that's scary for a small agency. She thinks our Board members are very right to be speculative and cautious here because of those cost escalation. So can you help us understand that better? And a question for Julia is, what are the timing issues when we have to make a decision one way or the other?

Peter Nielson said places like Oakridge or Cottage Grove the rates those employers are paying are heavily impacted by the history, mostly tier one and somewhat tier two history of the system. For example, at the city of Oakridge, more than half of the net rate for members is actually for the unfunded actuarial liability. These are huge numbers just as an example if you're tier one or tier two member in a general service position or even police and fire your rate right now is 34%. But that includes 18.32% of unfunded actuarial liability that's just baked into the system from back in the day. And even the normal rate cost percentage is high, because the people who are in tier one and tier two are actually getting more generous benefits than OPSRP members are. It's important to keep in mind that if the organization does come in, and it does have all or primarily OPSRP members, their experience is going to be what's going to look a lot like the chart that Julie showed you because that's the structure that's baked into OPSRP, when we calculate a benefit under up OPSRP we're basically multiplying years of service final average salary times 1.5%, which is a lower factor than for tier one or tier two. Many of you may know tier one accounts have received the assumed rate every year because that's the law. When they received it not less than 8% per year, no matter what the market was doing up until a fairly recent time in the past. The benefits that tier one members have received in large measure, were driven by money match calculations back in the day, which took your account balance, multiply that by two, and a lot of people were going into retirement receiving just as much income as they had been receiving when they were working. The new OPSRP system members don't get that. It's not like it used to be to the extent that the authority does not have any tier one or tier two members, you're simply not looking at that unfunded actuarial liability. And secondly, the benefits that people are going to be generating there's OPSRP members just don't compare to those as in tier one tier or two members. That explains the huge disparity between the rates that Mike Fleck and Kathy Holston have seen, versus the rates that we're showing you because we're only looking at OPSRP members. Even if tier one and tier two members came in, and were employed by the authority, you wouldn't be liable for all of what has already happened with regard to those tier one and tier two accounts, you'd only be looking at paying the rate that's applicable to those tier one or tier two members going forward. When we calculate rates and that's something our actuary does, it looks at the dollars coming in versus the dollars going out for actual experience. The rates are higher now than they used to be for tier two in large measure because of what happened back in the day when the market was going crazy. And tier one and tier two members are to what members are clamoring for the same returns as tier two members, because it was so much more than a percent. The system was certainly off kilter for a long, long time. Our investments are directed by the Oregon Investment Council, one thing that happened in 2008 was really unfortunate was our IP accounts, which are the 6% that people contribute to their defined contribution program, initially at one start up until a certain recent year, maybe 2017. Those were being invested in sort of a one size fits all pool. In 2008, when the market took a dive, everyone's IP account took a dive about 45%.

Saxion asked what the timeline for the Voya contract or agreement is. **Lindsey** said June 30, 2022 is when our current plan is out of restatement, meaning for us to make these major changes in the plan. But what we didn't want is to have an issue where we are required to have 100% participation in Voya. And then have an approval to move to PERS. She needs to check with Voya to say if we told you this on June 1st, or 15th, do you need them by March 1? The other thing is we do have a recruitment coming up. This is another field inspector for the third time, and we were hoping to be able to write that recruitment that included PERS. Those were the two timing issues that we are bringing up with this request. **Saxion** said with respect of the potential employee, he knows that's important. But the question of joining PERS is bigger than one potential new hire. He would like to know when do we as a Board need to make a decision? And is it acceptable to PERS that we as a Board agree to enter into discussions but not make a commitment that we're actually going to proceed? He thinks we need more information. He would like to have a firm date on when we need to make a go or no go decision. **Peter Nielson** said currently there's almost no turnaround time between when we receive a resolution from a governing Board, and when we can actually have a start date on PERS participation. In his recent experience, we actually submitted resolutions for consideration by our attorney, Department of Justice, and then to our Director and our Board Chair. And the date of the resolution was pretty much the same as the participation date. So we don't have any real trouble turning around an authorization through a resolution. We can actually set forth the participation date and can be very close to the date of the resolution. **Lindsey** added that January 1, is pretty aggressive, and employees aren't eligible to join to actually become members for six months. So we are looking at July 1, which puts us in the next budget year. These are considerations as we come into budget discussions with you and the budget committee. We need to start looking at ways to help offset costs or ways to get PERS as part of our future plan and including the projections. In our minds, we're looking at beginning a budget system, we have this restatement period happening for the next six, seven months, and any recruitments that we put out.

Saxion asked administratively for LRAPA the change as far as payroll is that a big deal? Or is it pretty quick, as well. **Lindsey** said it is pretty quick, we are looking at upgrading our financial system. So we'll be creating new things. But, it would be more helpful for her to have an answer in order to build that in.

Fleck asked if there was a way for you to give us an actual rate. And can you explain to him how his OPSRP at the city of Cottage Grove, goes from 13.87% to 20.51%? Based on his tier one, because he is not following how that's connected. The tier three is supposed to be independent; he is not understanding that piece as well. **Peter Nielson** said he has been a PERS participating employer since 1973. To have the experience of the fund and all that had developed, a huge amount of unfunded actuarial liability has to be paid. When we are billing for tier one or tier two or OPSRP members, employer contributions that funds the pension system, we're including the amount that the city has to pay to pay down unfunded actuarial liability. It's being applied to all of your payroll whether those employees are tier one, tier two or OPSRP. As each one of your tier one member employees retired, there will be fewer people paying towards the unfunded actuarial liability, when there were no more tier one members that liability would still be outstanding, but the city wouldn't be paying its share towards making up those dollars that are underfunded. The entire unfunded actuarial liability is paid against all of your payroll, including OPSRP members, tier one, and tier two over time, what you'll basically see is at one point in time, all of your tier one and tier twos will actually have been retired and receiving benefits and only OPSRP member salary will actually be paying towards that unfunded actuarial liability. It's a great question, but it's because of the historical experience. On the other hand, if the authority comes in, and does not hire any tier one or tier two people ever, it's never going to actually have that component of its unfunded actuarial liability. All of the textbook actuarial experience will apply only to its OPSRP benefit program.

Fleck said the other part of his question was can you actually quote us what that rate would be rather than just an average? When he is looking at these numbers they are all over the board. Most cities are going dramatically up in the next two year biennium. Are those rates based on the 2021 biennium? Or are we talking about 2023. **Peter Nielson** said the rates he gave to Julie are the new employer rates for any new employer that's coming in between July 2021, through June 30 of 2023. He can assure you that the rates will change effective July 2023, because they always change every two years on the first of July and each odd numbered year. He does not know what the rate will look like. The Board recently changed the assumed rate, that could have a bearing on employer rates, because every time we lower the assumed rate, we also lower the assumption that these funds in the employer reserve fund will actually grow at the higher older rate. The rates that he shared with Julie are the existing rates, they're not averages, they are the rates that actually would be charged to any new employer.

Fleck said we have 8% right now which is very generous, and its locked in. That's not going to change, the legislature can't go in and say wait, we are way too underfunded and pull even more out of OPSRP to try to correct the problems with tier one and tier two. Like he said, there's no way in the world he is going to support this.

Peter Nielson also mentioned state and local government rate pool rates are higher than the rates for independent employers, those employers that don't join the rate pool. And the reason for that difference is because the state and local government rate pool is actually holding on to all of that unfunded actuarial liability going back decades. That is why there's a difference. That's why most new employers coming in choose to be independent that way their rates are determined based upon their actuarial history, not the actual history of other employers going back over time.

Parisi said we've talked about this being an important factor in attracting new employees. Do you have any sense what the sentiment of existing employees is about this change? So if the

Board chooses not to go to PERS how is that going to be interpreted by staff of the 13 who would be eligible? **Lindsey** said she could address this and then Steve may want to chime in. The folks that she spoke with actually are very interested in moving to PERS and she thinks it's the stability. While the state legislature can put limits on some of the numbers, the Board does have the right to reduce that percent going into the retirement system. And she believes that others came here thinking and believing that LRAPA was PERS not realizing it wasn't until they accepted their positions. We have had some turnover. So we're getting a different group of folks here. And only time will tell whether those folks are honestly willing to be a lot more transient and move up north to some of the other possible positions once they gain some of this experience. Steve may want to chime in on this from what he might have heard from folks.

Dietrich asked Mary Bridget Smith if it was appropriate for him to do so. **Mary Bridget Smith** said it is fine to respond to questions from the Board about this matter, we already addressed the conflict.

Dietrich said in general, it's pretty close to what Julie said there's a lot of interest with at least 13, they're willing and want to go into PERS. The other six have different circumstances altogether, either they're not eligible, or they're very close to retirement. It really does not make sense for them to endure the five year vesting period. Our staff is basically spanning three different generational types, with ones in the older age group, not to offend anyone. But they're all familiar with pensions that existed in earlier times, the younger generations have never seen until now. And the only place that they really exist in a big frequency is federal and state government, or local governments. It makes it very attractive not only for them to see an increase in benefits, but the opportunity to participate, when historically it hasn't been available to them. He has been participating with Springfield Chamber of Commerce and hearing what their hiring challenges have been. Pretty eye opening to hear that everybody was affected by COVID. But that was a small percentage of how it affects the labor pool that's out there right now. Where the labor is needed. What's happening between now and predicted into the next summer is a reallocation of talent, people going out and getting different talent to apply for these jobs that no one's applying for because they don't have the background to do those jobs.

Pishioneri asked Mary Bridget Smith because an item is in front of us does that mean we have to make a motion on it. Is there any other action that has to be taken on it? Or no action taken on it and set forward for further discussion would be the proper course. **Mary Bridget Smith** said there's no requirement that you take any action on it if the Board is not prepared to do so. But direction to staff about scheduling a subsequent meeting and direction about specific questions or follow up that staff has will be helpful, and then they can get it back on the agenda.

Parisi asked what exactly is the additional information this group needs to make a decision? It will be January because we don't meet in December. We would be trying to make a decision in January, which sounds like we are going to be very close to this six month timeframe by which the vesting period for employees are. Is it true that even existing employees still have to wait six months to enter the PERS? If LRAPA joins, they'll have that six month waiting period, even though they are existing employees? **Peter Nielson** said yes, the waiting period does not begin to run until someone is actually working for a post covered employer. So the effective date of coverage as an example, February 1st, then that would be when the six months begins running. One more thing, which is the resolution to join PERS is what causes us to draft a coverage agreement, basically saying intends to join PERS. The coverage agreement is actually crafted coverage that does not begin until it's fully signed by both the PERS Executive Director, its Board chair, and then the Board chair of the new employer.

Holston said if the Board chooses not to act on this when would the opportunity arise again, next year? **Lindsey** said every 10 years, our restatement period is every 10 years with Voya, which means they go through the entire plan, they make sure we're legal with the IRS, and we can make changes to the actual plan. We were unaware that we're in a restatement period until we started asking questions. And it just so happened that we hit that period.

Holston asked during the six month waiting period, would staff be accruing retirement benefits through Voya until they're able to get into PERS? Or would they just have six month dead time? **Lindsey** said we can continue their Voya contributions until they switch to PERS.

Holston said she would like to have some real solid figures about how much more it is going to cost to be part of the PERS program as opposed to Voya. Does it justify paying more out in retirement so that we have the potential of having an easier recruitment?

Pishioneri said his math shows it would cost annually $29,812.73 more per year to shift over to PERS. During the downtime, staff pays 6% of their salary into Voya. Does that mean during the six months waiting to actually be a member of PERS, do they make contributions towards PERS are they not liable for any contributions to PERS until after the six month period? Or are they going to be paying into both 12%? **Peter Nielson** said there's no member contribution until after someone completes their six month waiting period. One brief thing to note is that once someone actually does complete their waiting period and contributions begin, the member actually does get service credit for that first six months. So down the road when they retire, they will have actually earned that much of their benefit.

Saxion said we don't normally meet in December. But if there's timing issues, wonder if it would be prudent to schedule a special Board meeting in December. Assuming that staff can answer the numerous questions we have in advance of a possible meeting. **Pishioneri** said he was not opposed to a special session or a special meeting in December.

Parisi thought what she was hearing is because we can still contribute to Voya this issue about timing on July 1st may not be as pressing. **Lindsey** said July 1st, or the June 30th dates is for the Voya account. We don't want to discuss moving into PERS later and then have Voya tell us we are committed to certain things in this long standing retirement plan that we have. She didn’t know if there was a notice or something that we would have to give them.

Parisi said if we pass this resolution in January, February, or March, we are still way before July. It sounds like the downside would be for those couple of months, six month vesting period after June 30, when we are no longer part of Voya. There would be no contributions to anyone's retirement plan until the PERS kicked in. That sounds like the deadline. And then maybe the other question is make sure you know clearly when you have to confirm or change your restatement period. If you have to give three months’ notice to Voya. What are the details on the Restatement period? Sounds like you have some more research to do on that part. This is a big decision. Once you are in you are in, so she feels challenged to make a decision right away. Even though the resolution sounds like it's not binding. It sets us on a path, and she is not sure that the rest of the Board is ready to start walking down that path with both feet.

Fleck said he is not interested meeting in December. And to be honest he is so busy at work. He has a hard time keeping up as it is. He will find a replacement for him on the LRAPA Board. He thinks this is probably one of the most irresponsible things we've considered. And he just can't be part of it. He has served on this Board 11 or 12 years. And having the perspective being so close to losing the agency over funding. If we haven't learned what a disaster PERS is at this point, he is just clearly not suited for this Board. He will get the mayor to appoint somebody else to the Board. And you can go forward from there. He was sorry to kind of draw the line in the sand. But that's how strongly he feels about it. No disrespect meant for anyone. He has given more hours, Jeannine can attest to the committee meetings and the other things that we did years ago, he put a lot of blood, sweat and tears in this Board. He thinks that this is being shoved down our throats. And a very quick turnaround time. He believes it is just absolutely a boondoggle. These rates will go through the roof. And it has nothing to do with our staff, he respects them, and thinks they're wonderful. And he wished that we had sustainable funding to do something like this, but we don't. And there are just too many variables in the future with PERS. He respectfully wished all well, he will have a replacement for January 2022.

Pishioneri said it sounds like you are resigning from this Board, is that correct? **Fleck** said I'm appointed by the city of Cottage Grove, and we all have multiple appointments, he will see if can get another Board member to fill his seat on this Board. He can't be part of this decision. He’s not going to take more time out of his schedule for something that he thinks is going to be disastrous for the agency and no offense to the current staff. We have Steve Dietrich here who's obviously an PERS employee who wants to continue, and he understands that need. He knows how tough this environment is. But he thinks to put the nail in our coffin for the longevity of this agency over current issues is just fiscally irresponsible. He has had a lot of concerns around the finances of this agency for years, and everyone has been patient with him and listened to him about his concerns. But this is just completely fiscally irresponsible. Again, he does not mean to disrespect anyone, including staff. But he just can't be part of it. So he will find a replacement.

Parisi said there's too many time sensitive things to discuss. And if it's Mike Fleck or PERS, she picks Mike. **Holston** agreed. **Parisi** added this is not a conversation to have in zoom and should be in person. She thanked Mike Fleck for his conviction. And she completely respects where he is coming from. This is a challenging situation for all of us right now. **Holston** said she also appreciates Mike Flecks conviction. She is willing to meet again in December, but at this point, for her, it's just the financial side, She didn't think we're in a position to be able to say let's spend more money on something that is going to continually increase. And we have so many open ended questions. She would prefer not to reconsider this until we have more information, and not to be rushed into it.

Parisi also said Commissioner Berney and Councilor Keating, are not here as our elected officials from the other two major partners. And she feels this is important enough discussion that we would want their counsel and involvement in whatever decision happens, and they are not here. So that also gives her pause.

Pishioneri said this is a super important topic. And he really appreciates Mike Flecks steadfastness. There's a lot of cause for pause. And he can see both sides very easily. But he does not think the Board is ready to commit. There is nobody that is comfortable to move forward. There's a lot of apprehension.

Dietrich said he meant no disrespect to anyone and all of their years of service especially Mike Fleck. He brings a different level of expertise that everybody appreciates. Just like everyone else brings something else to the Board, which he really appreciates because no one person is an expert in everything. And that's why we have Boards like this. We do not need something like this to come between any of us as Board members or LRAPA employees as well. He wanted to say that right out front, but it sounds like to him that we are trying to make decisions on something that is very important, not only for the agency now, but into the far off future, when many of us may not be here 10 years from now. This is trying to lay the groundwork, and these are some tough decisions to make now. And yes, there is a level of trust and needs to happen amongst all of us. What he sees is you need some more information, and you don't feel confident about making a decision like this now and with only one presentation. He knows that we need to take advantage of any opportunities that have already been expressed here. Now, the calendar is ticking on some of these opportunities, we don't want them to sunset before we had a chance to vet some of this. If we want to do any kind of meeting in December, with part of the Board to be able to have some kind of discussion to get the knowledge that you are seeking to you quicker, we will gladly do that. If you wanted to do something that is with a regular scheduled Board meetings, that's okay, too. What he didn't want to do is jeopardize the other work that we have to do going into setting a new budget that has to start in July. And this is part of the puzzle. He thinks even though it's not a very large number change, it's still a change to our budget that we still need to have something written down and confirmed and agreed to just like we do a budget at the end of every fiscal year. He is willing to do whatever it takes to get you the information where you feel comfortable, to be able to make a more informed decision. He and Julie have worked very hard. And some of the other staff, and Peter who's on the call here has tried to be as available as much as possible, we can continue to do that. We're kind of at the mercy of the schedule you think you can afford timewise, and he does respect everyone's time, especially going into the holidays.

Holston said she respected that staff brought their due diligence to this. She is concerned that we are a small agency, all of the employees are aware of this as they should be. And this becomes an opportunity for them to feel discomfort. She hopes that none of them do regardless of the way this goes. But she feels there's a difference between bringing to the Board an opportunity that we need to take advantage of or not, because of a timeliness and bringing to the Board something now that says here's the resolution. She feels that as a Board, we are not ready to even vote on this. And to her what that says is it should just be tabled. She didn't think it's time to move forward with this. And only financially is the reason that she says this, we cannot afford this. This is not a wise choice to do. And just didn't see how any further discussion on this is profitable for any of us. Considering the budget is the issue, adding to the budget is not wise. Even though we may think this is a better opportunity, she will say take some of that money if you want to, and use it as a bonus for signing, if that's what you're interested in. She thinks there are other ways we can look at how we take care of recruitment, other than changing our whole retirement system. She is a little confused about it. She knows we asked to have more information, she feels like it went a little bit further than that.

Pishioneri said he would encourage Mike Fleck to not resign. We would really be at a deficit losing his experience and appreciates his conviction. When it comes down to the issue of PERS versus continued with Voya is a very predictable thing in our budget for years now. PERS is kind of a wild card. We've all seen the stories on the news about increases and things like that. If asked to vote today, he would probably vote not to join PERS, just mainly because of that unpredictability with such a small agency, our budget is very tight. His gut feeling is this is fairly close to being dead in the water. He's not getting the feeling that there is any single Board member that is excited about doing this. He is not saying that people aren't in favor of it. There's not excitement to really make this leap. As a city of Springfield counselor, we've had some incredibly heated and frustrating conversations in regard to the huge negative impact that we have because of PERS. And when it comes down to literally reducing staff numbers to make up for PERS commitment, that is rough.

Parisi said this may put Mike Fleck in a place of resigning. But at that risk, her suggestion would be if Councilor Keating and Commissioner Berney want to participate in this discussion as a Board in December, if they feel like they want to have the full discussion, based on the information that was provided in the packet, and maybe send them the PowerPoint presentation. She is happy to meet in December and have this conversation again. But she would say if those who are not in favor, then she always says this conversation is for all intents and purposes, done from the Board's perspective. She feels as the elected officials of our two other major partners, should have the opportunity to weigh in.

Pishioneri suggested staff reach out to those two folks, provided it's not going to be a meetings issue. He asked Mary Bridget Smith for her opinion. **Mary Bridget Smith** said this is just a decision whether to put something on the agenda so staff could reach out to Board members Keating and Berney to see if they're interested. And then we can close the loop with Board member Fleck as well and see if something can get scheduled. And if not then try and move that forward.

Pishioneri said he is seeing a Board teetering and mostly looking at no. To him that's fairly convincing that this agency isn't ready for this at this time, or at least isn't ready to move forward and make a commitment. But if Board members Keating and Berney are interested, then he would certainly want to hear from them and get their perspective.

Staff will reach out to Councilor Keating and Commissioner Berney to see if there is a consensus to schedule a special meeting in December.

7. ADVISORY COMMITTEE:

Daniels said they gave feedback on website changes to Travis Knudsen. Discussed small gasoline engines that was assigned to them last time, and they are just now forming ideas about how to proceed on that. And the only other thing to note is link Smith, who represents fire suppression on the committee is retiring after more than 10 years on the committee. He will see if his replacement as Western Lane District Forester would be interested in joining the committee.

8. DIRECTOR'S REPORT OF AGENCY ACTIVITIES IN THE MONTH OF OCTOBER 2021:

Due to time no recap given, asked members to reach out to staff if questions.

9. OLD BUSINESS: None

10. NEW BUSINESS: None

The meeting adjourned at 2:21 p.m.

Respectfully submitted,

Debby Wineinger
Recording Secretary