

# BOARD MEETING MINUTES

JULY 25, 2012 – FINAL



## TRUSTEE AND STAFF ATTENDANCE

Teleconference	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Mr. Ryan Martin – Vancouver Police Department
Teleconference	Mr. Jeff Holy – Spokane Police Department (Retired)
Teleconference	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
Teleconference	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Intern
In Attendance	Dawn Cortez – Assistant Attorney General

## CALL TO ORDER

*The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on July 25, 2012. A quorum of the members was present at this meeting.*

### OPENING

Glenn Olson, Acting Chair called the meeting to order at 9:36 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

## 1. Approval of Minutes

### MINUTES APPROVED

*It was moved to approve the Board meeting minutes from June 13, 2012. Motion seconded. The Board approved the minutes without objection.*

## 2. Department of Retirement Systems (DRS) Overview

Marcie Frost, Deputy Director with the Department of Retirement Systems (DRS) presented the Annual Administrator Update for DRS. Ms. Frost discussed their strategic plan goals and provided the year in review covering Lean methods, team satisfaction, customer satisfaction, CEM Benchmarking, and educating Plan 3 members. The agency has concentrated on a workflow structure project and conducted customer satisfaction interviews.

Retirement readiness and implementing social media tools such as Facebook and YouTube are DRS's initiatives for the upcoming 12 months.

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## 3. DRS Online Retirement Application

Gayle McGee, Project Manager with DRS provided a background of the new Online Retirement Application. Jennifer Freeze, Business Systems Analyst discussed customer service enhancements such as the retirement amount being known to the member at the time of application, information being pre-filled when possible, and built in calculators. As of June 2012, twenty LEOFF Plan 2 members have used the online retirement application. DRS will make changes to the application based on customer response.

## 4. Actuarial Valuation Audit – Preliminary Results

Bill Hallmark, Ken Kent, and Anne Harper with Cheiron presented the 2011 Actuarial Valuation Audit. This is the second audit conducted by Cheiron. They discussed the process used to determine the audit results and reviewed findings. While there were minor differences, the audit revealed no material findings. Cheiron concurs with the data provided from OSA.

## 5. Contribution Rate Adoption

Greg Deam, Senior Research and Policy Manager presented the final proposal on the issue of contribution rate setting. OSA provided a letter with the preliminary contribution rates from the 2011 audit. Mr. Deam discussed three options for the members to consider; maintain existing contribution rates; or adjust contribution rates to the new Entry Age Normal Cost (EANC), and suspend the temporary funding policy.

### BOARD ACTION

*The Board moved to adopt the following EANC Rates from the 2011 Valuation Report. The motion was seconded and carried unanimously.*

	Contribution Rate
Member	8.41%
Employer	5.05%
State	3.36%

## 6. Salary Growth – Initial Consideration

Tim Valencia, Senior Research and Policy Manager provided an initial consideration on salary growth. He reviewed the historical background of salary growth and recent legislation that did not pass and future legislation that may be considered. Mr. Valencia also discussed example calculations of salary growth.

### BOARD ACTION

*The Board moved to suspend activity on salary growth due to the inconclusiveness of the report. The motion was seconded and carried unanimously.*

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## 7. Administrative Update

### Select Committee on Pension Policy (SCPP) Update

Director Nelsen provided an update from the most recent SCPP meeting. The SCPP has canceled their August meeting. Topics for the September 18, 2012 meeting include garnishment and cooperating with the Washington State Institute for Public Policy concerning benefit adequacy. Director Nelsen will provide an update to the LEOFF Board at the September 26, 2012 meeting.

### Constituent Correspondence

Correspondence was received from a PERS 1 retiree who was hired into a LEOFF 2 position. The Department of Retirement Systems is in the process of reviewing the issue. Director Nelsen will provide a status update at the September meeting.

### Ombudsman

Director Nelsen sought approval from the Board to submit a decision package to add an ombudsman position to the LEOFF 2 staff.

### **BOARD ACTION**

*The Board moved to approve submittal of the ombudsman decision package. The motion was seconded and carried unanimously.*

## 8. Agenda Items for Future Meetings

Steve reviewed the agenda items to be discussed at the next meeting:

- Independent Fiscal Audit Report
- Organizational Life Cycle Interview Results
- Recommendation for Special Planning Meeting
- Update on Constituent Correspondence
- Educational Waivers

### **BOARD ACTION**

*The Board moved to cancel the August 22 meeting. The motion was seconded and carried unanimously.*

## ADJOURNMENT

*There being no further business, the meeting was adjourned at 12:35 PM.*

### **NEXT MEETING**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 26, 2012 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.