

BOARD MEETING MINUTES

JUNE 19, 2013 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Pat Hepler – Snohomish County Fire District 1
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
Absent	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
Absent	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	Ryan Frost – Research Analyst
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 June 19, 2013. A quorum of the members was present at this meeting.

OPENING | *Chair Kelly Fox called the meeting to order at 9:35 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 December 12, 2012. Motion seconded. The Board approved the minutes without objection.*

2. 2013 Legislative Update

Paul Neal, Senior Legal Counsel presented an update on the 2013 Legislative Update. Mr. Neal addressed the current status of the State Budget proposals and the status of LEOFF 2 issues in the House and Senate including Plan Funding (no impact on contribution rates), Alternate Revenue (2013 payment not funded) and Ombudsman (funded by House).

Mr. Neal addressed the following Bills that did and did not pass.

BOARD MEETING MINUTES

JUNE 19, 2013 – FINAL



PASSED AFFECTING LEOFF PLAN 2	
SHB 1868	Health insurance for those catastrophically disabled

NOT PASSED AFFECTING LEOFF PLAN 2	
HB 1587/SB 5442	HCA Technical Corrections
SSB 5392	Excess Compensation
SSB 5916	Excess Compensation
SSB 5124	Workers' Compensation Benefits
SB 5125	Occupational Disease Claims

3. Board Expectations Check-in

Tim Valencia, Deputy Director reviewed the actions staff has taken and will take to meet Board member expectations.

Actions toward meeting the expectation to responsibly govern the plan include implementing a paperless meeting solution. In order to keep members up to speed, the Orientation Manual has been redesigned and Assistant Attorney General briefing have been scheduled for the 2013 interim.

In an effort to keep the members informed, LEOFF 2 Board now has a Twitter account and the legislative web page has been redesigned. The Administrative Procedures Handbook has also been updated.

The agency and Director have taken steps to educate the plan stakeholders by attending legislative conferences, stakeholder membership and educational conferences, mailing of the newsletter two times yearly, and the initiation of social media.

Mr. Valencia stated that clarity regarding expectations is the key to success.

4. 2013 Interim Planning

Tim Valencia, Deputy Director led a discussion on 2013 Interim Planning. Key discussion points included benefits, actuarial issues, and organizational/administrative follow-up items from the 2012 work session.

Discussion

Staff will work cooperatively with the Office of the State Actuary to determine if Actuarial Funding Methodology, Smoothing Method, and Fiscal Note Pricing can all be accomplished during the interim.

Staff will coordinate paperless Board meeting training for the July meeting and start planning an off-site meeting for October 2013.

5. Administrative Update

Director Nelsen provided an Administrative Update on the following topics:

BOARD MEETING MINUTES

JUNE 19, 2013 – FINAL



- **SCPP Update** – Director Nelsen will be providing a LEOFF Plan 2 Retirement Board update at the July and October SCPP meetings.
- **DRS Update** – The Director of DRS has been working to reorganize how services are provided by their agency.
- **Budget Report** – The Allotment and Expenditures report was distributed to members. Director Nelsen noted we are well under budget. The 3% salary cut for employees ends on June 30, 2013. As soon as the budget is released, Director Nelsen will keep the members apprised if a shutdown will occur.
- **Outreach Activities** – Director Nelsen continues to speak to stakeholder groups. He presented at the WACOPS Annual Conference in June and will present at the WSCFF Seminar at the end of June.
- **Staff/Board Update** – Director Nelsen congratulated Tammy Harman for graduating from Washington State University. Ryan Martin announced he will not be seeking reappointment with the LEOFF 2 Board. Director Nelsen thanked him for his participation on the board.
- **Schedule** – The Board requested staff to look into an off-site facility for the October meeting. Additionally, the members may change the date of the meeting from October 23 to October 16.

6. Board Operating Policy Changes

Tim Valencia, Deputy Director provided a Board Operating Policy overview. Mr. Valencia communicated the need to ensure procedures are clarified to match current practices.

Mr. Valencia reviewed Rule 7 addressing legislators’ travel expenses and Rule 9 addressing board proposals.

Action Taken | *It was moved to adopt Option #1 – Adopt proposed changes to rule 7 and 9. Allow Legislative members to be paid by the Board for travel expenses and add educational Briefing, Follow-up Report, and Comprehensive Report to proposal process. Motion seconded and carried unanimously.*

7. WSIPP Study Follow-up

Ryan Frost, Research Analyst presented a WSIPP Study Follow-up report. Mr. Frost reviewed the results given by the Washington State Institute for Public Policy (WSIPP) in December 2012. He continued to provide an expanded analysis and comprehensive comparison of adequacy and sustainability.

Mr. Frost recommended following up on the multiplier and contribution rate data provided by WSIPP. Additional information recommended for collection included Normal Retirement Age, Vesting, Final Average Salary Period, Average Salary, Funded Ratio, Plan Demographics, Market Value of Assets, Other Contribution Sources. The Board added COLA and retiree medical coverage to the list of information to be collected.

BOARD MEETING MINUTES

JUNE 19, 2013 – FINAL



8. Medicare Briefing

Paul Neal, Senior Legal Counsel provided a Medicare Briefing to the Board.

Mr. Neal pointed out the three main sources of post-retirement medical coverage; employer provided post-retirement medical insurance, COBRA, and Medicare.

Mr. Neal reviewed HB 1679 that was introduced during the 2010 session, and SHB1868 that was introduced during the 2013 session. He also noted that the Board may want to consider updating the 2005 employer survey to provide more recent data in responding to fiscal note requests.

9. Agenda Items for Future Meetings

Director Nelsen reviewed the Agenda Items Calendar for the remainder of 2013.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:42 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 24, 2013 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.