

BOARD MEETING MINUTES

JULY 24, 2013 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
Absent	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
Absent	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	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 Intern
In Attendance	Paul Neal – Senior Legal Counsel
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment boardroom in Olympia, Washington on July 24, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox 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

It was moved to make a correction on the June 19, 2013 draft minutes and bring back to the July meeting for approval. The fourth page, second paragraph will now read "2005 employer survey". Motion seconded and carried unanimously.

2. Paperless Board Meeting Training

Tim Valencia, Tammy Harman, and Ryan Frost presented a led the members through the Paperless Board Meeting Training. Each board member received an I Pad loaded with NovusAGENDA. NovusAGENDA is board meeting software designed to help create, approve, and track meeting items. The software will allow the LEOFF Plan 2 Retirement Board to save time and money by automating the paper-intensive process while facilitating communication between members.

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3. DRS Administrative Update

Marcie Frost, Director with the Washington State Department of Retirement Systems (DRS) presented the DRS Administrative Update. Ms. Frost provided a year in review covering the employer reporting application, management system implementation, quarterly targets that were achieved, the retirement systems workflow, and the DRS Lean Enterprise.

Director Frost informed the Board that there are currently 9,726 active LEOFF Plan 2 online account users. Last year DRS processed 156 LEOFF Plan 2 retirements using the Online Retirement Application.

The quarterly target reviews display that DRS continues to provide superior customer service.

4. CEM Benchmarking Results

Mark Feldhausen, Budget and Benchmarking Director with the Department of Retirement Systems (DRS) and Jan Hartford, Partner with CEM Benchmarking Inc., provided a summary of the 2012 Public Pension Administration Benchmarking Analysis. Mr. Feldhausen explained that a comprehensive survey, targeted best practices analysis, access to a peer network, and an annual peer conference are the four components to the pension administration service.

DRS was one of 61 pension systems to participate in 2012 survey. The benchmarking report revealed that DRS administers one of the most complex systems in the nation and the total pension administration cost per active member is 28% lower than the peer average.

5. Administrative Update

Select Committee on Pension Policy (SCPP) Update

In an effort to improve coordination, Director Nelsen will be presenting LEOFF 2 issues at the SCPP meeting two times a year. He gave his first update to communicate the six items that are a result of the Board's preliminary planning at the July 23, 2013 meeting. The SCPP will not meet in August and have not added any of the LEOFF 2 topics to their September agenda.

Director Nelsen noted that Representative Ormsby is the new chair of the SCPP

Outreach Activities

Director Nelsen attended and answered member questions at the Washington State Council of Fire Fighters Annual conference in June.

Ombudsman Update

The budget has been finalized and included the Board's budget package for an ombudsman position. The LEOFF office will be hiring for this position, but not immediately.

Newsletter

Director Nelsen informed the members that the latest edition of Dual Response will be received by LEOFF Plan 2 members on August 1, 2013.

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6. October Meeting Date

At the June 2013 meeting the Board determined the October 24, 2013 meeting date previously approved does not allow members to attend a necessary annual conference. The Board requested staff check into having the meeting on October 16, 2013 using an off-site facility.

ACTION TAKEN

It was moved to change the October meeting date to October 16, 2013. Motion seconded and carried unanimously.

7. Background on Economic Experience Study

Lisa Won, Senior Actuary with the Office of the State Actuary (OSA) provided an overview on the Economic Experience Study. Ms. Won reviewed the components of the study, and explained the Experience Study is used to determine whether assumptions have remained reasonable or if they should change. This is determined by analyzing past experience, future expectations, and current conditions that led to a certain experience.

Ms. Won explained the rate of inflation and general salary growth, rate of investment return, and how the assumptions interact. The Economic Experience Study is performed every two years. The LEOFF Plan 2 Board will receive recommendations from OSA at the September 2013 meeting.

8. Annual Board Member Training

Dawn Cortez, Assistant Attorney General was scheduled to conduct the Annual Board Member Training.

ACTION TAKEN

It was moved to defer the Annual Board Member Training to the September 25 or October 16, 2013 meeting. Motion seconded and carried unanimously.

9. Orientation Manual

Tim Valencia, Deputy Director presented the updated Orientation Manual. The improved manual was developed based on feedback provided from the members during their expectation interviews. Mr. Valencia stated that the primary focus was to get trustees up to speed as quickly as possible.

The manual is divided into three parts; responsibilities, LEOFF Plan 2 knowledge, and administrative information. The manual will now be delivered as an electronic PDF and will be Web based in the near future.

DISCUSSION

The Board members commented that they would like to include DRS, OSA, and the WSIB in the new trustee orientation process. New trustees will also meet with the LEOFF Plan 2 staff.

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10. Agenda Items for Future Meetings

Executive Director Nelsen reviewed the following agenda items scheduled for the August 28, 2013 meeting.

- Board & Administrative Committee Elections
- WSIB Annual Presentation, Theresa Whitmarsh
- Final Average Salary Protection, Initial Consideration
- Correction Legislation, Initial Consideration
- EMT's Not Being Reported into LEOFF, Initial Consideration
- Salary Spiking, Initial Consideration
- Promoting Individual Savings for Retirement, Initial Consideration
- Career Change, Initial Consideration

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:10 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for August 28, 2013 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.