

# BOARD MEETING MINUTES

OCTOBER 15, 2015 - FINAL



## TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Mr. Jason Granneman – Clark County Sheriff’s Office
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Kevin Van De Wege – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Councilmember Dave Upthegrove – King County Council District 5
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
Absent	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

## CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Middleton Auditorium in Olympia, Washington on October 15, 2015. A quorum of the members was present at this meeting.

OPENING | Director Steve Nelsen welcomed the Board and gave an overview of the day’s agenda, including the three work session topics to be discussed during this meeting.

## 1. WORK SESSION 1 – LEOFF PLAN 2 FUNDING METHOD

**Issue Summary:** *The Board’s current policy of having both a “temporary” and “long term” actuarial funding method creates confusion in fiscal notes and actuarial valuation reports.*

The following points were discussed:

- The differences between the aggregate funding method and the entry age normal cost funding method.
- The paradox of having a “positive unfunded liability”, and what issues or benefits having that creates.
- Continuing to have internal checks to keep track of funding status as they relate to contribution rate levels.
- Employer representatives on the Board discussed the benefits of having stable rates as it relates to their budgeting process.
- Employee representatives on the Board attributed the positive status the plan is currently in to the partnership between members and employers.

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## 2. WORK SESSION 2 – RETIREE RETURN TO WORK

**Issue Summary:** *Employment arrangements that allow LEOFF Plan 2 retirees to continue drawing their pension when they return to work in LEOFF management positions undermines public confidence that the plan is well-designed and professionally managed. However, these same arrangements facilitate employers hiring desired personnel.*

*Director Nelsen opened discussion by providing background of the issue and a historical account of previous Board action.*

The following points were discussed:

- Under current law where the employer is fully responsible for any overpayment. The obligation could be split between the employer and the employee so that employees had some “skin in the game”.
- Concern over public perception of retirees and employers gaming the system could have on the overall negative impact on the system.
- Support for reintroducing original bill, who would work it and how to resolve the lack of unanimity between stakeholder groups.
- The Board requested a follow-up report on the issue at the November meeting.

## 3. WORK SESSION 3 – DISASTER RESPONSE COVERAGE

**Issue Summary:** *LEOFF Plan 2 members who are called up to federal service to respond to natural disasters receive reduced non-duty death and disability benefits from LEOFF Plan 2 if they are killed or disabled in the course of that service.*

The following points were discussed:

- What federal benefits are available to these members, and whether they provide enough protection for members killed or disabled in the course of federal service.
- Making it a priority to take care of families if members are killed or disabled in the course of federal service by stabilizing their pension if at all possible.
- The cost impacts of providing an unreduced survivor annuity to responders to natural disasters.
- Benefits gained by members receiving federal training.

## ADJOURNMENT

There being no further business, the meeting was adjourned at 1:30PM.

### NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 18, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.