

BOARD MEETING MINUTES

SEPTEMBER 21, 2016 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Representative Kevin Van De Wege – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
Absent	Mr. Dwight Dively – King County
Teleconference	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

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on September 21, 2016. A quorum of the members was present at this meeting.

OPENING | Chair 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 July 27, 2016. Motion was seconded. The Board approved the minutes without objection.

2. WSIB ANNUAL UPDATE

Theresa Whitmarsh, Executive Director of the Washington State Investment Board gave an annual update to the Board.

3. LEOFF 2 ANNUAL FINANCIAL AUDIT RESULTS

Steve Davis, of Davis Accounting and Tax Services presented the results of his independent audit of expenditures to the Board. There were no findings to report to the Board.

4. ADMINISTRATIVE FACTORS

Lisa Won, Deputy State Actuary from the Office of the State Actuary, presented a new set of Administrative Factors to the Board. OSA is recommending the Board adopt new J&S administrative factors to apply to current retired members who purchase an additional annuity. These factors provide the best estimate of life expectancies for impacted members, the best actuarial equivalence (accuracy) for cost of optional benefits, are consistent with assumptions used in the actuarial valuation to determine funding requirements of the plan and are consistent with the analysis prepared for SSB 6264. At the November

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meeting the Board will have the option to adopt these new factors or to choose to keep the current factors as is.

5. PRESUMPTIVE MEDICAL – INITIAL CONSIDERATION

Ryan Frost, Research and Policy Manager, gave an initial presentation to the Board on medical presumption history, law and coverage. For law enforcement officers, there are currently no presumptive medical conditions covered for occupational diseases or disabilities. For fire fighters, certain cancers are not currently covered by the occupational disease presumption should be covered. No action was taken by the Board.

6. INDIVIDUAL HEALTH SAVINGS ACCOUNT – INITIAL CONSIDERATION

Ryan Frost, Research and Policy Manager, gave an initial presentation to the Board. There is a gap in healthcare coverage for public safety employees from the time of retirement to when Medicare coverage begins. Mr. Frost reviewed and compared the different accounts currently available to help pay for post-retirement health care costs. These accounts are Voluntary Employees' Beneficiary Association (VEBA), Health Savings Account (HSA), and Flexible Spending Account (FSA). No action was taken by the Board.

7. LEOFF PLAN COMPARISON – EDUCATIONAL BRIEFING

Ryan Frost, Research and Policy Manager, presented an educational briefing as requested by the Board comparing LEOFF Plan 2 to other open plans in the country. A total of 160 public pension plans were surveyed. This comparison is based on the following five measurements: Funded Status, Assumed Rate of Return on Investment, Total Normal Cost of the Pension Plan, Average Benefit in Retirement and Average Salary. No action was taken by the Board.

8. PLAN 1 / PLAN 2 MERGER STUDY – COMPREHENSIVE REPORT

Steve Nelsen, Executive Director presented a comprehensive report to the Board on a LEOFF 1 and LEOFF 2 merger study.

9. PUBLIC TESTIMONY

The following people addressed the Board:

Dick Warbrouck President of the Retired Fire Fighters of Washington
Jerry Taylor, President of Retired Seattle Police Officers Association
Jim Fossos, Vice President of the Retired Fire Fighters of Washington

10. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director, gave his administrative update to the board. The next meeting will be offsite at Middleton Auditorium on October 18th.

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- SCPP UPDATE** | The SCPP met on September 20th and Director Nelsen gave an update at the meeting, reviewing the Board’s interim work plan as well as discussing the Board’s strategic plan and the funding policy.
- OUTREACH** | Tim Valencia will attend the WACO Conference in Spokane, September 27-29 to provide outreach.
Tammy Harman will attend and provide outreach at the Fraternal Order of Police Conference in Spokane, September 30th.
Director Nelsen will be presenting at the WACOPS event next month in Chelan.
Tim Valencia is currently at the ISCEBS Symposium in Baltimore. He also attended ISCEBS Anchorage event Aug 3rd.

11. BOARD MEMBER ANNUAL TRAINING

Tor Jernudd, Assistant Attorney General from the Office of the Attorney General, provided an annual Ethics training to the Board.

12. STANDBY PAY – INITIAL CONSIDERATION

Paul Neal, Senior Research and Policy Manager, gave an initial presentation to the Board on Standby Pay. Standby Pay is not part of basic salary (reportable compensation) used in computing LEOFF Plan 2 contributions and pensions. Two options were presented to the Board as a next step: Direct staff to prepare comprehensive report for the November meeting or take no further action at this time.

- MOTION** | It was moved by Representative Holy to direct staff to prepare a comprehensive report for the November meeting. The motion was not seconded. Motion failed.

13. FINAL MONTH PAYMENT – INITIAL CONSIDERATION

Paul Neal, Senior Research and Policy Manager, gave an initial presentation to the Board on Final Month Payment. When a retiree dies in the middle of the month, DRS must assess and collect a reimbursement from the member’s estate for that portion of the month following the retiree’s death. Two options were presented to the Board as a next step: Direct staff to prepare comprehensive report for the November meeting or take no further action at this time.

- MOTION** | It was moved to direct staff to prepare a follow-up response on the fiscal impact of this topic with OSA for the November meeting. The motion was seconded. Motion passed unanimously.

14. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director, reviewed items for upcoming board meetings. The next meeting will be offsite at Middleton Auditorium on October 18th. It will be work session style meeting. It was asked by a board member to consider an alternate meeting date for the November 23rd meeting.

Chair Fox gave a reminder to the Board to complete Director Nelsen’s evaluation which was sent via the Survey Monkey to Trustee’s email accounts.

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MOTION | It was moved to direct staff to work with Trustee's schedules to determine an alternate meeting date for November, with action to be taken at the October meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:21 PM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 18, 2016 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.