

BOARD MEETING MINUTES

SEPTEMBER 27, 2017 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Chair – VACANT
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Dwight Dively – King County
Absent	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. Adé Ariwoola – City of Federal Way
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Dennis Lawson – Central Pierce Fire and Rescue
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
In Attendance	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	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Cedar Hemlock conference room at Hotel Red Lion in Olympia, Washington on September 27, 2017. A quorum of the members was present at this meeting.

OPENING | Vice Chair Jason Granneman called the meeting to order at 9:37AM 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

The minutes from July 26, 2017 are before the Board for approval.

MINUTES APPROVED | It was moved to approve the Board meeting minutes from July 26, 2017. Dennis Lawson mentioned a change needed to be made to his attendance, from Present to Teleconference. Motion seconded. The Board approved the minutes without objection.

2. BOARD OFFICER ELECTIONS

The Board shall elect a Chairman and Vice-Chairman from its membership. Nominations for Chairman and Vice-Chairman would typically occur at the August Meeting, followed by elections at the September meeting. Board Chairman and Vice-Chairman shall be members of the Administrative committee as well one additional member chosen by board members representing the Employer group.

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MOTION	Mark Johnston moved to suspend the normal operating policy and to both nominate and vote for the Board Officer elections at today's meeting, as the August meeting was cancelled. Motion was seconded. Motion passed unanimously to move forward with nominating and electing Board Officers today.
MOTION	Mark Johnston nominated Dennis Lawson for chair. Michael White seconded this nomination. No other nominations were made for Chair. The motion passed unanimously.
MOTION	Michael White nominated Jason Granneman for Vice Chair. No other nominations were made. Motion was seconded. Motion passed unanimously.
5 MINUTE RECESS	A five minute recess was called at 9:44am so the employer representatives could step aside and discuss their nomination for administrative committee. They returned at 9:49am. Employer Representative Paul Golnik announced he will be stepping down from the Board in his Employer Representative role.
MOTION	A motion was made to appoint Adé Ariwoola as the employer representative on the Administrative committee. Motion was seconded. Motion passed unanimously.

3. PUBLIC PENSION ADMINISTRATION BENCHMARKING ANALYSIS

Mark Feldhausen, Budget and Performance Management Director from the Department of Retirement Systems, presented a summary of public pension administration benchmark results for fiscal year 2016.

4. INDEPENDENT AUDIT RESULTS

Steve Davis, Davis Accounting Tax and Audit Services, presented a summary of his results from his annual audited schedule of expenditures for the year ending June 30, 2017. Mr. Davis reviewed his independent auditor's report with the Board, and discussed notes to the schedule of expenditures. These notes included a summary of significant accounting policies, commitments to the operating lease for the office space, and related party transactions of interagency agreements. The following supplementary information was provided for review: comparative schedule of expenditures for the biennium, and budget to actual schedule of expenditures for the biennium ended June 30, 2017.

5. INTERRUPTIVE MILITARY SERVICE CREDITS PLAN 2 & 3

Seth Miller, Assistant Director of Retirement Services Division from the Department of Retirement Systems, presented to the Board on the topic of Interruptive Military Service Credits for PERS Plans 2 & 3.

6. INTERRUPTIVE MILITARY SERVICE CREDIT STUDY

Ryan Frost, Research and Policy Manager, presented a comprehensive report on the topic of Interruptive Military Service Credit. The following two policy issues are before the Board for discussion. Further information will be presented at the November meeting with a Final Report to occur at the December 20th meeting.

- Policy issues before the Board are should the current policy continue where free interruptive military service credit is only granted to those members who served in combat?
- Should the Board make corrections to the current definition of "veteran"?

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7. REPORT ON FINANCIAL CONDITION AND RECOMMENDATION ON LONG-TERM ECONOMIC ASSUMPTIONS

Matt Smith, State Actuary, Lisa Won, Deputy State Actuary and Mitch DeCamp, Actuarial Analyst from the Office of the State Actuary presented to the Board. Highlights from two reports were discussed: Financial Condition and Economic Experience Study. The Board has the authority to adopt recommendations for economic assumptions, with any changes subject to revision by the Legislature. No action was taken at this time.

8. ADMINISTRATIVE UPDATE

A short break was taken for lunch from 12:32pm-12:48pm. Steve Nelsen, Executive Director began his administrative update following the lunch break.

OCTOBER	The October meeting will be offsite at the DoubleTree by Hilton in Olympia.
OUTREACH	Director Nelsen spoke at the WACOPS meeting on September 14 th . Staff will speak at a Financial Wellness Seminar on October 2 in Seattle for Local 27 Firefighters. Paul Neal spoke at a similar seminar last month.
RULEMAKING	Cooperation with DRS has continued on rulemaking.

9. BENEFIT IMPROVEMENT PRICING

At the July meeting the Board requested a briefing on benefit improvements, as it has been 10 years since their last request. Ryan Frost, Research and Policy Manager, gave the briefing to the board, focusing on the cost of increasing the multiplier. Vice Chair Granneman requested a handout of this information.

10. DISABLED MEMBERS RETURN TO WORK

Ryan Frost, Research and Policy Manager, presented on the topic of the current disability statute regarding disabled members returning to work. The policy issues surrounding this topic are:

- Should DRS continue to pay a disability benefit to members who DRS believes are no longer disabled if the employer believes the member is still disabled?
- Should DRS be able to bill the employer for the disability payments they made to the member while they were stuck in limbo?

MOTION Michael White moved to have staff to do a follow up presentation at the November meeting. Motion was seconded. Motion passed unanimously.

11. CATASTROPHIC DISABILITY MEDICAL INSURANCE

Paul Neal, Senior Research and Disability Manager gave a presentation to the Board on the topic of Catastrophic Disability Medical Insurance, reviewing current law and medical premiums. The question of whether the Board wants staff to provide updated cost analysis was asked in his presentation.

MOTION Mark Johnston moved to push this issue forward to the next step of a follow up presentation at the November meeting. Motion was seconded. Motion passed unanimously.

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12. EXECUTIVE DIRECTOR EVALUATION

The Board entered into executive session at 1:50PM for a discussion on the Executive Director Evaluation Process. The Board returned at 2:22pm.

MOTION	Mr. Ade Ariwoola made a motion for the Chair to contact OFM to gather information regarding the Executive Director compensation. Motion was seconded. Motion passed unanimously.
MOTION	Rep. Steve Bergquist made a motion to direct the Chair to contact the Attorney General's Office on behalf of the Board, and request advice related to the Board's authority in setting the Executive Director's compensation. Motion seconded. Motion passed unanimously. Chair Lawson asked that staff to prepare the policy that was put in draft form to be prepared for the October meeting ready for discussion and possible Board action at the October meeting.

13. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director, reviewed upcoming items for the remaining meetings of 2017.

October 18	The next meeting on October 18 th will be offsite and a review of the Board's strategic plan is to occur. Discussion of the past decisions made by the Board will be reviewed and addressed.
November 15	DRS presentation WSIB presentation Follow up presentations on benefit and actuarial issues Final Results of LAVR from OSA
December 20	Focus on what the Board wants to work on during the upcoming legislative session Final presentation on the Military Service Credit Study. Any other agenda items will result from the November meeting

ADJOURNMENT

MOTION	There being no further business a motion was made to adjourn the meeting. Motion was seconded. Meeting was adjourned at 2:25PM.
NEXT MEETING	The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 18, 2017 at the DoubleTree by Hilton Olympia located at 415 Capitol Way N, Olympia, WA 98501.