

BOARD MEETING MINUTES

DECEMBER 18, 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)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
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	Tim Valencia – Deputy Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Paul Neal – Senior Legal Counsel
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 December 18, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:42 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 November 20, 2013. Motion seconded. The Board approved the minutes without objection with Senator Honeyford abstaining.

2. NCPERS Life Insurance Presentation

Bill Robinson, Area Vice President with the National Conference on Public Employee Retirement Systems (NCPERS) provided information to the trustees regarding a Group Decreasing Term life insurance, Accidental Death and Dismemberment, and Dependent Life Term Insurance programs offered through NCPERS.

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3. Career Change – Final Proposal

Paul Neal, Senior Legal Counsel presented the Final Proposal on the topic of Career Change. Mr. Neal addressed the possible abuse of career change legislation and how it could undermine public trust. He also provided the following three policy options for consideration by the Board:

1. Propose legislation suspending LEOFF Plan 2 retirement if duties of retiree’s position would qualify for LEOFF if full-time fully compensated.
2. Allow limited post-retirement employment in LEOFF position.

Mark Langford, retired Tacoma police captain provided testimony concerning the career change explaining his specific situation.

MOTION

It was moved to approve option #1 and pursue legislation during the 2014 legislative session. Motion seconded and carried unanimously.

4. Promoting Individual Savings for Retirement – Final Proposal

Paul Neal, Senior Legal Counsel provided the Final Proposal on Promoting Individual Savings for Retirement. Based on a motion from the November meeting, Mr. Neal brought back options 1, 3, and 4 below:

1. Authorize annuitize rollovers of tax deferred savings.
3. Require DRS’ 457 Plan to be offered by employers.
4. Write to DRS requesting development of ROTH option.

MOTION

It was moved to approve option #3 for Promoting Individual Savings for Retirement.

Motion was amended to include options 1 and 4. Motion seconded and carried with Senator Honeyford opposing.

A motion to table all three options on this topic was brought forward with Kelly Fox, Pat Hepler, Mark Johnston, and Jack Simington opposed.

5. Meetings during Legislative Session

Ryan Frost, Research Analyst presented options for meetings during session. Mr. Frost addressed what a successful meeting looks like in terms of structure, length, content, and availability. The members discussed whether an electronic meeting during session would serve the trustees needs better than a physical meeting. Mr Frost also reviewed possible topics for educational briefings during session. These topics include; GASB requirements, retiree medical, legislative updates, and extending Defined benefits plan to the private sector.

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6. Administrative Update

SCPP Update

Executive Director Nelsen informed the trustees of the most current action taking place within the Select Committee on Pension Policy.

Outreach Activities

Executive Director Nelsen has been continuing outreach and training efforts. In early December, Director Nelsen attended the Rotman ICPM Board Effectiveness training program in Toronto Canada.

7. Corrections Legislation – Final Proposal

Ryan Frost provided a Final Proposal on Corrections Legislation that would fix errors and oversights in the statutes. Mr. Frost provided the following two options:

1. Take no action.
2. Address the EMT expiration date: change specific language in the statutes to eliminate the 2023 expiration date for EMTs being included in the definition of fire fighter.

MOTION

It was moved to approve option #2 and pursue legislation during the 2014 legislative session. Motion seconded and carried with Senator Honeyford opposing.

8. Adoption of Administrative Factors – Final Proposal

Paul Neal, Senior Legal Counsel presented the recommended administrative factors from the Office of the State Actuary for the Board's consideration.

Mr. Neal acknowledged that the economic assumptions were changed in 2011 and the Board adopted new factors in 2012. He also stated the restoration factors needed to be adopted during the 2013 interim. Mr. Neal reviewed the letter from the Office of the State Actuary which provided an update to the prior recommendations.

MOTION

It was moved to approve the LEOFF Plan 2 Administrative Factors recommended by the Office of the State Actuary. The adopted administrative factors will come into effect in October 2014. Motion Seconded and carried unanimously.

9. Alternate Revenue – Educational Briefing

Paul Neal, Senior Legal Counsel presented an educational Briefing on Alternate Revenue. The legislature passed the alternate Revenue legislation in 2008. Under this legislation, if the general fund collections increase by more than 5% from the prior biennium, the legislature is to appropriate prescribed funds to the Local Public Safety Account. Mr. Neal reviewed the background of alternate revenue and provided an explanation of the legislation and how it works.

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10. Board Self Evaluation

Tim Valencia, Deputy Director provided information concerning a Board Self Evaluation. Mr. Valencia stated that a board self-evaluation is fundamental to sound governance of a Board. The practice has been adopted by leading public retirement boards. Staff will create an electronic self-evaluation for the trustees to complete.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:25 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 22, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.