

BOARD MEETING MINUTES

AUGUST 28, 2013 – FINAL



TRUSTEE AND STAFF ATTENDANCE

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| In Attendance | Mr. Kelly Fox, Chair – Olympia Fire District |
| In Attendance | Mr. Jack Simington, Vice Chair – Kennewick Police Department |
| In Attendance | Mr. Wally Loucks – Spokane County Sheriff’s Office |
| In Attendance | Mr. Jeff Holy – Spokane Police Department (Retired) |
| 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. Glenn Olson – Clark County |
| Absent | Mr. David Cline – City of Tukwila |
| In Attendance | Senator Jim Honeyford – WA State Senator |
| In Attendance | 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 | 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 August 28, 2013. A quorum of the members was present at this meeting.

OPENING | Chair Kelly Fox called the meeting to order at 9:40 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

Director Nelsen introduced Wally Loucks of the Spokane County Sheriff’s Office as the newest LEOFF 2 Board member.

Director Nelsen acknowledged the LEOFF Plan 2 Board’s founding members; Kelly Fox, Jack Simington, Pat Hepler and Mark Johnston. These members were presented a bronze coin for their dedicated service from 2003-2013.

1. Approval of Minutes

MINUTES | *It was moved to approve the Board meeting minutes from June 19 and July 24, 2013*
APPROVED | *with a correction to Mark Johnston’s name. Motion seconded and carried unanimously.*

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2. Washington State Investment Annual Update

Theresa Whitmarsh, Director with the Washington State Investment Board (WSIB) presented the WSIB Annual Update. Director Whitmarsh provided an overview of investment responsibility and Board oversight. She also reviewed specific market values and allocation for CTF, L&I Funds, DC Plans, and Permanent Funds. She continued by speaking of risks and threats the WSIB faces such as; a challenging capital market that make earning rates of returns at a certain level not possible.

Director Whitmarsh provided a summary of the economic outlook. Global recovery will be weak, the developed world will have slow growth at 0 to 2 percent while emerging markets will have 4 to 5 percent. She concluded by stating that despite the challenges, the CTF rate of return is 8.68% and 84 cents of every dollar needed to pay benefits is generated by their investment returns.

3. Board and Administrative Committee Elections

Chair Fox asked members for nominations for the positions of Chair, Vice Chair, and Administrative Committee.

NOMINATION | *Kelly Fox was nominated to hold the position of Chair*

NOMINATION | *Jack Simington was nominated to hold the position of Vice Chair*

NOMINATION | *Paul Golnik was nominated to be the representative on the Administrative Committee*

The Board will revisit this topic and hold elections at the September 25, 2013 meeting.

4. Final Average Salary Protection

Ryan Frost, Research Analyst presented an Initial Report and presentation concerning Final Average Salary Protection. Mr. Frost explained that LEOFF Plan 2 members' retirement benefits will be reduced if temporary Salary reductions continue after July 1, 2013 occur during their final average salary period.

He provided background information on furloughs and the legislative history surrounding this topic.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Final Average Salary Protection. Seconded and carried unanimously.*

5. Administrative Update

Select committee on Pension Policy (SCPP) Update

Director Nelsen reported the SCPP didn't meet in August. LEOFF Plan 2 coordination topics have been communicated to the SCPP, but we haven't received notification that they will be working any of the issues.

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Director's Outreach

Director Nelsen has continued attending expectation interviews during the last two months. He also attended the National Association of State Retirement Administrators Annual Conference in August, as well as, writing articles for PERSist and The Guardian.

6. Meeting Materials Posted to Website

Tim Valencia, Deputy Director provided a handout and background information related to providing meeting materials to the public. The key point was to make sure the LEOFF Plan 2 Board continues a policy of transparency by making meeting materials that the members receive available to the public.

MOTION | *It was moved to provide materials to the public one day before the Board meeting.*

MOTION AMMENDED | *It was moved to provide meeting materials to the public two days prior to the Board meeting. Motion seconded and carried.*

7. Corrections Legislation

Ryan Frost, Research Analyst presented an Initial Report and presentation concerning Corrections Legislation. Mr. Frost discussed corrections that are needed to fix errors in the statute for current and future Emergency Medical Technicians.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Corrections Legislation. Motion seconded and carried unanimously.*

8. Salary Spiking

Paul Neal, Senior Legal Counsel presented an Initial Report and presentation on Salary Spiking. Mr. Neal addressed how salary spiking in public pension plans undermines public trust that LEOFF Plan 2 is designed responsibly and managed professionally.

He provided background information and policy issues stemming from this issue. Mr. Neal also described the history of anti-spiking efforts in Washington.

MOTION | *It was moved to not pursue the topic of Salary Spiking. Motion seconded and carried.*

9. Career Change

Paul Neal, Senior Legal Counsel presented an Initial Report and presentation on the topic of Career Change. He addressed the abuse of career change legislation and how it could undermine public trust.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Career change. Motion seconded and carried.*

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10. Promoting Individual Savings for Retirement

Paul Neal, Senior Legal Counsel presented an Initial Report and PowerPoint on Promoting Individual Savings for Retirement. Mr. Neal spoke regarding members who are not able to take advantage of a recent IRS ruling which provided new options for managing savings in retirement.

MOTION

It was moved to continue forward with a Comprehensive Report on the topic of Promoting Individual Savings for Retirement. Motion seconded and carried unanimously.

11. Agenda Items for Future Meetings

Director Nelsen reviewed the agenda items for the September 25th meeting.

MOTION

It was moved to ask the WSIB to present at the November 20, 2013 Board meeting. Motion Seconded and carried unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:35 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 25, 2013 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.