



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD**

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REGULAR BOARD MEETING
September 23, 2009

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Boardroom of the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington on September 23, 2009.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair (Teleconference)
Darla Hartley
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Ryan Martin
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Jessica Burkhart, Executive Assistant
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager

Guests:

Steve Hill, Director of HCA and DRS
Mary Fliss, PEBB Assistant Administrator
Matt Smith, State Actuary
Chris Jaspersen, Associate Pension Actuary

Board Members Not Present:

Greg Cuoio

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:38 a.m. The Board took a moment of silence to honor those who had fallen since the last time the Board met.

1) **July 22, 2009 Board Meeting Minutes**

It was moved that the July 22, 2009 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **PEBB Access, Steve Hill – Director of DCA and DRS and Mary Fliss – PEBB Assistant Administrator**

Steve Hill, Director of the Washington State Health Care Authority and the Department of Retirement Systems provided an introduction to the *Public Employee Benefits Board (PEBB)*. Mr. Hill discussed the PEBB business structure, how PEBB is paid, and the employer group's retirements and eligibility structure.

The Board directed questions to Mr. Hill and Ms. Fliss related to how the LEOFF 2 group could become accepted into the PEBB program.

3) **Supplemental Rate Methodology, Chris Jasperson – Associate Pension Actuary**

Chris Jasperson, Associate Pension Actuary presented a Supplemental Rate Methodology presentation. Mr. Jasperson discussed the valuation and pricing methodology as it pertains to complexity, group size, sensitivity, and materiality.

4) **Actuarial Factor Adoption**

The Board members received an *Administrative Factors Update* from the Office of the State Actuary (OSA). OSA completed their update of Administrative Factors for use in the Washington State Administrative Code. OSA provided actuarial sound Early Retirement Factors, Monthly Benefit per \$1.00 of Accumulation, and Joint and Survivor option Factors.

It was moved that the Board adopt the Actuarial Factors presented by the Office of the State Actuary with an effective date of January 1, 2010. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **Economic Assumptions, Matt Smith – State Actuary and Chris Jasperson – Associate Pension Actuary**

Chris Jasperson, Associate Pension Actuary provided the members with a report on the *LEOFF 2 Long Term Economic Assumptions*. The report included recommendations and key findings along with a background and the general approach to setting economic assumptions.

The Board was also given a letter from the *Office of the State Actuary* which addressed the funded status, contribution requirements, employer contribution rates, and a health assessment. The letter identified ways to manage certain risks involved in funding.

6) **Administrative Update**

- **Select Committee on Pension Policy (SCPP) Update**

Executive Director Nelsen briefed the board on the latest SCPP meeting.

7) **Service Credit for Shared Leave, Preliminary Report – Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a preliminary report and presentation on *Service Credit for Shared Leave*. Mr. Deam addressed the issue between LEOFF employers and members regarding the pension treatment of shared leave. He reviewed who and what is covered and how leave is treated. Mr. Deam provided three policy options for the Board to review.

It was moved that the Board move forward with Service Credit for Shared leave to the next stage and bring back fiscal costs from the Office of the State actuary for the members to review. Seconded.

MOTION CARRIED UNANIMOUSLY

8) **Furloughs, Initial Consideration – Greg Deam**

Greg Deam, Senior Research and Policy Manager provided an Initial Consideration on the topic of Furloughs. Mr. Deam stated that a furlough is a leave of absence without pay. He discussed the key issue being members who take voluntary or involuntary unpaid leave as a result of the current economic condition and how it can adversely affect retirement benefits if this leave is taken during their Final Average Salary period.

This agenda item remains on-hold. No action taken at this time.

9) **Board Officer Elections**

Chair Fox initiated the Board Officer Elections.

It was moved that Jack Simington was appointed Vice Chair for another term, Kelly Fox was appointed Chair for another term, and Glenn Olsen was appointed as the employer representative on the Administrative Committee for another term. Seconded.

MOTION CARRIED UNANIMOUSLY

10) **Agenda Items for Next Meeting**

Chair Fox noted that the October 28 meeting has been changed to October 21.

Representative Simpson requested that a report be brought back to the Board covering costs of medical insurance for catastrophically disabled members.

It was moved that the topic of Catastrophic Disability

*Medical Insurance be brought back to the October meeting
as a Preliminary Follow-Up Report. Seconded.*

MOTION CARRIED UNANIMOUSLY

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 28, 2009 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 1:20 p.m.