



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING
October 21, 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 October 21, 2009.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Representative Geoff Simpson

Staff Present:

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

Guests:

Chris Jaspersen, Associate Pension Actuary

Board Members Not Present:

Darla Hartley
Ryan Martin

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:44 a.m. The Board took a moment of silence to honor those who had fallen since the last time the Board met.

1) **September 23, 2009 Board Meeting Minutes**

It was moved that the September 23, 2009 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Independent Financial Audit Results, Steve Davis, CPA**

Executive Director Nelsen informed the Board that the Independent Financial Audit is still underway. The final results will be presented at the November 18 meeting.

3) **Developing Disability Study Requirements –
Chris Jasperson – Associate Pension Actuary**

Chris Jasperson, Associate Pension Actuary led a discussion regarding the Disability Study Requirements. The Board provided feedback to Mr. Jasperson.

4) **Catastrophic Disability Medical Insurance, Preliminary Report –
Tim Valencia, Senior Research and Policy Manager**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary report and presentation concerning *Catastrophic Disability Medical Insurance*. He provided a background on members who suffer catastrophic duty-related disabilities and costs of their retiree medical insurance. He provided information related to COBRA, extended COBRA, and Medicare (parts A-D). Two policy options were provided to the Board.

The Board moved to forward the topic of Catastrophic Disability Medical Insurance to the Preliminary Follow-Up stage. Costs for options 1 and 2 will be researched. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **Administrative Update**

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

Director Nelsen updated the Board on the October 20 SCPP Meeting. The SCPP did not recommend that the Pension Funding Council adopt the long-term economic assumptions recommended by the State Actuary. The Chair of the SCPP feels that it is important for the LEOFF 2 Board and the SCPP to continue coordinating efforts. Director Nelsen will be attending the SCPP sub-committee meetings to stay apprised.

- **Pension Funding Council Briefing**

The Pension Funding Council is required to adopt the long term economic assumptions. To date they have not scheduled a follow-up meeting.

- **Recognition**

Director Nelsen honored Tim Valencia for successfully receiving his Group Benefits Associate designation from the Wharton School of Business.

**6) Recalculation of Retirement Benefits, Preliminary Report –
Greg Deam, Senior Research and Policy Manager**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report on the topic of *Recalculation of Retirement Benefits*. Mr. Deam pointed out how the implementation of new actuarial factors from the 2002 experience study and resulted in significantly different retirement benefits for members with nearly identical careers. He provided examples and reviewed the policy issues involved.

*The Board moved to forward the topic of Recalculation of Retirement Benefits to the Preliminary Follow-Up stage.
Seconded.*

MOTION CARRIED UNANIMOUSLY

**7) Supplemental Rate Methodology, Initial Consideration –
Steve Nelsen, Executive Director**

Steve Nelsen, Executive Director provided an Initial Consideration on *Supplemental Rate Methodology*. Director Nelsen explained that the Board may want to adopt a formal policy regarding the methodology used to calculate a supplemental contribution rate. He reviewed the minimum rate policy, flat rate policy, and supplemental rate policy.

At this time, the Board did not move forward on this topic.

8) Discussion Items for Next Meeting

The proposed 2010 Meeting Schedule was discussed. The June and August dates need to be changed before the Board adopts the schedule.

Chair Fox, stated that the Washington State Council of Fire Fighters would like the Board to research and investigate the opportunity to self fund the Benefit Improvement Account by contributing additional money by the members.

The Board moved to have staff research and bring back an Initial Consideration for the topic of Member Contributions to a Benefit Improvement Account. Seconded.

MOTION CARRIED UNANIMOUSLY

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 18, 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 1:15 p.m.