



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING

March 23, 2005

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 March 23, 2005.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Michael Edwards
Pat Hepler
Mark Johnston
David Moseley
Doug Pendergrass

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Suzanne Shaw, Assistant Attorney General
Tim Valencia, Senior Research and Policy Manager

Guests:

Carrie Boyd, Labor & Industries - Pension and Social Security Offset Manager

Board Members Not Present:

Doug Cochran
Maureen Morris
Senator Linda Evans Parlette
Representative Geoff Simpson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:39 a.m.

1) January 26, 2005 Board Meeting Minutes

It was moved that the January 26, 2005 Board meeting minutes be adopted as presented.

MOTION CARRIED UNANIMOUSLY

2) **Labor & Industries Benefits Presentation**

Carrie Boyd, Pension and Social Security Offset Manager

Carrie Boyd, Pension and Social Security Offset Manager with the Department of Labor and Industries provided the Board with a *presentation* covering the several benefits available to workers who are injured on the job or who develop occupational diseases due to on the job exposures. Ms. Boyd also reviewed the three pension options that a member may choose if he/she becomes disabled as well as, the death benefits that are available to the surviving family.

3) **Death Benefits/Occupational Illness – Initial Consideration, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration to the Board concerning *Death Benefits/Occupational Illness*. Mr. Valencia covered the standard and special death benefits along with workers compensation issues and comparisons of other states.

Kelly Fox, Chair, introduced Officer O’Brien with the Pierce County Sheriffs’ Department and stated that he wished to testify. Chair Fox also recommended that time be added to the agenda to acknowledge guests from other organizations and agencies that are in the audience.

Officer O’Brien testified regarding his concern with Department of Labor and Industries and the way in which they handle disability claims. Chair Fox recommended that Officer O’Brien speak to the Washington Council of Police and Sheriffs (WACOPS).

4) **Actuarial Reduction Factors – Initial Consideration, Steve Nelsen**

Steve Nelsen, Executive Director, presented an *Initial Consideration* to the Board concerning the *Actuarial Reduction Factors* used to calculate survivor benefits, disability benefits, and death benefits. Mr. Nelsen also provided the Board with a memo from the Office of the State Actuary listing the *Proposed Changes to Optional Reduction Factors* for annuitants whose original benefits began before September 30, 2002.

It was moved that the “Actuarial Reduction Factors” topic move forward to the Preliminary Report stage and be brought back to an upcoming Board meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **2005 Legislative Update – Steve Nelsen**

Steve Nelsen provided a legislative update and presented the Board with the *Status of Board Request Bills* for the 2005 Regular Session. Mr. Nelsen indicated that Board members and the public can track the status of bills on the Legislation Page of the Board’s Web site located at www.leoff.wa.gov.

6) **Administrative Update – Steve Nelsen**

Quarterly Budget Update

Mr. Nelsen provided the Board with the *February 2005 Monthly Budget Reports* and indicated that the Board is well under budget at this time. Approximately \$300,000-350,000 will be returned to the retirement fund. Mr. Nelsen also noted that updates on the budget will be provided to the Board on a regular basis.

Annual Funding Status Report

Mr. Nelsen provided the Board with the *2004 Annual Funding Status Report* that was sent to the Governor and the chairs of each legislative committee, reporting on the funding status of the LEOFF Plan 2 Retirement plan.

DRS Memo of Understanding

Steve Nelsen gave an update on the Memo of Understanding between the LEOFF Plan 2 Retirement Board and the Department of Retirement Systems (DRS). Mr. Nelsen stated that the draft agreement is still currently under review; however, with the change in administration that timeline may change.

LEOFF Plan 2 Retiree COLA

Mr. Nelsen presented the Board with a copy of the *2005 Cost of Living Adjustments* (COLA) from the Office of the State Actuary as of July 1, 2005. He also reported that there was a 1.57% inflationary adjustment in the last year.

Newsletter

The first edition of “Dual Response” received very positive feedback. The newsletter was reported to be informative, easy to read, and very helpful. Mr. Nelsen indicated that staff has received approximately 300 completed surveys to date and will be giving a final survey response report at the April 2005 Board meeting.

Next Board Meeting

Mr. Nelsen provided the Board with the *2005 Agenda Items Meeting Calendar* and reviewed the April 27, 2005 Board meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 27, 2005 from 9:30 a.m. – 1:00 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 12:47 p.m.