



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING
March 26, 2008

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 28, 2007.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Mark Johnston
Ryan Martin
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Matt Smith, State Actuary

Board Members Not Present:

Pat Hepler
Jeff Holy
Glenn Olson
Senator Linda Evans Parlette

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:37 a.m.

1) **December 18, 2007 Board Meeting Minutes**

It was moved that the December 18, 2007 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **2008 Legislative Update**

Alternate Revenue

Tim Valencia, Senior Research and Policy Manager provided a legislative update on Alternate Revenue. Mr. Valencia addressed the key issues surrounding the Alternate Revenue bill as passed by the legislature. He explained the revenue trigger and the projected revenue stream and earnings.

Bills that did Not Pass

Greg Deam, Senior Research and policy Manager provided an overview of the bills that did not pass during the 2008 legislative session.

Deferred Compensation (HB 3049/SB 6635)
Military Death Benefit (HB 3007/SB 6646)
Interruptive Military Service Credit Transfer (HB 3008/SB 6645)
FWEO Service Credit Transfer (HB 3023/SB 6653)
\$150,000 Death Benefit (HB 3026/SB 6664)
L&I Survivor Benefits (HB 1545)
Port Fire Fighter Membership (HB 2134)
Occupational Disease Presumption (HB 3331)

The Medicare Only Benefits (HB 2510) bill did pass. The Board requested that the LEOFF 2 members be notified through the next newsletter concerning the election process.

PUBLIC TESTIMONY

Jolin Lowry, widow of Tacoma police officer who died in the line of duty testified concerning the Labor and Industries Survivor Benefits bill. Ms. Lowry requested that the Board continue studying this issue in the interim to bring back to the legislature next year.

3) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director provided an update on the Select Committee on Pension Policy (SCPP). The SCPP has not had a meeting yet this year. During the 2008 session the SCPP recommended 16 pension bills. 4 out of the 16 bills proposed were LEOFF/SCPP joint bills.

Budget Update

Steve Nelsen provided an update on the Budget and provided the Allotments and Expenditures report from February 2008. He reported that we are under budget. He added that an expenditure had taken place to update technology in the office.

Newsletter Update

The spring edition of Dual Response will be sent to member and retiree homes no later than May. A list was provided to the Board with the topics for the upcoming newsletter. The Board requested that an article notifying members of the Medicare Only Health Insurance Benefits be included in this edition of the newsletter.

DRS Rule-making

Mr. Nelsen addressed several LEOFF Plan 2 bills that require rule-making. Other than Catastrophic Disability, the membership has not mentioned a need for rule-making.

The Career Change bill will require rule-making. EMT into LEOFF may also require rule-making due to those employed by a hospital district.

Mr. Nelsen added that Greg Deam is the Rules Coordinator for the LEOFF Plan 2 Retirement Board. Questions or concerns pertaining to rule-making can be directed to Mr. Deam.

Federal Legislation

Mr. Nelsen provided a brief update on Federal Legislation. A while back the Board discussed the federal benefit that provided favorable tax treatment for insurance premiums being paid for by public safety officers. There is follow-up legislation at the federal level to take this benefit one step further. This legislation would simplify the process. Mr. Nelsen will keep the Board apprised of the progress of this bill.

4) Interim Issues

Actuarial Valuation and Audit

The Executive Director reviewed the upcoming interim in regards to the Actuarial Valuation and Audit. An *interim work plan* was provided to the Board outlining each month's agenda.

Actuarial Experience Study

Every 5-6 years the state conducts an experience study. This year the Board is responsible for adopting all of the actuarial factors for LEOFF Plan 2 which is done during the experience study. Board staff has been working with the DRS to coordinate the administrative issues.

Projected Improvements in Life Expectancy

Mr. Nelsen addressed the issue of projected improvements in life expectancy. This issue will come before the Board during the Experience Study during the April meeting.

Adoption of New Actuarial Tables

The Adoption of New Actuarial Tables will take place following the completion of the Experience Study. There is a possibility of creating a separate table for survivor retirements.

Health Care Access Cost Study

Mr. Nelsen addressed the Health Care Access Cost Study and informed the members that it would come before the Board later this interim, perhaps September.

Contribution Rate Adoption

Mr. Nelsen reviewed the Contribution Rate Adoption process with the Board. The last contribution rates were adopted 4 years ago. The Board will need to adopt the 2009-2011 contribution rates at the July meeting.

Alternate Revenue Follow-Up

Mr. Nelsen reviewed the current status of Alternate Revenue and the types of follow-up that need to take place. A study of the present value of the revenue stream and determining what the existing revenue stream means in an actuarial sense will take place during this interim.

Matt Smith, State Actuary addressed the Board concerning the actuarial planning calendar. Mr. Smith noted that it will be a busy year for the Board. Before the members can adopt contribution rates in July, the Valuation and Experience Study must take place.

5) Agenda Items for Next Meeting

Mr. Nelsen reviewed the agenda items for the April 30, 2008 meeting. The Board will be hearing Experience Study Previews and updating policies to include convening a meeting without a quorum.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 30, 2008 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 12:22 p.m.