



# **Board Membership**

## **Initial Consideration**

**WASHINGTON STATE**  
**Law Enforcement Officers' and Fire Fighters'**  
**Plan 2 Retirement Board**

**April 27, 2005**

# LEOFF Plan 2 Retirement Board

- Eleven Member Board – RCW 41.26.715
  - Three Active Law Enforcement
  - Three Active Fire Fighter
  - Three Employer Representatives
  - Two Legislators
- All positions Governor Appointed

# Terms of Office

- All positions initially appointed July 1, 2003
- Law Enforcement and Fire Fighters terms
  - Initial terms: 6 years, 4 years, and 2 years
  - Subsequent terms: 6 years
  - Expiration of terms staggered
- Employer and Legislator terms
  - Initial terms: 4 years
  - Subsequent terms: 4 years
  - Expiration of terms not staggered

# Retiree Board Members

- Two retiree board members added in 2007
  - One fire fighter, one Law Enforcement
- First vacancies after January 1, 2007
- LEOFF Retirees
  - 2% of current membership
  - 33% in 2016-17

# Retiree Board Members

- SCPP
  - Twenty total committee members
    - Two retiree committee members
    - Four active committee members
- Retirees are 40% of total population
- Retirees have 33% of membership positions

# Board Officers

- Temporary Officers - August 29, 2003
- Permanent Officers - November 19, 2003
- Board Motion
  - Chair and Vice-Chair elected for two-year terms serving concurrently
  - Temporary officer appointed as permanent through July 2005

# Administrative Committee

- Created in October 2003
- Discussions and decisions regarding the operating obligations of the board
- Current members appointed Oct 17, 2003
- Terms of service unspecified



Questions?

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

## Board Membership Initial Consideration

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### 1. Issue

The initial board member terms begin to expire in June 2005. Additional terms will expire in June 2007 and then June 2009. The composition of the LEOFF Plan 2 Retirement Board is expected to change in July 2007 replacing one-third of the active member representatives with retiree representatives.

### 2. Staff

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### 3. Members Impacted

This impacts all members and retirees of LEOFF Plan 2. As reported in *The Office of the State Actuary's 2003 LEOFF 2 Actuarial Valuation Report*, there were 14,560 active members and 316 retirees as of September 30, 2003.

### 4. Current Situation

The composition of the LEOFF Plan 2 Retirement Board is governed by statute. RCW 41.26.715 creates the eleven-member board including the following:

- Three active law enforcement officers who are participants in the plan
- Three active fire fighters who are participants in the plan
- Three representatives of employers
- Two legislators (one State Representative and one State Senator)

The initial terms of board members will begin to expire in June 2005 followed by expirations in June 2007 and June 2009. The pattern of term expirations poses some potential challenges for the Board in the future.

## **5. Background Information and Policy Issues**

### **Board Member Nomination and Appointment**

All eleven board positions are Governor appointed positions:

- The law enforcement officer board members are appointed by the governor from a list provided by a recognized statewide council whose membership consists exclusively of guilds, associations, and unions representing state and local government police officers, deputies, and sheriffs and excludes federal law enforcement officers.
- The fire fighter board members are appointed by the governor from a list provided by a recognized statewide council, affiliated with an international association representing the interests of fire fighters.
- The employer board members must be representatives of employers and appointed by the governor.
- The board member from the House of Representatives is appointed by the governor based on the recommendation of the Speaker of the House of Representatives.
- The board member from the Senate is appointed by the governor based on the recommendation of the Senate Majority Leader.

### **Board Member Terms of Office**

All of the LEOFF Plan 2 Retirement Board member positions were initially appointed on July 1, 2003. A list of the current board members, position numbers, and terms of office can be found in Appendix A.

As defined in statute, the law enforcement and fire fighter board members initially serve terms of six, four, and two years. After the initial terms expire, the law enforcement and fire fighter board members serve six year terms.

The legislative and employer board members initially serve terms of four years. After the initial terms expire, the legislative and employer board members serve four year terms.

See Appendix B: RCW 41.26.715.

## **Retiree Board Members**

Retiree Representatives are added to the board membership in 2007. Beginning with the first vacancies on or after January 1, 2007 a retiree fire fighter board member will replace one of the three active fire fighter board members and a retiree law enforcement board member will replace one of the three active law enforcement officer board members. The first vacancies after January 1, 2007 are expected to occur on June 30, 2007 when the terms for Position 2 (law enforcement) and Position 5 (fire fighter) expire.

Once added to the board, retiree representatives will hold one-third of the law enforcement and fire fighter representation on the board. Based on *The Office of the State Actuary's 2003 LEOFF 2 Actuarial Valuation Report*, the current percentage of retirees compared to active membership is 2%.

In 1999, LEOFF Plan 2 membership and retirement projections by the Office of the State Actuary projected that retirees would not equal one-third of membership until 2015-2016. This projection was revised downward following the 1995-2000 experience study. More recent projections done in 2003 projected that retirees will not equal one-third of membership until 2016 – 2017.

In comparison, the twenty-member Select Committee on Pension Policy (SCPP) has only two retiree representatives and has governance over five retirement systems with eleven plans. Based on the combined participant data from these system/plans as reported in the Office of the State Actuary's *2003 Report of the Combined Actuarial Valuation*, the percentage of retired members to active members in the systems as of September 20, 2003 was approximately 40%. Although retirees represent a large portion of the total membership population, retirees only hold 10% of the representation on the SCPP. They do however hold one-third of the membership representation.

The SCPP Executive Committee will be changing to include retiree representation. The SCPP has recommended a bill to the 2005 Legislature to add a retiree representative as a sixth member of the Executive Committee. This bill was signed by the Governor on April 12, 2005. Previously the SCPP had five members, none of which were retiree representatives.

## **Board Officers**

The board initially discussed the election of board officers at the August 29, 2003 board meeting. It was determined that temporary officers would be elected to allow board members to get to know each other better before electing permanent officers. As a result, the board passed a motion at this meeting to elect a temporary Chair and a temporary Vice Chair to authorize the signing of documents for administrative items necessary to the board's start-up. On the motion, the board appointed Kelly Fox as the temporary Chair and Jack Simington as the temporary Vice Chair.

The board re-opened the board officer discussion at the November 19, 2003 board meeting. During this meeting, the board determined that the positions of Chair and Vice Chair would be appointed for two-year terms and would serve concurrently. The board passed a motion to appoint Kelly Fox as the Chair through July 2005 and appoint Jack Simington as the Vice Chair through July 2005. The next board officer election would need to be conducted prior to the August 2005 board meeting in order to have a Chair in place for the August meeting.

### **Administrative Committee**

The Administrative Committee was created in October 2003. The Administrative Committee was created to work with the Executive Director in discussions and decisions regarding the operating obligations of the board. At the October 17, 2003 meeting, the board elected Kelly Fox, Jack Simington, and Maureen Morris to be the Administrative Committee. The terms of service on the Administrative Committee were unspecified.

### **Expiration of Board Member Terms of Office**

The initial board member terms expire in the following order.

- On June 30, 2005 two board member terms will expire. The expiring terms will be one law enforcement representative (Position #3) and one fire fighter position (Position #4). The persons appointed to fill these positions will serve six year terms beginning July 1, 2005 and lasting until June 30, 2011.
- On June 30, 2007 seven of the eleven board member terms will expire. The expiring terms will be board members who are serving four year terms including one law enforcement position (Position #2), one fire fighter position (Position #5), all three employer positions (Positions #7-9), and both legislative positions (Positions #10 and #11). The persons appointed to fill the law enforcement and fire fighter positions will serve six year terms beginning July 1, 2007 and lasting until June 30, 2013. The persons appointed to fill the employer and legislative positions will serve four year terms beginning July 1, 2007 and lasting until June 30, 2011.
- On June 30, 2009 two board member terms will expire. The expiring terms will be the six year terms of one law enforcement representative (Position #1) and one fire fighter position (Position #6). The persons appointed to fill these positions will serve six year terms beginning July 1, 2009 and lasting until June 30, 2015.

Board members may be reappointed to succeeding terms without limitation. If a board member is not reappointed to a succeeding term, statute provides that the board member will serve in their position until their successor is appointed and seated. In the event a vacancy occurs on the board, the vacancy is filled in the same manner as prescribed for a regular board member appointment.

Further examination of the pattern of board member term expiration over time reveals some potential issues. Table 1 below displays the pattern of all eleven board member positions from 2003 through 2021.

**Table 1: Board Member Term Expiration**

POS	TYPE	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
1	LE																				
2	LE																				
3	LE																				
4	FF																				
5	FF																				
6	FF																				
7	ER																				
8	ER																				
9	ER																				
10	LG-R																				
11	LG-S																				

Terms Expire June 30 of the highlighted year.

The law enforcement and fire fighter terms are all staggered such that in every other year only one law enforcement and one fire fighter term expires at the same time. In contrast, the employer positions and the legislative positions are not staggered. What emerges from this pattern is that every four years, starting in 2007, there are seven board member terms that expire at the same time. This could pose a risk as far as continuity on the board.

The legislative positions already have a potential for change due to the political landscape. It is possible that legislative members could serve only two years of their four year terms because of elected terms of office expiring or due to changes in Senate and House Leadership.

Since board member terms expire in the month of June, there will be board appointment and board officer election cycles where there could be several new board members attending their first meeting and being asked to vote on board officers. This timing does not provide the new board members an opportunity to get to know the other board members before being asked to vote on officers. As noted earlier in the report, this same issue occurred during the initial board officer elections and resulted in temporary officers being elected to allow the board members to get to know each other better before electing permanent officers.

Lastly, the board may not have a presiding Chair for a July meeting if the presiding Chair's board term expires in June. The board does have a line of succession for the Chair following Reed's Parliamentary Rules; however this could be problematic if it occurs during a year of high board member turnover.

## 6. Supporting Information

Attached:

- *Appendix A: LEOFF Plan 2 Retirement Board Members and Terms*
- *Appendix B: RCW 41.26.715 Board of trustees-Created-Selection of trustees-Terms of office-Vacancies*

**Appendix A:**

**LEOFF Plan 2 Retirement Board Member Positions and Terms of Office**

<b>Law Enforcement Representatives</b>	<b>Fire Fighter Representatives</b>
<p><b>Position #1</b>  <b>Jack Simington, Vice Chair</b>                      Six-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2009</p>	<p><b>Position #4</b>  <b>Mark Johnston</b>                      Two-year term                      Appointed: 07/01/03                      Term expires: 06/30/2005</p>
<p><b>Position #2</b>  <b>Michael Edwards</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>	<p><b>Position #5</b>  <b>Kelly Fox, Chair</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>
<p><b>Position #3</b>  <b>Doug Pendergrass</b>                      Two-year term                      Appointed: 05/28/2004                      Term expires: 06/30/2005</p>	<p><b>Position #6</b>  <b>Pat Hepler</b>                      Six-year term                      Appointed: 07/01/2003                      Term Expires: 06/30/2009</p>

<b>Employer Representatives</b>	<b>Legislative Representatives</b>
<p><b>Position #7</b>  <b>David Moseley</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>	<p><b>Position #10</b>  <b>Representative Geoff Simpson</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>
<p><b>Position #8</b>  <b>Maureen Morris</b>                      Four-year term:                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>	<p><b>Position #11</b>  <b>Senator Linda Evans Parlette</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>
<p><b>Position #9</b>  <b>Doug Cochran</b>                      Four-year term                      Appointed: 07/01/2003                      Term expires: 06/30/2007</p>	

## **Appendix B:**

### **RCW 41.26.715 Board of trustees-Created-Selection of trustees-Terms of office-Vacancies**

(1) An eleven member board of trustees is hereby created.

(a) Three of the board members shall be active law enforcement officers who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, one board member shall be a retired law enforcement officer who is a member of the plan. The law enforcement officer board members shall be appointed by the governor from a list provided by a recognized statewide council whose membership consists exclusively of guilds, associations, and unions representing state and local government police officers, deputies, and sheriffs and excludes federal law enforcement officers.

(b) Three of the board members shall be active fire fighters who are participants in the plan. Beginning with the first vacancy on or after January 1, 2007, one board member shall be a retired fire fighter who is a member of the plan. The fire fighter board member shall be appointed by the governor from a list provided by a recognized statewide council, affiliated with an international association representing the interests of fire fighters.

(c) Three of the board members shall be representatives of employers and shall be appointed by the governor.

(d) One board member shall be a member of the house of representatives who is appointed by the governor based on the recommendation of the speaker of the house of representatives.

(e) One board member shall be a member of the senate who is appointed by the governor based on the recommendation of the majority leader of the senate.

(2) The initial law enforcement officer and fire fighter board members shall serve terms of six, four, and two years, respectively. Thereafter, law enforcement officer and fire fighter board members serve terms of six years. The remaining board members serve terms of four years. Board members may be reappointed to succeeding terms without limitation. Board members shall serve until their successors are appointed and seated.

(3) In the event of a vacancy on the board, the vacancy shall be filled in the same manner as prescribed for an initial appointment.

[2003 c 2 § 4 (Initiative Measure No. 790, approved November 5, 2002).]