



STATE OF WASHINGTON

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

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329

REGULAR BOARD MEETING
May 27, 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 May 27, 2009.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Darla Hartley
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Ryan Martin

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
Chris Jasperson, Associate Pension Actuary

Board Members Not Present:

Representative Geoff Simpson
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 9:44 a.m.

1) **February 25, 2009 Board Meeting Minutes**

It was moved that the February 25, 2009 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Legislative Update –**

Tim Valencia, Senior Research and Policy Manager

Mr. Valencia provided an overview of the *LEOFF Plan 2 Board bills* that were introduced during session. These consisted of Duty Disability Conversion (HB 1678) and Catastrophic Disability Medical Insurance (HB 1679/SB 5541). Duty Disability Conversion passed and Catastrophic Disability Medical Insurance did not pass.

He provided an overview of the bills that were endorsed by the LEOFF Plan 2 Board. Pension treatment of Domestic Partners (1616) passed. The Labor and Industries Survivor Benefits/Marriage Prohibition Bill (HB 1212) did not pass. Although this bill did not pass, a letter was sent to Labor and Industries from Representative Conway and Senator Kohl-Welles asking specific questions pertaining to this bill.

Greg Deam, Senior Research and Policy Manager

Mr. Deam described the Pension Plan Funding Bill (SSB 6161). This bill changed assumptions for all other plans, but excluded LEOFF Plan 2 members.

He provided an overview of the bills that the Select Committee on Pension Policy (SCPP) and LEOFF Plan 2 Board jointly sponsored. Interruptive Military Service Credit (HB 1548) passed. Military Service Death Benefit (HB 1551) passed. Fish and Wildlife Enforcement Officers Service credit Transfer (HB 1953) passed, and the Lump-Sum Death Benefit (HB 1547) did not pass.

Mr. Deam reviewed other bills of interest such as Furloughs/FAS (SB 6157) and Domestic Partners (E2SSB 5688).

It was moved that the Board staff continue research on SB 6161 relating specifically to who has the authority to set rates and whether or not members have a right under Baukenhaus to an independent Board to set rates. The Board staff will bring back a recommendation at an upcoming meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

It was moved that Board staff continue research and bring back a recommendation for Catastrophic Disability (HB 1679) and the Lump Sum Death Benefit (HB 1547). Seconded.

MOTION CARRIED UNANIMOUSLY

It was moved that the Board send a letter to the Director of Labor and Industries in support of the Survivor Benefits/ Marriage Prohibition Bill (HB 1212). Seconded.

MOTION CARRIED UNANIMOUSLY

PUBLIC TESTIMONY

Jolin Lowry, widow of Officer William Lowry testified in support of HB 1212 and thanked the Board for supporting the bill and their continued efforts.

**3) Office of the State Actuary Interim Schedule –
Chris Jasperson, Associate Pension Actuary**

- Long Term Economic Assumptions
- Supplemental Contribution Rates
- Actuarial Factors
- Disability Study

Mr. Jasperson and Matt Smith, State Actuary provided the Board with a 2009 *actuarial work plan* for the Board. He expressed the need for the members to adopt Economic Assumptions, Supplemental Rates (by July 31, 2009), and Administrative Factors.

He also explained the Interim Pricing Proposals, the 2008 Actuarial Valuation Report and the Economic Experience Study.

It was moved that the Board will concurrently work with OSA and an outside actuary to conduct an audit of the actuarial factors relating to the current death and disability benefits. Experience Study. Seconded.

MOTION CARRIED UNANIMOUSLY

It was moved that the Board will coordinate with the Select Committee on Pension Policy (SCPP) for Service Credit for Shared Leave, Annuity Purchase, and Survivor Factors during the 2009 interim. Seconded.

MOTION CARRIED UNANIMOUSLY

The Board moved to contact the SCPP and respectfully request that the Chairs of the LEOFF 2 Board and SCPP collaboratively work together to locate prime sponsors on joint bills during the 2010 session . Seconded.

MOTION CARRIED UNANIMOUSLY

4) LEOFF 2 Board Interim Schedule – Steve Nelsen, Executive Director
Issues Previously Studied

- Survivor Factors
- Recalculation of Retirement Benefits
- Annuity Purchase
- Presumptive Duty-Related Illnesses for Law Enforcement Officers
- Employer Contributions to Deferred Compensation as Salary
- PEBB Access Study

New Issues

- Service Credit for Shared Leave

The Executive Director provided a *summary of the LEOFF 2 issues* that have previously been studied. He also pointed out Service Credit for Shared Leave, a new topic that the Board may consider researching.

It was moved that Board staff will continue to research Presumptive Duty related Illnesses for Law Enforcement Officers, Deferred Compensation and PEBB Access. The Board staff will continue to coordinate efforts with the Health Care Authority on PEBB Access, specifically for the fiscal note. Seconded.

MOTION CARRIED UNANIMOUSLY

5) Administrative Update

- Select Committee on Pension Policy Update
Mr. Nelsen reported that the SCPP did not hold a meeting during May. The next meeting for the SCPP is June 16, 2009.
- Department of Retirement Systems (DRS) Update
The Executive Director acknowledged Steve Hill as the new Director and Marcie Frost as the new Deputy Director for DRS. Annual statements are still in the process of being improved. They are now in multiple formats.
- Quarterly Budget Update
Mr. Nelsen provided an update on the Budget and provided the Allotments and Expenditures report from April 2009. He reported that we are consistently under budget.

- 2009-11 Budget

There have been 9 billion in cuts overall in Washington state this year. The LEOFF 2 Board was very fortunate, and did not receive a budget cut of any type.

Mr. Nelsen noted that although the budget was not cut, there are still restrictions that the Board and staff will follow. The Governor has said no out-of-state travel, and salary increases cannot take effect until February 2010.

- Next Edition of Dual Response Newsletter

The next edition of Dual response is estimated to go to member's homes at the end of July. A Legislative update will be included, but the Director asked that if members have topics they would like to see in an upcoming newsletter that they communicate with Jeralyn Faulhaber.

- Availability of Tax Counsel and Fiduciary Counsel

Mr. Nelsen informed the Board of the ongoing process of contracting with outside tax and fiduciary counsel.

6) Agenda Items for Next Meeting

Mr. Nelsen reviewed the agenda items for the upcoming meeting and noted that the Department of Retirement Systems will be presenting their annual benchmarking results at the June 23 meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 23, 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 1:55 p.m.