



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 28, 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 May 28, 2008.

**Board Members Present:**

Kelly Fox, Chair  
Jack Simington, Vice Chair  
Greg Cuoio  
Pat Hepler  
Jeff Holy  
Mark Johnston  
Ryan Martin  
Glenn Olson  
Senator Linda Evans Parlette

**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:**

Chris Jasperson, Actuarial Assistant

**Board Members Not Present:**

Representative Geoff Simpson

---

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:41 a.m. The Board took a moment of silence to honor those who have fallen since the last time the Board met.

---

1) **April 30, 2008 Board Meeting Minutes**

*It was moved that the April 30, 2008 Board meeting minutes be adopted as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

2) **Experience Study Previews – Chris Jasperson, Actuarial Assistant**

- **Termination**
- **Disability**
- **Miscellaneous**

Chris Jasperson, Actuarial Assistant provided the Board with an *Experience Study Preview* on the issues of termination, disabilities, assumptions and rates. Mr. Jasperson added that fewer people had become disabled than expected, more people terminated service than expected, and the number of assumptions continues to grow.

Recommendations for these assumptions will be finalized by June. The Office of the State Actuary will present the Preliminary Audit Results at the July meeting. The Board will need to adopt final contribution rates by July 31, 2008.

3) **Law Enforcement Presumption for Duty Related Illnesses – Preliminary Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report and presentation on *Law Enforcement Presumption for Duty Related Illnesses*. Mr. Valencia addressed the issue of including Law Enforcement Officers in LEOFF Plan 2 under the occupational Disease presumptions that currently covers Fire Fighters. Under the presumption, the coverage could include respiratory disease, heart problems, cancer, and infectious disease.

Mr. Valencia covered presumption in other states as well as at the federal level. He also provided the Board three options for considerations. Option 1: Presumption for Infectious Diseases, Option 2: Presumption for Heart Problems, Option 3: Presumption for Cancer:

*The Board moved forward with Law Enforcement Presumption for Duty Related Illnesses. Board staff will send a letter to the Department of Labor and Industries requesting that a follow-up study be conducted to include medical conditions since the last study took place in 1992. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**Public Testimony**

**Spokane Police Guild, Detective Estes and Detective Harvey**

Detective Harvey testified that through a routine arrest he contracted a virus called HTLV 2 through a needle stick.

---

Detective Estes shared that while protecting a witness he was exposed to a house fire. The fire left him with irreversible damage to his throat.

**4) Retroactive Duty Related Death and Disability Benefits – Initial Consideration, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration and report on *Retroactive Duty Related Death and Disability Benefits*. Mr. Valencia discussed the issue of retroactivity in regards to the establishment of certain death and disability pension benefits. He addressed Pension/annuity, \$150,000 Death Benefit, Survivor Health Care, Minimum Disability, Occupational Disability, and Catastrophic Disability. He went on to provide the effective date of each benefit.

*The Board moved forward with Retroactive Duty Related Death and Disability Benefits. Board staff will send a letter to the Department of Labor and Industries requesting information on how many members would have received medical reimbursement if it was retroactive. Staff will also work cooperatively with the Office of the State Actuary. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**5) Administrative Update**

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

Steve Nelsen, Executive Director briefed the Board on the latest meeting of the SCPP. Board staff delivered the letter to the SCPP requesting cooperative efforts working on particular topics during the 2008 interim. Chair Schoesler has asked the LEOFF Board to prioritize the issues that the SCPP should consider.

Mr. Nelsen announced that the Department of Retirement Systems (DRS) has named Judy Singh as the new LEOFF Administrator.

DRS has continued to move forward on the list of rulemaking topics. They have made great effort and not allowed their staff turnover to effect this process.

**6) Projected Improvements in Mortality – Preliminary Report, Steve Nelsen**

Steve Nelsen, Executive Director presented a Preliminary Report on *Projected Improvements in Mortality*. Mr. Nelsen reviewed adopting actuarial assumptions that include recommended projected improvements in life expectancy and how this will increase plan costs.

**7) Contribution Rates – Initial Consideration, Greg Deam**

Greg Deam, Senior Research and Policy Manager provided an Initial Consideration on *Contribution Rates*. Mr. Deam discussed the balance between accuracy versus rate volatility concerning contribution rates. He provided a historical view of the 2004 Board adopted 4-year rate schedule and reminded the Board that their current schedule will end on July 1, 2008. Mr. Deam provided 2 policy options to the members; fixed or variable contribution rates.

---

*The Board moved the topic of Contribution Rates forward to the Preliminary Report stage to be heard at the June 18, 2008 meeting. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**8) Purchase of Annuity – Preliminary Report, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report on Purchase of Annuity. Mr. Deam addressed the issue of members who have assets in excess of the purchase cost for the maximum five years service credit currently allowed in statute and another avenue to invest those assets. He reviewed defined contribution assets and provided 2 policy options; introduce legislation or defer until the next interim.

*The Board moved the topic of Purchase of Annuity forward to the Final Proposal stage to be heard at an upcoming Board meeting. Board staff will update the previous bill language and also write a letter to the Select Committee on Pension Policy addressing coordination issues. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**9) Agenda items for Next Meeting**

Steve Nelsen reviewed the agenda items for the upcoming meeting. Actuarial items will continue to be on the agenda throughout June. Mr. Nelsen added that Pension Treatment for Domestic Partners and 24-Month Final Average Salary will be presented at the June 18 Board meeting.

**Next Meeting**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 18, 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 1:32 p.m.