



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING
May 30, 2007

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 30, 2007.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Michael Edwards
Pat Hepler
Jeff Holy
Mark Johnston
Clint Olson
Senator Linda Evans Parlette

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services and Communications Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Kathryn Wyatt, Assistant Attorney General

Guests:

Matthew Smith, State Actuary

Board Members Not Present:

Representative Geoff Simpson
Glenn Olson

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 fallen law enforcement officers and fire fighters who had passed since the last Board meeting.

1) **December 13, 2006 Board Meeting Minutes**

It was moved that the December 13, 2006 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **2007 Legislative Session Update**

Board Legislation

Greg Deam, Senior Research and Policy Manager provided an overview of the LEOFF Plan 2 bills that did and did not pass during the 2007 Legislative Session.

PASSED

- Temporary Duty Disability (HB1261)
- Dual Membership (SHB 1264)
- Contribution Rate Process (SB 5014)
- Service Credit Transfer Waiting Period (HB 1680)
- Board Membership (SHB 1679)

DID NOT PASS

- Retiree Health Care (HB 1678 & SB 5589)
- FWEO Service Credit Transfer (HB 1687 and SB 5588)
- \$150,000 Death Benefit (SHB 1266-amended)

It was moved that the Board hire a private actuarial firm to conduct an audit of the Retiree Health Care bill (HB 1678 and SB 5589). Seconded.

MOTION CARRIED UNANIMOUSLY

Other Legislation Affecting LEOFF 2 Members

Tim Valencia, Senior Research and Policy Manager presented the Board with an overview on related legislation affecting LEOFF Plan 2. He addressed Alternate Revenue (HB 2381), which did not pass, as well as Occupational Disease Presumption (ESHB 1833), which passed, and the \$150,000 Death Benefit (SHB 1266), which passed but amended out the portion that would have affected LEOFF Plan 2 members.

It was moved that the Board move forward with the topic of Alternate Revenue and hear a follow-up report at the July meeting. Staff will also provide specific information pertaining to law enforcement officers' presumptions and female fire fighter presumption data. Seconded.

MOTION CARRIED UNANIMOUSLY

3) **Actuarial Issues for 2007-08 – Matt Smith, State Actuary**

Matt Smith, State Actuary provided the Board with an in-depth look at the *2007-08 Actuarial Issues*. He reviewed the legislative changes that will affect the contribution rate adoption process, valuation date, and changes to the timing of economic assumptions.

Mr. Smith reminded the Board of their responsibility to review supplemental contribution rates and have them adopted by July 31, 2007.

4) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director provided an update concerning the most recent SCPP meeting. Representative Steve Conway was elected as Chair, Senator Mark Schoesler was elected as Vice Chair, and Glenn Olson was elected as an Executive Committee Member. A legislative briefing was provided at the last meeting.

2006 Independent Financial Audit Results, Steve Nelsen

Mr. Nelsen provided the Board with the *Audited Schedule of Expenditures Report* prepared by Davis Accounting Tax and Auditing Services. The audit reported no findings for the third year. For the year ending June 30, 2006, the LEOFF Plan 2 Retirement Board is in conformity with the generally accepted accounting principles accepted in the United States.

Annual Statements, Shawn Merchant

Shawn Merchant, Deputy Director updated the Board on the progress that has taken place with the new and improved annual statements. He reviewed the process that took place with the Department of Retirement Systems (DRS), and provided a *sample annual statement* for the Board to view. The new statements were sent to LEOFF 2 members in March and have received positive feedback. Since members have received their new statements, there has been an increase in on-line benefit estimates, and a clean-up in erroneous beneficiaries. DRS may be able to use this technology in the future for other plans.

DRS will be invited to the June Board Meeting to follow-up with the Board on the status of the Annual Statements Project.

DRS Rule Making, Steve Nelsen

Steve Nelsen provided a brief background on the issue concerning Duty-Related Disability for members age 50 and with 20 years of service. DRS has published rules and allowed input from various parties.

Quarterly Budget Update

Mr. Nelsen updated the Board on the budget and provided an *Allotments and Expenditures Report*. The Board continues to be under budget and there are no issues at this time.

Federal Pension Protection Act Implementation

Tim Valencia and Greg Deam have been coordinating with the Department of Retirement (DRS) Systems on the Federal Pension Protection Act Implementation. This program will be a major benefit to LEOFF members who have their health care premiums deducted from their pension benefit. A publication will be formed to determine eligibility, and if eligible, ensuring premiums are excluded for incoming taxes. Information will be posted on both the LEOFF and DRS Web sites.

2007 Newsletter Update, Steve Nelsen

There will now be an educational component included in each newsletter. The next edition of *Dual Response* is scheduled to be mailed to LEOFF 2 member homes and employers in mid-late July.

Interim Issues

The Board agreed to send a letter to the Select Committee on Pension Policy requesting cooperative work efforts with the Board on the following topics:

- Treating Employer Contributions to Deferred Compensation Plans as Salary
- Purchase of Annuity
- Inflationary Adjustment to \$150,000 Death Benefit
- Military Service Death Benefit
- Fish and Wildlife Enforcement Officer Service Credit Transfer

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 19, 2007 from 9:00 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 12:07 p.m.