



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING
June 19, 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 June 19, 2007.

Board Members Present:

Kelly Fox, Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Clint Olson
Senator Linda Evans Parlette
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:

Mark Feldhausen, Budget and Benchmarking Director

Board Members Not Present:

Jack Simington, Vice Chair
Michael Edwards
Glenn Olson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:40 a.m. The Board took a moment of silence to honor the 9 fire fighters from South Carolina that died in the line of duty early morning on June 19, 2007.

1) **May 30, 2007 Board Meeting Minutes**

It was moved that the May 30, 2007 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Department of Retirement Systems (DRS) – Summary of FY06 Benchmarking Results**

Mark Feldhausen, Budget and Benchmarking Director
Mark Feldhausen, Budget and Benchmarking Director with the Department of Retirement Systems (DRS) provided a summary of the *2006 fiscal year Benchmarking Results*. Mr. Feldhausen reviewed the results of a report by CEM. The report concluded that DRS compares favorably to other public pension administrators in terms of cost-effective administration of pension benefits.

3) **Overview of LEOFF Plan 2 Survivor Benefits, Greg Deam**

Greg Deam, Senior Research and Policy Manager provided a report and presentation on specific *LEOFF Plan 2 Survivor Benefits*. Mr. Deam addressed the difference between duty and non-duty survivor benefits. He also covered benefits such as \$150,000 Death Benefit, Public Safety Officers Benefit Act, Workers Compensation Survivor Benefit, PEBB Insurance, and Tuition Waiver.

4) **Testimony from Eileen Wray Concerning Death Benefits**

Eileen Wray, widow of Detective Tom Wray provided a testimony to the Board concerning the unfortunate death of her husband. Ms. Wray requested that the Board assist her in the process of obtaining the duty related survivor benefit.

5) **Alternate Revenue – Preliminary Follow-Up Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Follow-Up report and presentation on the topic of Alternate Revenue. His report addressed 2007 legislation which identified streamlined sales tax as a possible revenue source.

Bill Hanson, Executive Director of the Fraternal Order of Police testified concerning the need to find an alternate revenue source to fund benefits.

6) **Possible Executive Action on Executive Director Evaluation**

The Board members met in Executive Session to discuss the Executive Director's evaluation and salary adjustment.

The Board moved to adopt the Executive Director's salary increase to \$94,471 annually. Seconded.

MOTION CARRIED UNANIMOUSLY

The Board moved to adopt the proposal for the Executive Director's recognition pay in the amount of \$7,400.

MOTION CARRIED UNANIMOUSLY

7) Administrative Update

Select Committee on Pension Policy (SCPP) Update

The LEOFF Plan 2 Retirement Board and SCPP both met on the same day this month. Board Members were provided a copy of the June 19 SCPP meeting agendas.

2007 Summer Newsletter Update

Steve Nelsen, Executive Director reviewed the current newsletter topics under consideration, and asked for the Board members input for future articles.

8) Contribution Rate Stability – Initial Consideration, Greg Deam

Greg Deam, Senior Research and Policy Manager presented an Initial Consideration on the topic of Contribution Rate Stability. Mr. Deam addressed the Board's 4-year contribution rate schedule which was adopted in 2004, policy mechanisms in place to insure ongoing rate stability, and factors that influence rates.

The Board's current 4-year plan will end on July 1, 2008. Mr. Deam provided the following policy options for the members to consider:

- Variable rate based on OSA valuation
- Fixed Rate

9) Updating Strategic Plan Goal #4 (Inform the Stakeholders), Steve Nelsen

Steve Nelsen, Executive Director, reviewed the current *Strategic Plan* with the Board. He specifically addressed Goal #4 (Inform the Stakeholders), and led a discussion which initiated feedback from the members. The following were suggestions from Board members to improve stakeholder communication:

- Articles on homepage
- Provide more DRS/LEOFF 2 seminars
- Comparison information for best practices
- Provide more information for retirement planning

10) The Hidden Interactions Between Investment, Funding, and Benefit Policies, Steve Nelsen, Executive Director

Steve Nelsen, Executive Director presented the Board with a presentation on *The Hidden Interactions between Investment, Funding, and Benefit Policies*. Mr. Nelsen discussed a number of issues including divestment, investment in the local economy, the effect of investment allocations, calculating benefit cost, and legal protections regarding legislative repeals. He also provided several policy tips for trustees.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 25, 2007 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 2:15 p.m.