



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING

June 23, 2004

Minutes

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 23, 2004.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Pat Hepler
Mark Johnston
David Moseley
Senator Linda Evans Parlette
Representative Geoff Simpson
Doug Pendergrass
Doug Cochran
Michael Edwards

Board Members Not Present:

Maureen Morris

Staff Present:

Steve Nelsen, Executive Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Jerry Westby, AAG
Tim Valencia, Senior Research Policy Manager

Guests:

Matt Smith, Washington State Actuary
Jim This, Strategic Planning Facilitator

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:38 a.m.

1) May 26, 2004 Board Meeting Minutes

It was moved that the May 26, 2004 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Contribution Rate Setting Process**

Matt Smith, State Actuary presented an overview of the contribution rate setting process before and after Initiative 790. Mr. Smith reviewed the projected rates as well as the contribution rate setting basics.

Mr. Smith also covered topics such as the actuarial value of assets, the annual cost of a pension plan, unfunded liability and amortization methods.

Steve Nelsen, Executive Director informed the board that the agency would be contracting with an independent actuarial firm to perform an audit of the Actuary's fiscal notes for HB 2418 and 2419.

Mr. Nelsen went on to report that the board would be adopting the supplemental contribution rates at the July board meeting and would adopt the 2005-2007 contribution rates at the September board meeting. The August board meeting will include a presentation of the State Actuary's valuation and a report by the independent actuarial firm hired to audit the State Actuary's valuation.

3) **Strategic Planning Follow-up Discussion**

Steve Nelsen introduced Jim This as the Strategic Planning Facilitator. Mr. This provided copies of the board's draft Strategic Plan, which covered the board's draft mission statement, goals, performance objectives and strategies that were identified during the June 22, 2004 Special Board Meeting. Mr. This then guided the board through developing Performance Measures that would tie back to the goals. The board will visit this subject again at the July board meeting.

4) **Post LEOFF Employment**

Tim Valencia, Senior Research Policy Manager presented a report on the topic of "*Post LEOFF Employment*." The report discussed LEOFF Plan 2 members who continue in public employment following separation or retirement from the LEOFF Plan 2 Retirement Plan and the restrictions they may face concerning their pension or establishing membership in a second public retirement system.

It was moved that the "Post LEOFF Employment" topic move forward to the preliminary proposal stage and be placed on the August board meeting agenda. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **Administrative Update**

Select Committee on Pension Policy Coordination (SCPP)

Mr. Nelsen updated the Board on issues discussed at the latest Select Committee on Pension Policy (SCPP) meeting and provided the SCPP Proposed Issue Schedule along with a list of SCPP members. Issues discussed at the SCPP meeting included a presentation on the Adequacy of Benefits and Military Service Credit.

The board asked that an initial report be prepared for the July board meeting on how LEOFF Plan 2 military service credit is treated. The board also asked for a similar report on the Adequacy of Benefits for LEOFF Plan 2 to be presented at the September board meeting.

HB 2419 Examples

Examples and an Early Retirement Factors table were provided to the board members to illustrate the effect of the passage of House Bill 2419 on a LEOFF Plan 2 survivor benefit.

Newsletter

Mr. Nelsen discussed the LEOFF Plan 2 Retirement Board's progress on creating and distributing a newsletter. Jeralyn Faulhaber, Administrative Services Manager held a meeting with Daniels Brown, a graphic design company. The cost to create the initial design was estimated at \$2,500 and then under \$700 for each edition thereafter. The printing costs were estimated at approximately \$2,500 for distribution to over 14,000 LEOFF Plan 2 members. Mr. Nelsen indicated that we would move forward with the initial newsletter at this time.

Trustee Education

An approved Board Member Trustee Education list was provided to the board members. The handout provided approved organizations, seminars and/or conferences that board members can and are encouraged to attend.

Annual Audit

Mr. Nelsen will be contracting with an audit firm to conduct the first audit of the LEOFF Plan 2 Retirement Board expenses.

Web Site

Mr. Nelsen reminded the Board that the LEOFF Plan 2 Retirement Board Web Site has been launched and statistics on the usage of the site will be provided at a future meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 28, 2004 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 2:46 p.m.