



STATE OF WASHINGTON

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

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**REGULAR BOARD MEETING**  
**July 25, 2007**

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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 July 25, 2007.

**Board Members Present:**

Kelly Fox, Chair  
Jack Simington, Vice Chair  
Pat Hepler  
Jeff Holy  
Glenn 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:**

Sandy Matheson, Director – Department of Retirement Systems  
Matt Smith, State Actuary  
Chris Jaspersen, Actuarial Assistant

**Board Members Not Present:**

Greg Cuoio  
Mark Johnston  
Clint Olson

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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 fire fighters and law enforcement officers who have died in the line of duty since the last time the Board met including 2 fire fighters from Contra Costa.

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1) **June 19, 2006 Board Meeting Minutes**

*It was moved that the June 19, 2006 Board meeting minutes be adopted as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

2) **Department of Retirement Systems (DRS) – DRS Update**  
**Sandy Matheson, Director**

Sandy Matheson, Director of the Department of Retirement Systems (DRS) provided the Board with an *update* on administrative initiatives underway at DRS. Ms. Matheson also discussed recent successful projects related to LEOFF Plan 2 including annual statement improvements, implementation of federal Pension Protection Act benefits for public safety officers and a change in DRS policy to provide all LEOFF 2 retirees with access to tax advantages for retiree healthcare insurance. Ms. Matheson also acknowledged the continued work efforts between DRS and the LEOFF Plan 2 Retirement Board.

3) **Experience Study Overview – Matt Smith, State Actuary**

Matt Smith, State Actuary presented an overview on an *Actuarial Experience Study*. An Actuarial Experience Study is a comparison of actual experience to assumptions for demographic information like life expectancy, age at retirement, numbers of disabilities, etc. Mr. Smith explained that this type of study is periodically done to ensure that the demographic actuarial assumptions being used to calculate the projected liabilities of the plan are reasonable. The ultimate goal is to produce adequate contribution rates. The Office of the State Actuary has begun an Experience Study for all the State retirement plans, including LEOFF Plan 2, and the results are expected to be published in 2008.

4) **Reduction Factors for Survivor Retirements –**  
**Chris Jasperson, Actuarial Assistant**

Chris Jasperson, Actuarial Assistant for the Office of the State Actuary provided a presentation on *Reduction Factors for Survivor Retirements*. Mr. Jasperson explained that the current table of Survivor Option Factors is used for both regular service retirements and for survivor retirement. The Board and Mr. Jasperson discussed the possibility of developing a separate table for survivor retirements.

*It was moved that the Board review the consequences, including administrative impacts, of creating a separate table of actuarial reduction factors for survivor retirements. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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5) **Administrative Update**

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

Steve Nelsen, Executive Director updated the members on the latest meeting of the SCPP. The SCPP will be discussing the topic of an Annual Inflation Adjustment to the \$150,000 Death Benefit at their August meeting.

**2007 Summer Newsletter Update**

Mr. Nelsen informed the Board that the summer edition of Dual Response will arrive in member and retiree homes during the second week of August.

6) **Prohibition on Remarriage – Initial Consideration, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a report and presentation on the topic of *Prohibition on Remarriage*. Mr. Valencia reviewed the inconsistency between Workers' Compensation and Retirement Benefits regarding the continuation of survivor benefits when the survivor of a member who is killed in the line of duty remarries.

*It was moved that the Board forward the topic of Prohibition on Remarriage to the Preliminary Report stage and bring it back to the September 26, 2007 meeting for consideration. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

7) **Adoption of Supplemental Rates**

The Board Members received a revised Supplemental Rate Increase letter from the Office of the State Actuary regarding legislation (ESHB 1833) that passed in the 2007 session concerning occupational illness presumptions for fire fighters. The recommended increases are as follows:

	<b>MEMBERS</b>	<b>EMPLOYERS</b>	<b>STATE</b>
<b>ESHB 1833 (C490, L07)</b>	<b>0.04%</b>	<b>0.02%</b>	<b>0.02%</b>

The members also received a letter from Marilyn Oliver with Oliver Consulting Actuaries which reviews the actuarial review of the supplemental rate increase done by the Office of the State Actuary (OSA). Ms. Oliver concluded that the rate increases shown in the letter from OSA are appropriate for funding on September 1, 2007.

*The Board moved to adopt the proposed Supplemental Contribution Rate increases at 0.04% for members, 0.02% for employers, and 0.02% for the State. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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**8) Presumptive Duty Related Illnesses for Law Enforcement Officers – Initial Consideration, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager Provided an Initial Consideration on the topic of *Presumptive Duty Related Illnesses for Law Enforcement Officers*. Mr. Valencia reviewed the certain illnesses and medical conditions that are presumed to be duty related for fire fighters. He also stated that there is currently no similar presumption in Washington for law enforcement officers.

Mr. Valencia discussed the extent of law enforcement officer presumptions in other states. He also provided information on the presumption for public safety officers including law enforcement officers at the federal level.

*It was moved that the Board move forward the topic of Presumptive Duty Related Illnesses for Law Enforcement Officers to the Preliminary Report stage and bring it back to the September 26, 2007 meeting for consideration. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**9) Educational Benefits – Initial Consideration, Greg Deam**

Greg Deam, Senior Research and Policy Manager provided a report and presentation on *Educational Benefits*. Mr. Deam reviewed the federal and state benefits that are available to survivors of Law Enforcement Officers and Fire Fighters killed or totally disabled in the line of duty. He also mentioned other programs such as Concerns of Police Survivors (COPS) and The National Fallen Fire Fighter Foundation (NFFF), which offer scholarships.

*It was moved that the Board move forward the topic of Educational Benefits to the Preliminary Report stage and bring it back to the September 26, 2007 meeting for consideration. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**10) Executive Director COLA**

Chair Fox addressed the Board concerning the Executive Director's COLA increase.

*The Board moved to approve a 3.2% COLA increase for Director Nelsen effective September 1, 2007. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**Next Meeting**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for August 22, 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 2:20 p.m.