



STATE OF WASHINGTON

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

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REGULAR BOARD MEETING
September 24, 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 September 24, 2008.

Board Members Present:

Kelly Fox, Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
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:

Matt Smith, State Actuary
Chris Jasperson, Associate Pension Actuary

Board Members Not Present:

Jack Simington, Vice Chair
Ryan Martin
Representative Geoff Simpson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:44 a.m. The Board took a moment of silence for those who had fallen since the last time the members met, specifically Skagit County Deputy Anne Jackson and United States Forest Service Deputy, Kristine Fairbanks who died in the line of duty.

1) **June 18 and July 23, 2008 Board Meeting Minutes**

It was moved that the June 18, 2008 Board meeting minutes be adopted as presented. Seconded

MOTION CARRIED UNANIMOUSLY

It was moved that the July 23, 2008 Board meeting minutes be adopted as presented. Seconded

MOTION CARRIED UNANIMOUSLY

2) **Alternate Revenue Follow-Up – Matt Smith, State Actuary**

Matt Smith, State Actuary presented a Follow-Up report on the topic of *Alternate Revenue*. Mr. Smith's presentation covered 2 options of how a revenue stream could be used. He also reviewed valuation assumptions and funding method changes. Mr. Smith added that the next steps should be to address policy considerations, discuss accounting changes with DRS and WSIB, and work with OSA to finalize the value of the revenue stream and funding changes.

Board staff will work cooperatively with the Office of the State Actuary concerning the assumptions.

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

Tim Valencia, Senior Research and Policy Manager provided a Preliminary Follow-Up Report and Presentation on *Alternate Revenue*. He reviewed the 2008 legislation, as well as other revenue sources. Possible revenue sources discussed were red light cameras, wireless (cell) phones, cell phone taxes.

The Board agreed to move agenda item #7 up on the agenda.

4) **Health Care Access – Actuarial Issues, Matt Smith, State Actuary**

Matt Smith, State Actuary presented the Actuarial Issues associated with Health Care Access. He reviewed the cost to access, who should pay, and the fiscal notes. He also addressed the cost of access to the Public Employees Benefits Board. Mr. Smith recommended refining the proposal, gathering data on medical claims experience, and preparing an actuarial fiscal note.

5) **Health Care Access – Preliminary Follow-Up Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Follow-Up Report on *Health Care Access*. Mr. Valencia reviewed the issue description and explained the Insurance Commissioner's proposal. He also provided a *Fact Sheet* related to HB 2640/SB 6603, a *Guaranteed Benefit Plan Q&A Handout*, and a brochure on *Guaranteed Health Benefits* from the Office of the Insurance Commissioner.

6) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director briefed the Board on the *latest SCPP meeting*. The SCPP recommended legislation to lower general salary increase assumption, but it does not include LEOFF Plan 2.

Governor's Request Re: Expenditures

Mr. Nelsen provided the members with a *letter from the Governor* related to Adjustments in State Agency Spending. He indicated that our agency is making changes such as implementing the Commute Trip Reduction Program, eliminating out-of-state travel to be in compliance with the Governor's direction.

Department of Labor and Industries Correspondence

Mr. Nelsen provided the Board with a *letter from Judy Schurke*, the Director of the Department of Labor and Industries. The letter declined the Board's request that the Workers' Compensation Advisory Committee work with the LEOFF Plan 2 Board on legislation allowing surviving spouses to continue to receive workers' compensation benefits after remarriage.

Correspondence

A letter was provided from *Jolin Lowry*, widow of Officer William Lowry. Ms. Lowry requested the Board actively pursue legislation allowing surviving spouses to continue to receive workers' compensation benefits after remarriage.

The Board moved to support Representative Kirby's legislative bill related to surviving spouses continuing to receive workers' compensation benefits after remarriage, similar to the bill proposed last legislative session. Seconded.

MOTION CARRIED UNANIMOUSLY

7) **Deferred Compensation as Salary – Preliminary Follow-Up Report, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Follow-Up report on the topic of *Deferred Compensation as Salary*. Mr. Deam addressed the fact that member and employers need clarity in bargaining with respect to whether employer contributions to a 457 plan are salary. He provided two policy option with associated costs and a comparison for the Board.

8) **Deferred Compensation as Salary – Actuarial issues, Chris Jasperson, Associate Pension Actuary**

Chris Jasperson, Associate Pension Actuary presented the *Actuarial Issues* associated with Deferred Compensation as Salary. He addressed two policy options with comparisons and their long term effects.

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- 9) **Duty Disability Conversions – Initial Consideration, Tim Valencia**
Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration on the topic of Duty Disability Conversions. Mr. Valencia addressed key issues such as duty disability provisions and identifying duty disability retirees.

The Board moved to forward Duty Disability Provisions to the Preliminary proposal stage to be brought back to the October meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

- 10) **Agenda Items for Next Meeting**
Mr. Nelsen reviewed the *agenda items* for the upcoming meeting and let the Board know that our independent auditor, Steve Davis will be coming to the October meeting to present the final results of our internal audit.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 22, 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 12:59 p.m.