

BOARD MEETING MINUTES

SEPTEMBER 25, 2019 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Teleconference	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Jason Granneman, Vice Chair – Clark County Sheriff's Office
In Attendance	Adé Ariwoola – City of Federal Way
Teleconference	Mark Johnston – Vancouver Fire Department
Teleconference	AJ Johnson – Snohomish County Fire District #1
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Tarina Rose-Watson – Spokane Int'l Airport Police Dept
In Attendance	Pat McElligott – Pierce County Fire and Rescue
In Attendance	Senator Judy Warnick – WA State Senator
In Attendance	Representative Steve Bergquist – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Benefits Ombudsman
In Attendance	Jacob White – Senior Research and Policy Manager
In Attendance	Karen Durant – Senior Research and Policy Manager
In Attendance	Tor Jernudd – Assistant Attorney General

Call to Order

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on September 25, 2019. A quorum of the members was present at this meeting.

Vice Chair Jason Granneman called the meeting to order at 9:29AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. APPROVAL OF MINUTES

Minutes from the July 24, 2019 meeting are for the Board for approval.

ACTION	It was moved to approve the Board meeting minutes from July 24, 2019. Motion seconded. The Board approved the minutes without objection.
--------	--

2. BOARD OFFICER ELECTIONS

Elections for Chairman, Vice-Chairman and the Employer Representative for the Administrative Committee shall be held during the regularly scheduled September board meeting. Terms for these positions shall be for a period of two years commencing immediately following the officers' election.

ACTION	<p>A motion was made to elect Dennis Lawson for Chair. Motion was seconded. Motion passed unanimously.</p> <p>A motion was made to elect Jason Granneman for Vice Chair. Motion was seconded. Motion passed unanimously.</p> <p>A motion was made to elect Ade Ariwoola for the Employer position on the Administrative Committee. Motion was seconded. Motion passed unanimously.</p>
--------	--

BOARD MEETING MINUTES

SEPTEMBER 25, 2019 – FINAL



3. STATE ACTUARY'S RECOMMENDATION ON LONG TERM ECONOMIC ASSUMPTIONS

Matt Smith, FCA, EA, MAAA State Actuary and Mitch DeCamp, Actuarial Analyst for the Office of the State Actuary presented to the Board with their recommendation on long term economic assumptions. They provided highlights of the Economic Experience Study and recommended no change to the economic assumptions for the Board. No action was taken.

4. PREVIEW OF DEMOGRAPHIC EXPERIENCE STUDY RESULTS

Michael Harbour, ASA, MAAA from the Office of the State Actuary gave an educational presentation to the Board on the Demographic Experience Study Results. Another update will be given to the Board next interim. No action was taken.

5. PENSION FUNDING PART 1 FOLLOW-UP

Mitch DeCamp, Actuarial Analyst and Lisa Won, ASA, FCA, MAAA Deputy State Actuary from the Office of the State Actuary presented a follow up to the Board on Pension Funding Part 1. The Board has the opportunity to affirm the current cost method or adopt new actuarial cost method, today or at a future meeting. A funding policy discussion will occur at the October Board meeting.

6. DRS PUBLIC PENSION ADMINISTRATION BENCHMARKING

Mark Feldhausen, Budget and Performance Management Director for the Department of Retirement Systems presented a summary of Fiscal Year 2018 data for Public Pension Administration Benchmarking. No action was taken.

7. ADMINISTRATIVE UPDATE

Karen Durant, Senior Research and Policy Manager gave the Board an update on the 2020 Supplemental Budget and the agency move.

SCPP	Met September 17 th . Jacob White attended. The Chair sent a letter to SCPP identifying what the Board is working on. Coordination with the SCPP will occur on the Month of Death issue.
Financial Audit	The State Auditor's office has begun the annual financial audit. Results will be presented at the November meeting.
October Meeting	Strategic offsite meeting will be held at the Indian Summer Golf & Country Club.

8. MONTH OF DEATH

Jacob White, Senior Research and Policy Manager gave a comprehensive presentation to the Board on Month of Death. In the month a retiree or survivor passes away, the last month benefit payment is prorated based on the number of days the person was alive in the month.

Frequently this results in an overpayment and an invoice being sent to the family or estate to collect any amount that should have been prorated. In 2018 the Department of Retirement Systems requested the

BOARD MEETING MINUTES

SEPTEMBER 25, 2019 – FINAL



LEOFF 2 Board and Select Committee on Pension Policy endorse legislative action to pay the full month of death payment. At the SCPP meeting they voted to pay full month of death payment and coordinate with the LEOFF 2 Board for legislation.

The following policy options are before the Board for consideration:

- Option 1 – Pay full month of death payment
- Option 2 – Members purchase full month of death payment
- Option 3 – Continue current practice

ACTION | It was moved and seconded to adopt option 1 and pay full month of death payment and coordinate with SCPP. Motion passed unanimously.

9. SURVIVOR OPTION ELECTION

Jacob White, Senior Research and Policy Manager gave a comprehensive presentation to the Board on Survivor Option Election. Current law does not allow for a member to change their survivor option election. The following options are before the Board for consideration:

Policy Option 1 – Window for all L2 members at the time of retirement

- a) 60 day window
- b) 90 day window
- c) 120 day window

Policy Option 2 – Qualifying Event Window

- a) Any change in benefit amount
- b) 5%
- c) 10%

Policy Option 3 – Qualifying Event Window with Further Anti-selection Risks Mitigation

- If a retiree's benefit increases due to a recalculation they may only select a larger survivor option
- If a retiree's benefit decreases due to a recalculation they may only select a smaller survivor option

Option 4 – Option 1 (a), (b), or (c) and Option 2 (a), (b), or (c)

Option 5 – Option 1 (a), (b), or (c) and Option 3 (a), (b), or (c)

ACTION | It was moved that further discussion take place at the November meeting. Motion was seconded. Motion passed unanimously.

10. INTERRUPTIVE MILITARY SERVICE CREDIT

Jacob White, Senior Research and Policy Manager gave a comprehensive presentation to the Board on Interruptive Military Service Credit. The following policy options are before the Board for consideration:

Option 1 – Move definition of “veteran” to pension statutes and rewrite to include all past and future armed conflicts where Campaign Badges are awarded

BOARD MEETING MINUTES

SEPTEMBER 25, 2019 – FINAL



Option 2 – Same as Option 1, plus expand no-cost interruptive military service to include Expeditionary Medals

Option 3 – Update existing list of armed conflicts to include any additional campaign medals not currently included in law

Option 4 – No changes to existing law

ACTION | It was moved and seconded to adopt option 2. Motion passed unanimously.

11. PEBB COVERAGE FOR CATASTROPHIC RETIREES

Jacob White, Senior Research and Policy Manager gave an initial presentation to the Board on PEBB Coverage for Catastrophic Retirees. LEOFF Plan 2 catastrophic disability retirees and their survivors have different medical insurance access than survivors of members killed in the line of duty.

ACTION | It was moved and seconded that staff continue research and present a comprehensive report at the December meeting. Motion passed unanimously.

12. BENEFIT IMPROVEMENT ACCOUNT POTENTIAL GOALS AND POLICIES

Steve Nelsen, Executive Director presented to the Board on the Benefit Improvement Account and potential goals and policies. Possible benefit improvements and benefit improvement policy goals were discussed.

13. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director discussed the October 16th meeting which will be held offsite. The Board was asked to clarify their desired start time for this offsite meeting and the meeting will start at 9:30AM.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:53PM.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 16, 2019 at the Indian Summer Golf and Country Club 5900 Troon Ln SE, Olympia, WA 98501.