



STATE OF WASHINGTON

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

*P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329*

**REGULAR BOARD MEETING**

**October 22, 2008**

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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 October 22, 2008.

**Board Members Present:**

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

Steve Davis, CPA – Davis Accounting and Auditing  
Joe Dear, Executive Director – Washington State Investment Board  
Matt Smith, State Actuary – Office of the State Actuary

**Board Members Not Present:**

Jack Simington, Vice Chair  
Ryan Martin  
Senator Linda Evans Parlette

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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 9:37 a.m. The Board took a moment of silence to honor those who had fallen since the last time the member met.

*The Administrative Committee recommended that agenda items #4, 5, 6, 10, and 11 be deferred until the December meeting or the 2009 interim. The Board members agreed.*

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1) **September 24, 2008 Board Meeting Minutes**

*It was moved that the September 24, 2008 Board meeting minutes be adopted as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

2) **Independent Financial Audit Results – Steve Davis, CPA**

Steve Davis, Certified Public Accountant with Davis Accounting and Auditing presented the *Independent Financial Audit Results*. The results revealed an unqualified report. It was a clean audit without findings.

3) **Washington State Investment Board Economic Condition Update – Joe Dear, Executive Director**

Joe Dear, Executive Director presented an *Economic Condition* Update on the current market situation. He reviewed the housing crisis resulting from mortgage securities that were mispriced. He also went on to provide an update on the capital market environment, total assets under management, and the commingled trust fund performance and market values. In conclusion, Mr. Dear commented that it will take time to recover these losses, time is our ally, and they will work through these difficulties.

4) **Option factors/Tables Preview – Matt Smith, State Actuary**

This item will be deferred to the 2009 interim.

5) **Survivor factors – Preliminary Report, Greg Deam**

This item will be deferred to the 2009 interim

6) **Recalculation of Retirement Benefits – Preliminary Report, Greg Deam**

This item will be deferred to the 2009 interim

7) **Administrative Update**

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

Executive Director Nelsen provided an update on the latest meeting of the SCPP. During the October 21 SCPP meeting, the committee heard a report on the \$150,000 Death Benefit, Disability Benefits, and Fish and Wildlife Service Credit Transfer.

**2009 Proposed Board Meeting Dates**

Proposed meeting dates for 2009 were provided to the Board. Members will check their calendars and the Adoption of the 2009 schedule will take place at the December meeting.

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**8) Duty Disability Conversions – Preliminary Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report and presentation related to *Duty Disability Conversions*. Mr. Valencia discussed members who retired as a result of duty related disabilities prior to the creation of duty disability retirement. He explained that they are not receiving the favorable tax treatment on their benefits to which they are entitled. Mr. Valencia provided the Board with four policy options to choose from.

*The Board moved to bring option #1 (Convert eligible service and disability retirement to occupational disability back to the December meeting for Final Consideration. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**9) Catastrophic Disability Retirement Medical Insurance – Initial Consideration, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration on Catastrophic Disability Retirement Medical insurance. Mr. Valencia discussed members who suffer catastrophic duty-related disabilities and the fact that they may not have access to health care insurance. Mr. Valencia reviewed options such as workers' Compensation, COBRA, and an individual health care policy

*The Board moved to bring the topic of Catastrophic Disability Retirement Insurance back to the December meeting as a Preliminary Report. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**10) Final Average Salary – Preliminary Follow-Up, Greg Deam**

This item will be presented at the December 17, 2008 Board meeting.

**11) \$150,000 Death Benefit Inflation Adjustment – Preliminary Follow-Up Report, Greg Deam**

This item will be presented at the December 17, 2008 Board meeting.

**12) Agenda Items for Next meeting**

Mr. Nelsen reviewed the topics for the December 17 meeting.

*The Board moved to cancel the November 12, 2008 Board meeting and defer topics to the December meeting or 2009 interim. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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**Next Meeting**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 17, 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 11:18 a.m.