



STATE OF WASHINGTON

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

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**REGULAR BOARD MEETING
MINUTES
October 26, 2005**

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 26, 2005.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Michael Edwards
Doug Cochran
Pat Hepler
Mark Johnston
Maureen Morris
David Moseley
Senator Linda Evans Parlette (via teleconference)
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Greg Deam, Senior Research and Policy Manager
Tim Valencia, Senior Research and Policy Manager

Guests:

Bruce Bjork, Washington State Department of Fish and Wildlife
Gary Bruebaker, Washington State Investment Board
Bill Hanson, Washington Council of Police & Sheriffs
Renee Maher, Washington Concerns of Police Survivors

Board Members Not Present:

Jeff Holy

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.

1) **September 28, 2005 Board Meeting Minutes**

It was moved that the September 28, 2005 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Washington State Investment Board Report – Gary Bruebaker, Chief Investment Officer**

Gary Bruebaker, Chief Investment Officer with the Washington State Investment Board provided the Board with a presentation on *Investment Performance* through the quarter ending June 30, 2005. Mr. Bruebaker included specific highlights that occurred in the Capital Markets and CTF Asset Allocation. He also explained the market value and overall net performance. In addition, he provided the Board with an update on United States and International Equity, Fixed Income, Private Equity, and Real Estate.

3) **Recent Retiree Health Care Legislation – Tim Valencia**

Tim Valencia, Senior Research and Policy Manager, provided the Board with information on *Recent Retiree Health Care Legislation Affecting LEOFF Plan 2*. The information included background on Senate Bill 5777, which permits retired and disabled employees to obtain health insurance. He also reviewed House Bill 2985, which provides individual health insurance for retired and disabled public employees, and House Bill 1371, which provided health care access for survivors of emergency service personnel killed in the line of duty. Mr. Valencia went on to explain the *Consumer Driven Health Accounts Summary*, and the *Comparison of Key Features*.

Renee Maher, Vice President - Washington Concerns of Police Survivors

Renee Maher, Vice President of Washington Concerns of Police Survivors spoke to the Board concerning medical insurance for survivors and children of officers killed in the line of duty.

It was moved that staff prepare a preliminary report on survivor medical insurance coverage and bring it back to the November Board meeting. Seconded.

4) **Fish and Wildlife Service Credit Transfer, Initial Consideration – Greg Deam**

Greg Deam, Senior Research and Policy Manager presented an *Initial Consideration Follow-Up Report on Fish and Wildlife Service Credit Transfer*. Mr. Deam's report included background information on the Public Employees Retirement System (PERS) to Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 legislation which has been in existence since 1993. He then provided three options and solutions for the costs associated with the transfers.

Chief Bruce Bjork – Enforcement Chief, Washington State Department of Fish and Wildlife

Chief Bjork, Enforcement Chief with the Washington State Department of Fish and Wildlife provided the Board with a presentation on *Fish and Wildlife Enforcement*

officers. Chief Bjork also requested that Fish and Wildlife Enforcement Officers be included into LEOFF Plan 2 due to the scope of their occupation.

Bill Hanson – Executive Director, Washington Council of Police and Sheriffs
Bill Hanson, Executive Director of the Washington Council of Police and Sheriffs Spoke to the Board concerning inclusion of Fish and Wildlife Officers into LEOFF Plan 2.

Bev Hermanson – Federation of State Employees
Bev Hermanson, with the Federation of State Employees supports the Fish and Wildlife Officers inclusion into LEOFF Plan 2 and would like the Board to consider supporting the 2006 legislation.

Wayne Johnson – Teamsters Local 760
Wayne Johnson, Teamsters Local 760 supported the proposal of Fish and Wildlife Service Credit Transfer.

Ted Holden, Fish and Wildlife Sergeant
Sergeant Holden provided a personal account of the conditions that Fish and Wildlife Enforcement Officers work under. He also explained that if he were entitled LEOFF membership for his service, he could retire at 53, but since his service credit falls under the Public Employees Retirement Systems (PERS), he will not be eligible to retire until he is 65 years old. Sergeant Holden asked the Board to consider the fairness of this issue.

It was moved that staff prepare a Preliminary Report on Fish and Wildlife Service Credit transfer and bring it back to the November Board meeting. Seconded.

5) 2006 Board Meeting Schedule Adoption

Steve Nelsen, Executive Director, reviewed the Proposed 2006 Board Meeting Schedule with the Board. The Board acknowledged that there could be potential conflicts with the following dates:

- Wednesday, March 22, 2006
- Wednesday, June 28, 2006
- Wednesday, September 27, 2006

Staff will review the different organizational meetings and bring back alternative march, June, and September meeting dates to the Board at the November meeting.

6) Administrative Update

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director updated the Board on issues discussed at the latest SCPP meeting. The SCPP is considering joint legislation with the LEOFF Plan 2 Retirement Board on Service Credit Purchase for Injury, as well as Dual Membership.

The SCPP may schedule presentations on these topics at their November meeting and then again in front of the full Committee at their December meeting.

At a previous meeting, the Board requested a formal opinion on the issue of pension benefits and contractual rights. Mr. Nelsen provided the Board with the *Contractual Rights Clause* which cited RCW's 41.04.440 and 41.04.545.

Member Survey

Mr. Nelsen presented the Board with a copy of the *Member Survey* questions that were used to conduct the most recent survey.

Next Board Meeting

Mr. Nelsen presented the *2005 Agenda Items Calendar* and reviewed the topics scheduled for the November 16, 2005 meeting.

It was moved that the topic of \$150,000 Death Benefit for Occupational Illness be moved from November to December 2005. Seconded.

- 7) **Service Credit Purchase for Injury, Initial Consideration Follow-Up – Tim Valencia**
Tim Valencia, Senior Research and Policy Manager presented the Board with an *Initial Consideration Follow-Up report on Service Credit Purchase for Injury*. Mr. Valencia's report included the current provisions of LEOFF Plan 2, a comparison of systems, the key issues surrounding this topic, as well as, policy options.

It was moved that staff prepare a preliminary report on Service Credit Purchase for Injury and bring it back to the November Board meeting. Seconded.

- 8) **Dual Membership, Initial Consideration Follow-Up – Greg Deam**
Greg Deam, Senior Research and Policy Manger provided the Board with an *Initial Consideration Follow-Up report on Dual Membership*. Mr. Deam provided a brief overview of the August 2005 Board meeting on Dual membership. He then went on to provide the limitations and options of dual membership. The options that were provided are listed below:

- Remove 30-year cap
- Add LEOFF Plan 2 indexing
- Align dual membership salary definition

It was moved that staff prepare a preliminary report on Dual Membership and bring it back to the November Board meeting. Seconded.

- 9) **Deferred Compensation as "Salary", Initial Consideration – Greg Deam**
Greg Deam, Senior Research and Policy Manager presented an *Initial Consideration on Deferred Compensation as "Salary"*. Mr. Deam's report included administrative issues and statutes, policy issues, and the following deferred compensation potential conflicts:

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- Employer contributions
 - Payments in lieu of
 - Other similar deferred salary plans

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for Wednesday, November 16, 2005 from 9:30 a.m. – 3:00 p.m. at the Washington Association on Counties Building located at 206 – 10th Avenue S.E., Olympia, Washington 98501-1311.

There being no further business, the meeting adjourned at 2:36 p.m.