

# BOARD MEETING MINUTES

## NOVEMBER 15, 2017- FINAL



### TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Steve Bergquist – WA State Representative
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Teleconference	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Pat McElligott – Pierce County Fire and Rescue
In Attendance	Mr. Michael White – Valley Regional Fire Authority
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 – Death and Disability Ombudsman
In Attendance	Paul Neal – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – Assistant Attorney General

### CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the DoubleTree by Hilton in Olympia, Washington on November 15, 2017. A quorum of the members was present at this meeting.

OPENING

Chair Dennis Lawson called the meeting to order at 9:30AM 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

The minutes from September 26<sup>th</sup> and October 18<sup>th</sup> are before the Board for approval.

MOTION

It was moved to approve the Board meeting minutes from September 26, 2017 and October 18, 2017. Motion was seconded. The Board approved the minutes without objection.

### 2. DEPARTMENT OF RETIREMENT SYSTEMS ANNUAL UPDATE

Tracy Guerin, Executive Director of the Department of Retirement Systems, presented an annual update to the Board.

### 3. WASHINGTON STATE INVESTMENT BOARD ANNUAL UPDATE

Theresa Whitmarsh, Executive Director of the Washington State Investment Board gave an annual update to the Board.

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### 4. LEOFF 2 ACTUARIAL VALUATION REPORT

Mitch DeCamp & Graham Dyer, Actuarial Analysts at the Office of the State Actuary, gave an informational presentation to the Board on the LEOFF 2 Actuarial Valuation Results. Highlights from the 2016 Actuarial Valuation were reviewed as well as the OSA Interactive Web Reports available to the public at <http://leg.wa.gov/osa>.

### 5. ECONOMIC ASSUMPTION ADOPTION

Ryan Frost, Research and Policy Manager presented on the topic of Economic Assumption Adoption, reviewing assumption change recommendations provided by the Office of the State Actuary. The Board is tasked with adopting economic assumptions every 2 years, with the last adopted changes occurring in 2011. The following four options are before the Board today:

1. Do not adopt assumptions.
2. Adopt the assumption changes, with the rate change to begin July 1, 2019. This is the current statutory process.
3. Adopt the assumption changes, and adopt the rate reductions effective January 2018.
4. Adopt other economic assumptions, specifically lowering the investment return assumption to 7.3%. This would result in no rate reductions.

MOTION | A motion was made by Mark Johnston to adopt option 4. Motion was seconded. Discussed followed.

MOTION | A motion was made to table the motion until the December meeting. Motion was seconded. Mark Johnston voted no to this motion. Motion passed.

### 6. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director gave an administrative update to the Board. The following items were discussed: The LEOFF Plan 2 was given the 2017 Public Pension Coordinating Council Award for Funding. An update on the recent public records request was given. Director Nelsen will be giving an update at the Dec 12<sup>th</sup> SCPP meeting. Member Correspondence was received for the Board and attached to meeting materials for the Board to review.

MOTION | A motion was made to put the Member Correspondence issue on the December Agenda. Motion was seconded. Motion passed unanimously.

STAFF RECOGNITION | Paul Neal is on the NAPPA Benefits Committee for the upcoming conference. Tim Valencia is serving on the IFEBP Public Employees Board. Tammy Harman is the Co-Chair of the Conference Committee for the International Ombudsman Association.

OUTREACH | Tammy Harman presented at the 2nd District WSCFF Mini Ed Seminar  
Tammy Harman attended the Northshore Regional Benefits Fair  
Tammy Harman attended the Washington Fire Commissioners Association Annual Conference

### 7. ANNUAL TRUSTEE TRAINING

Tor Jernudd, AAG presented a training to the Board on Social Media and Open Government Laws. Open public meetings and open public records were reviewed as well as social media use.

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### 8. INTERRUPTIVE MILITARY SERVICE CREDIT STUDY

Ryan Frost, Research and Policy Manager, gave a comprehensive follow-up report on the issue of Interruptive Military Service Credit. SB 5661 directs the Board to study the following questions:

- Should the current policy continue, where free interruptive military service credit is only granted to those members who served in combat?
- Should the Board make corrections to the current definition of “veteran”?

No action was taken by the Board at this time.

### 9. BENEFIT IMPROVEMENT PRICING

Ryan Frost, Research and Policy Manager gave an educational briefing on benefit improvement pricing, focusing on the cost of increasing the multiplier.

### 10. CATASTROPHIC DISABILITY MEDICAL INSURANCE

Paul Neal, Senior Research and Disability Manager gave a presentation to the Board on the topic of Catastrophic Disability Medical Insurance, reviewing current law and medical premiums. The question of whether the Board wants staff to provide updated cost analysis was asked in his presentation.

MOTION

Mark Johnston moved to push this issue forward to the next step of a follow up presentation at the November meeting. Motion was seconded. Motion passed unanimously.

### 11. OFF DUTY LEOFF EMPLOYMENT

Paul Neal, Senior Research and Policy Manager gave an educational briefing on Off Duty LEOFF Employment. Seattle’s interim mayor issued an executive order on September 27, 2017, directing the City to manage Seattle Police (SPD) officers’ off-duty work in-house, thus converting the work to LEOFF Plan 2 service. The Board requested a briefing on possible pension impacts.

No action was taken by the Board at this time.

### 12. DISABLED MEMBERS RETURN TO WORK

Ryan Frost, Research and Policy Manager gave a comprehensive report on the issue of disabled members returning to work. The policy issues before the Board are:

- Should DRS continue to pay a disability benefit to members who are in the appeals process?
- Should DRS be able to bill the employer for the disability payments they made to the member while they were stuck in limbo?

MOTION

A motion was made to move the issue of Disabled Members Return to Work to the December agenda as a Final Proposal. Motion was seconded. Motion passed unanimously.

### 13. 2018 CALENDAR ADOPTION

Proposed meeting dates for 2018 are before the Board for adoption.

MOTION

A motion was made to adopt the 2018 meeting dates as proposed. Motion was seconded. Motion passed unanimously.

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### 14. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director, reviewed the agenda items and final presentations for the upcoming December meeting.

MOTION	Michael White asked the Board to consider another item for the December agenda, the topic of Off Duty LEOFF Employment. This came up in relation to the recent Las Vegas, NV concert shootings where off duty and out of state police and fire fighters stepped in to help. It was moved to add the topic of off duty LEOFF related service to the December agenda. Motion was seconded. Motion passed unanimously.
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MOTION	Chair Lawson asked the Board to consider the topic of McNeil Island Firefighters into LEOFF. Motion was made. Motion was seconded. Motion carried unanimously.
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### 15. POSSIBLE EXECUTIVE SESSION

At 2:43pm the Board moved to Executive Session for 30 minutes to discuss the Executive Director Evaluation.

### ADJOURNMENT

MOTION	There being no further business a motion was made to adjourn the meeting. Motion was seconded. Meeting was adjourned at 3:16PM.
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NEXT MEETING	The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 20, 2017 at the DoubleTree by Hilton Olympia, located at 415 Capitol Way N, Olympia, WA 98501.
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