



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
FINAL MINUTES
November 16, 2011

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Washington State Investment Boardroom in Olympia, Washington on November 16, 2011.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
David Cline
Paul Golnik
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Ryan Martin

Board Members Absent:

Senator Honeyford
Representative Van De Wege

Guests Present:

Lisa Won, Actuary

Staff Present:

Steve Nelsen, Executive Director
Jessica Burkhart, Executive Assistant
Greg Deam, Senior Research and Policy Manager
Tammy Harman, Administrative Services and Communications Manager
Tim Valencia, Senior Research and Policy Manager
Chad Standifer, Assistant Attorney General

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:40 a.m. The members took a moment of silence to honor those who had fallen since the last time the Board met.

1) **October 26, 2011 Board Meeting Minutes**

It was moved that the October 26, 2011 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Long Term Economic Assumptions & Rate Projections**

Lisa Won, Actuary

Lisa Won with the Office of the State Actuary presented the *LEOFF Plan 2 Economic Assumptions and Rate Projections*. Ms. Won provided an overview of the 2010 valuation results, reviewed the contribution rates the Board adopted in 2010, and provided the current and recommended projected contribution rates.

The members requested the LEOFF Plan 2 2010 Actuarial Valuation Report be changed to reflect the most current data. Matt Smith, State Actuary and his staff agreed to produce an updated 2010 AVR.

3) **Long Term Economic Assumptions – Preliminary Report**

Tim Valencia, Senior Research and Policy Manager

Mr. Valencia presented a Preliminary Report on *Long Term Economic Assumptions*. He reviewed the Office of the State Actuary's (OSA) changes to the long term economic assumptions and provided the members with four policy options to choose from. OSA's recommendation is below:

Assumption	Current	Recommended
Inflation	3.50%	3.00%
General Salary Growth	4.50%	3.75%
Annual Investment Return	8.00%	7.50%

The Board moved to adopt Option #2 – OSA's recommended changes to the Long Term Economic Assumptions. The changes are effective immediately. Seconded.

Opposed: Ryan Martin opposed this motion. Mr. Martin wanted to adopt option #4-Adopting the OSA recommended changes, except for only reducing the investment return assumption from 8.00% to 7.9% starting in 2013-2015.

4) **Adoption of 2012 Meeting Schedule**

The Board members were provided a 2012 Meeting Schedule to review.

The Board moved to adopt the 2012 Meeting Schedule as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **Administrative Update**

Steve Nelsen, Executive Director

- Select Committee on Pension Policy (SCPP) Update
Director Nelsen provided an update on the SCPP meeting. The SCPP met yesterday and discussed the LEOFF 1 / LEOFF 2 Merger Study. They have a tentative meeting scheduled for December 13. There may be a presentation on the merger at their upcoming meeting.
- Governor's Supplemental Budget
Director Nelsen informed the Board that the Governor's Supplemental Budget has not yet been released; however, reductions to the LEOFF Plan 2 contribution rates may be included in the budget.
- Quarterly Budget Update
The Allotment and Expenditures report was provided to the members. Director Nelsen advised the Board that the agency is \$41,000 under budget after the first quarter.

6) **Technical Corrections – Final Proposal**

Tim Valencia, Senior Research and Policy Manager

Mr. Valencia presented the Final Proposal on Technical Corrections. He included the technical correction that could be changed in RCW 28B.15.380 if the Board chooses to take action. Mr. Valencia provided two policy options for the members.

The Board moved to adopt the recommended technical corrections. Seconded.

MOTION CARRIED UNANIMOUSLY

7) **Interim Agenda Items**

Steve Nelsen, Executive Director

Director Nelsen reviewed possible agenda items for the interim.

The Board moved to defer agenda items until it is known whether a Board meeting is needed for December. Seconded

MOTION CARRIED UNANIMOUSLY

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 15, 2011 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 11:54 AM.