

# BOARD MEETING MINUTES

## NOVEMBER 20, 2019 – FINAL



### TRUSTEE AND STAFF ATTENDANCE

|               |   |
|---------------|---|
| Absent        | Dennis Lawson, Chair – Central Pierce Fire and Rescue       |
| In Attendance | Jason Granneman, Vice Chair – Clark County Sheriff’s Office |
| Absent        | Adé Ariwoola – City of Federal Way                          |
| In Attendance | Mark Johnston – Vancouver Fire Department                   |
| In Attendance | AJ Johnson – Snohomish County Fire District #1              |
| Absent        | Senator Jeff Holy – Spokane Police Department (Retired)     |
| Absent        | Tarina Rose-Watson – Spokane Int’l Airport Police Dept      |
| In Attendance | Wolf Opitz – Pierce County                                  |
| In Attendance | Pat McElligott – Pierce County Fire and Rescue              |
| 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 November 20, 2019. A quorum of the members was present at this meeting.

Vice Chair Jason Granneman called the meeting to order at 9:31AM 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 September and October meetings are before the Board for approval.

**ACTION** | It was moved to approve the Board meeting minutes from September and October 2019. Motion seconded. The Board approved the minutes without objection.

### 2. DRS ANNUAL UPDATE

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

### 3. SAO AUDIT RESULTS

Justin Brackett, Assistant State Auditor, Michael Hutchinson, Assistant Audit Manager and Jim Brownell, Audit Manager presented results from the annual financial audit. A financial statement audit of the LEOFF 2 Board’s Schedule of Expenditures was performed for expenditures that occurred for the fiscal

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year ending June 30, 2019. An unmodified (clean) opinion on the financial statement was given. The financial statement was presented fairly, in all material respects.

### 4. TRIBAL LAW ENFORCEMENT STUDY

Jacob White, Senior Research and Policy Manager gave a comprehensive report to the Board on the Tribal Law Enforcement Study. The legislature tasked the LEOFF 2 Board with studying the tax, legal, fiscal, policy, and administrative issues related to allowing tribal law enforcement officers to become members of the LEOFF 2 plan. The report is due to the legislature by January 1, 2020. No action was taken at this time. A final report and presentation will occur at the December 18<sup>th</sup> meeting. This will include a draft report to the legislature and information from the Office of the State Actuary regarding fiscal impacts.

### 5. LEOFF ACTUARIAL VALUATION (LAVR) RESULTS

Mitch DeCamp, Senior Actuarial Analyst and Frank Serra, Actuarial Analyst from the Office of the State Actuary presented the 2018 LEOFF 2 Actuarial Valuation Results to the Board. No action was taken.

### 6. BENEFIT IMPROVEMENT ACCOUNT UPDATE

Steve Nelsen, Executive Director provided an update to the Board on the Benefit Improvement Account. Options will be brought to the Board in the 2020 interim with potential legislation for 2021, and any impacts to benefits would be in July 2021.

### 7. ADMINISTRATIVE UPDATE

|                   |   |
|-------------------|---|
| OUTREACH          | Tim Valencia, Deputy Director presented to the Bellingham Firefighters Local 106 on October 2 <sup>nd</sup> .   |
| SCPP              | The Select Committee on Pension Policy met in October and November. There has been no change in status of coordinating issues. The bills from last year are still alive. Interruptive Military Service credit fix and Survivor Option Election have not been added to their work plan for this interim and there is no expectation that they will be in coordination with the SCPP. |
| RELOCATION UPDATE | We have been working with OFM for approval to move with a target date of January 2021. LEOFF 2 Board meetings will continue to be held at the State Investment Board for 2020.  |

### 8. FUNDING WORK SESSION

Steve Nelsen, Executive Director gave a follow up discussion on funding status to the Board. Options for the Board to consider for adoption of an actuarial cost method and associated funding policies will occur at the December 18, 2019 meeting.

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### 9. 2020 MEETING CALENDAR ADOPTION

Potential meeting dates for 2020 are before the Board for approval.

#### ACTION

It was moved and seconded to adopt the dates as proposed, with the exception of the November date. Motion carried unanimously. Alternative dates for the November 2020 meeting will be proposed to the Board at the next meeting.

### 10. PEBB COVERAGE FOR CATASTROPHIC RETIREES

Jacob White, Senior Research and Policy Manager provided a comprehensive report on PEBB coverage for catastrophic retirees. The policy options are before the Board for consideration for the December meeting:

#### **Option 1: PEBB coverage for catastrophic disability retirees**

Catastrophic Disability retirees and their families would be covered under PEBB, like Line-of-Duty Death survivors. Catastrophic Disability retirees could no longer choose their own health insurance provider.

#### **Option 2: No change to existing law**

A final report will be given at the December 18<sup>th</sup> meeting and staff will draft bill language and update the fiscal note. No action was taken at this time.

### 11. SURVIVOR OPTION ELECTION

Jacob White, Senior Research and Policy Manager provided a comprehensive follow-up report to the Board. Updated recalculation data from the Department of the Retirement Systems was given, as well as feedback from the Office of the State Actuary on the potential impact of anti-selection risk mitigation option. A final presentation with policy options will be before the Board for consideration at the December 18<sup>th</sup> meeting.

### 12. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director reviewed the upcoming agenda items for the December 18<sup>th</sup> board meeting.

### ADJOURNMENT

There being no further business, the meeting was adjourned at 1:07PM.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 18, 2019 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.