



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**  
**December 17, 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 December 17, 2008.

**Board Members Present:**

Kelly Fox, Chair  
Jack Simington, Vice Chair (Teleconference)  
Greg Cuoio  
Pat Hepler  
Jeff Holy (Teleconference)  
Mark Johnston (Teleconference)  
Glenn Olson  
Senator Linda Evans Parlette (Teleconference)  
Representative Geoff Simpson (Teleconference)

**Staff Present:**

Steve Nelsen, Executive Director  
Shawn Merchant, Deputy Director  
Jessica Burkhart, Executive Assistant  
Jeralyn Faulhaber, Administrative Services Manager (Teleconference)  
Tim Valencia, Senior Research and Policy Manager  
Greg Deam, Senior Research and Policy Manager  
Linda Sullivan-Colglazier, Assistant Attorney General

**Guests**

Chris Jasperson, Associate Pension Actuary

**Board Members Not Present:**

Ryan Martin  
Darla Hartley

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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 9:51 a.m. The Board took a moment of silence to honor those who have fallen since the last time the Board met.

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The Board agreed to have the Select Committee on Pension Policy items (agenda items 3, 4, 5, 6) be considered as consent items and move them up on the agenda.

**1) October 22, 2008 Board Meeting Minutes**

*It was moved that the October 22, 2008 Board meeting minutes be adopted as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**2) Catastrophic Disability Retirement Medical insurance – Preliminary Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary report and presentation on *Catastrophic Disability Retirement Medical Insurance*. The report included detailed information concerning members who suffer catastrophic duty-related disabilities and the fact that they may not have access to health care insurance. Mr. Valencia provided the following policy option to the members:

- Pay for catastrophic disability insurance from the pension fund:
  - Access to PEBB health care insurance to members and family
  - PEBB health care insurance costs paid from LEOFF 2 fund
- Cost: Employee 0.25%, Employer 0.15%, State 0.10%

Chris Jaspersen, Associate Pension Actuary spoke concerning the costs associated with catastrophic disability.

*The Board moved to suspend the rules and move the Preliminary Proposal to a Final Proposal. Catastrophic Disability Retirement Insurance will move forward to be heard by the 2009 Legislature but only to include the portion of PEBB access. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

Meg Jones with the Seattle Fire Department addressed the Board in support of the Catastrophic Disability legislation. She told of her brother, a former fire fighter who was severely disabled while on the job and the emotional and financial hardship it has put on her since he does not have medical insurance.

**3) Military Death Benefit – Final Proposal, Tim Valencia**

Tim Valencia presented a Final Report and presentation on the topic of *Military Death Benefit*. Mr. Valencia discussed benefits for members who are called to military service and killed during that service. He reviewed the outcome of the Select Committee on Pension Policy (SCPP) meeting and provided a proposal summary.

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*The Board moved to endorse the proposal for Military Death Benefit that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 4) **\$150,000 Death Benefit Inflation Adjustment – Final Proposal, Greg Deam**  
Greg Deam, Senior Research and Policy Manager presented a Final Proposal on the *\$150,000 Death Benefit Inflation Adjustment*. Mr. Deam addressed the loss of purchasing power over time due to inflation. He asked the members to refer to the cost. It has no impact on member, employer, or State.

*The Board moved to endorse the proposal for the \$150,000 Death Benefit Inflation Adjustment that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 5) **Fish and Wildlife Enforcement Officers – Final Proposal, Greg Deam**  
Greg Deam provided a Final Proposal on the topic of *Fish and Wildlife Enforcement Officers Service Credit Transfer*. Mr. Deam addressed key issues of allowing Fish and Wildlife Enforcement Officers the opportunity to transfer service credit and the cost involved.

*The Board moved to endorse the proposal for Fish and Wildlife Officers Service Credit Transfer that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 6) **Interruptive Military Service Credit – Final Proposal, Tim Valencia**  
Tim Valencia presented a Final Proposal and report on interruptive Military Service Credit. Mr. Valencia discussed the cost of restoring service credit for periods of public employment that have been interrupted by military service credit.

*The Board moved to endorse the proposal for Interruptive Military Service credit that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 7) **Duty Disability Conversion – Final Proposal, Tim Valencia**  
Tim Valencia presented a Final Proposal on Duty Disability Conversion. Mr. Valencia addressed key issues such as duty disability provisions and identifying duty disability retirees. He went on to provide a summary which would convert eligible service and disability retirement to occupational disability.

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*The Board moved to endorse the proposal for Duty Disability Conversion without change to be taken to the 2009 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**8) Domestic Partners – Preliminary Report, Greg Deam**

Greg Deam provided a Preliminary Report and presentation on *Domestic Partners*. Mr. Deam addressed the issue that domestic partners are not treated the same as spouses for all pension benefits. Specifically, survivor health care and retirements, member contributions, the \$150,000 death benefit, and service and disability retirements are areas of concern. Mr. Deam provided the option of amending the statutes and working with the office of the State Actuary on costs.

*The Board moved to support Representative Simpson on the Domestic Partner legislation and allow this to be his bill. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**9) Administrative Update**

**Department of Retirement Systems Rulemaking**

Director Nelsen briefed the Board on the latest rulemaking taking place at the Department of Retirement Systems (DRS). He explained that rulemaking has been discussed over the last year and DRS is on target with the exception of Catastrophic Disability. Board staff will continue to keep the Board aware.

**Newsletter Update**

Mr. Nelsen provided an update on the status of the Board's Newsletter. The next edition of Dual response is estimated to go to member home in mid-February.

**10) Executive Director Evaluation**

The Board went into Executive Session to discuss the Executive Director's evaluation.

*The Board moved to increase the Executive Director's salary by 5%, change his status to an EMS Band 4, and reward him \$5,000 in recognition pay. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**11) Purchase of Annuity – Final Proposal, Greg Deam**

*The Board moved to defer the topic of Purchase of Annuity until the 2010 Legislative Session for coordination with the Select Committee on Pension Policy. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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**12) Deferred Compensation as Salary – Final Proposal, Greg Deam**

*The Board moved to defer the topic of Deferred Compensation until the 2010 Legislative Session. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**13) Final Average Salary – preliminary Follow-Up report, Greg Deam**

*The Board moved to defer the topic of Final Average Salary until the 2010 Legislative Session. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**14) Adoption of 2009 meeting Calendar**

The members were provided a copy of the proposed 2009 meeting dates.

*The Board moved to adopt the 2009 Meeting Calendar as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**Next Meeting**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 21, 2009 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 11:45 p.m.