



STATE OF WASHINGTON

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

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**REGULAR BOARD MEETING**  
**December 18, 2007**

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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 18, 2007.

**Board Members Present:**

Kelly Fox, Chair  
Jack Simington, Vice Chair  
Greg Cuoio  
Pat Hepler  
Jeff Holy  
Mark Johnston  
Ryan Martin  
Representative Geoff Simpson

**Staff Present:**

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

**Guests:**

Dennis Martin, Health Care Authority  
Chris Jaspersen, Office of the State Actuary

**Board Members Not Present:**

Glenn Olson  
Senator Linda Evans Parlette

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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 9:47 a.m. The Board took a moment of silence to honor the fire fighters and law enforcement officers who have died in the line of duty since the last meeting.

**1) November 28, 2007 Board Meeting Minutes**

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*It was moved that the November 28, 2007 Board meeting minutes be adopted as presented. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 2) **Medical Insurance Reimbursement for Line of Duty Deaths – Final Proposal**
- **Dennis Martin, Health Care Authority (HCA)**
  - **Steve Nelsen, Executive Director**

Steve Nelsen, Executive Director provided a brief overview of *Medical Insurance Reimbursement for Line of Duty Deaths*. The HCA, the Department of Retirement Systems, and Board staff have been working cooperatively to resolve this issue over the last several months. A letter was provided from Steve Hill, Director of the Health Care Authority, indicating that benefits would be paid out as intended by the legislation. The PEBB Board will formerly endorse his decision at their January meeting.

Dennis Martin, Director of Policy and Legislative Relations expressed his gratitude on behalf of Steve Hill and the Health Care Authority.

- 3) **Disability Retirement Assumptions**

Steve Nelsen, Executive Director, spoke to the Board concerning *Disability Retirement Assumptions*. Mr. Nelsen commented that a number of bills have recently been passed by the Legislature concerning disability. The Office of the State Actuary would like to conduct a thorough review of all of the duty related disabilities and changes. This process would be done with an outside actuarial firm during the upcoming interim.

- 4) **Alternate Revenue – Final Proposal, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Final Proposal on the topic of *Alternate Revenue*. Mr. Valencia addressed key issues and provided a proposal summary. Bill draft language was provided.

*It was moved that the Alternate Revenue bill draft move forward to be heard by the 2008 Legislature. Seconded.*

**OPPOSED:** *Greg Cuoio – The Association of Washington Cities has not had a chance to see the proposed legislation.*

- 5) **Administrative Update**

Steve Nelsen announced the resignation of Clint Olson. Mr. Olson enjoyed his time on the Board and will now be traveling with his wife.

Mr. Nelsen encouraged Board Member training for 2008 and provided Jeralyn Faulhaber as a contact person if there are questions or concerns.

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The spring edition of the Dual Response newsletter will be mailed to member and retiree homes after session ends.

**6) Inflationary Adjustment for \$150,000 Death Benefit – Final Proposal, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Final Proposal on the *Inflationary Adjustment for \$150,000 Death Benefit*. Mr. Deam addressed key issues and provided a proposal summary. Bill draft language (Z-0708.1) and a draft fiscal note from the Office of the State Actuary (OSA) were provided.

The Board also received a letter from Oliver Consulting stating that they performed an independent actuarial review of the contribution rate increases for indexing the \$150,000 Death Benefit. Oliver Consulting agrees with the estimates from OSA.

*It was moved that the Board endorse the Inflationary Adjustment for \$150,000 Death Benefit bill draft cooperatively with the Select Committee on Pension Policy and forward to the 2008 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**7) FWEO Service Credit Transfer – Final Proposal, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Final Proposal on the *Fish and Wildlife Enforcement Officers Service Credit Transfer*. Mr. Deam addressed key issues and provided a proposal summary. Bill draft language (Z-0766.1) was given.

*It was moved that the Board endorse the FWEO Service Credit Transfer bill draft cooperatively with the Select Committee on Pension Policy and forward to the 2008 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

**8) Military Service Death Benefit – Final Proposal, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Final Proposal on *Military Service Death Benefits*. Mr. Valencia addressed key issues and provided a proposal summary. Bill draft language (Z-0799.1) and a draft fiscal note from OSA were provided.

*It was moved that the Board endorse the Military Service Death Benefit bill draft cooperatively with the Select Committee on Pension Policy and forward to the 2008 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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- 9) **Interruptive Military Service Credit – Final Proposal, Steve Nelsen**  
Steve Nelsen, Executive Director, presented a Final Proposal on *Interruptive Military Service Credit*. He addressed key issues and provided an issue paper from the Select Committee on Pension Policy. Bill draft language (Z-0802.1) was given.

*It was moved that the Board endorse the Interruptive Military Service Credit bill draft cooperatively with the Select Committee on Pension Policy and forward to the 2008 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 10) **Deferred Compensation as Salary – Final Proposal, Greg Deam**  
Greg Deam, Senior Research and Policy Manager presented a Final Proposal on *Deferred Compensation as Salary*. Mr. Deam addressed key issues and provided a proposal summary. Bill draft language was given, but cost information from OSA was not available at this time.

*It was moved that the Deferred Compensation as Salary bill draft move forward to be heard by the 2008 Legislature. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 11) **Reduction Factors for Survivor Retirements – Final Proposal, Greg Deam**  
Greg Deam, Senior Research and Policy Manager presented a Final Proposal on *Reduction factors for Survivor Retirements*. Mr. Deam addressed key issues and provided a proposal summary. The Office of the State Actuary prepared a letter advising that in order to have an actuarial complete and audited for the second proposal, a concurrent audit of the fiscal note must take place.

*It was moved that the Board defer the topic of Reduction Factors for Survivor Retirements to the interim and work cooperatively with the Office of the State Actuary. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

- 12) **Executive Director Evaluation – Possible Executive Action**  
The Board met in Executive Session to discuss the Executive Director's Evaluation and salary.

*It was moved that Steve Nelsen, Executive Director be moved to the top of his salary range, be authorized a 2% Cost of Living Increase effective September 1, 2008, and receive recognition pay in the amount of \$10,000. Seconded.*

**MOTION CARRIED UNANIMOUSLY**

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**Next Meeting**

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 23, 2008 from 9:00 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 11:56 a.m.