

BOARD MEETING MINUTES

DECEMBER 19, 2018 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Adé Ariwoola – City of Federal Way
Absent	Dwight Dively – King County
In Attendance	Mark Johnston – Vancouver Fire Department
Teleconference	Pat McElligott – Pierce County Fire and Rescue
In Attendance	Tarina Rose-Watson – Spokane Int’l Airport Police Dept.
In Attendance	AJ Johnson – Snohomish County Fire District #1
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
Absent	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	Ryan Frost – 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 December 19, 2018. A quorum of the members was present at this meeting.

Chair Dennis Lawson called the meeting to order at 9:31 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

Director Nelsen introduced new a Board member, AJ Johnson with Snohomish Fire District #1 who replaces Michael White in position 6.

1. APPROVAL OF MINUTES

ACTION | It was moved to approve the Board meeting minutes from November 28, 2018. Motion seconded. The Board approved the minutes without objection.

2. WSIB ANNUAL UPDATE

Director Theresa Whitmarsh provided the Board with information on the Washington State Investment Board activities and the state of LEOFF 2 investments.

3. PLAN DEMOGRAPHICS

Senior Research and Policy Manager Ryan Frost presented this educational briefing to bring the Board up-to-date on LEOFF 2 demographics as well as retirement statistics and challenges.

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4. DEMOGRAPHIC EXPERIENCE STUDY PREVIEW

Deputy State Actuary Lisa Won provided the Board with a preliminary preview of the Demographic Experience Study their agency is conducting for LEOFF 2. This study assists OSA in developing recommendations on assumptions and contribution rates, as well as provide funded status calculations. Questions and answers followed.

5. SPOUSAL CONSENT REQUIREMENT

Senior Research and Policy Manager Jacob White presented a final report on this issue with policy options regarding written consent of survivorship options and how it impacts members. Discussion followed regarding staff resources in supporting such a bill.

ACTION | It was moved and seconded to approve Option 1 to endorse the Department of Retirement System's proposed bill. The Board approved the motion unanimously.

6. LEOFF/PERS ELIGIBILITY GAP

Senior Research and Policy Manager Jacob White presented a preliminary report on this issue that addresses some law enforcement officers and fire fighters who are not receiving a pension due to an eligibility gap. Discussion followed regarding how many employers and members are impacted. Director Nelsen stated no data is currently available, therefore the financial implications are unknown.

ACTION | It was moved and seconded to approve Option 1a. The motion was amended to include a one-year window for members to act. The motion was amended to include language to abort legislation if an administrative fix is reached. The Board approved unanimously to move forward with legislation on this issue as amended.

7. ADMINISTRATIVE UPDATE

Director Steve Nelsen updated the Board on the recent discussion at the Select Committee on Pension Policy (SCPP) meeting, specifically he talked about the *Dolan* case involving a member not being reported into PERS. The courts determined the employer was responsible for repaying costs to the plan. The Actuary's Office calculates the liability and determines if rate adjustments are needed. This is what would happen should a similar situation occur with a LEOFF member. He also reported no outreach activities since the last meeting.

8. FINAL AVERAGE SALARY BENEFIT IMPROVEMENT PRICING

Senior Research and Policy Manager Ryan Frost presented an educational briefing that provided the Board with information and pricing if the Board were to pass legislation lowering the final average salary (FAS) period for the purpose of LEOFF 2 benefit calculations.

9. SURVIVOR OPTION ELECTION

Senior Research and Policy Manager Jacob White provided additional information on how LEOFF members are impacted by irrevocable retirement elections in this comprehensive follow-up report. Discussion took place regarding pros and cons of the options and timing of legislation.

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10. BENEFIT IMPROVEMENT ACCOUNT

Senior Research and Policy Manager Ryan Frost presented this educational briefing to update the Board on legislative activities surrounding the LEOFF 2 Benefit Improvement Account.

11. FUNDING POLICY

Director Nelsen presented information on the Board's draft funding policy and best timing for adopting a new policy in this educational briefing. Discussion took place regarding the value of waiting for additional information.

12. 2017-2019 BUDGET ADOPTION

Deputy Director Tim Valencia provided the Board with a proposed budget for the remainder of the 2017-2019 biennium. He noted that projections suggest the Board will be over-budget for the first time in history and provided explanations as to why. Discussion took place regarding the authority of the Board to set its own budget independent from the Office of Financial Management.

ACTION | It was moved and seconded to adopt the budget as presented. The Board approved the motion unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:14 PM.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 23 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

The Board was reminded that meetings during legislative session are designed to provide Trustees with information regarding legislative activities and will be held primarily through teleconference.