

BOARD MEETING MINUTES

DECEMBER 20, 2017- FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Dennis Lawson, Chair – Central Pierce Fire and Rescue
Teleconference	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Steve Bergquist – WA State Representative
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Wally Loucks – Spokane County Sheriff’s Office
Teleconference	Mr. Pat McElligott – Pierce County Fire and Rescue
Teleconference	Mr. Michael White – Valley Regional Fire Authority
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 – Death and Disability Ombudsman
In Attendance	Paul Neal – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
Teleconference	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Washington State Investment Board Olympia, Washington on December 20, 2017. A quorum of the members was present at this meeting.

OPENING | Chair Dennis Lawson called the meeting to order at 9:29AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting, including those who were involved in the recent train derailment near Dupont, WA.

1. APPROVAL OF MINUTES

The minutes from November 15th are before the Board for approval.

MOTION | It was moved to approve the Board meeting minutes from November 15, 2017. Motion was seconded. The Board approved the minutes without objection.

2. ECONOMIC ASSUMPTION ADOPTION

Ryan Frost, Research and Policy Manager, presented on the topic of Economic Assumption Adoption, reviewing assumption change recommendations provided by the Office of the State Actuary. The Board is tasked with adopting economic assumptions every 2 years, with the last adopted changes occurring in 2011.

The following three options are before the Board today:

1. Adopt the recommended assumption changes.
2. Adopt the recommended inflation and salary growth assumptions, but adopt a lower investment return assumption of 7.3%

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3. Do not adopt assumptions.

MOTION

A motion was made by Mark Johnston to adopt the recommended assumption changes. Motion was seconded by Jason Granneman. Discussed followed. Motion passed unanimously.

4. INTERRUPTIVE MILITARY SERVICE CREDIT STUDY

Ryan Frost, Research and Policy Manager, gave a final presentation on the issue of Interruptive Military Service Credit. The following policy options are before the Board:

1. Extend the waiver of contributions to cover all members who served in any capacity at a named conflict.
2. Make corrections to the current definition of "veteran".
3. Take no action at this time.

MOTION

A motion was made by Jason Granneman to adopt option 2 and make corrections to the current definition of veteran for LEOFF 2. Motion was seconded by Ade' Ariwoola. Discussion followed. Rep. Bergquist made an amendment to the motion so that the Bill title would be broad enough to allow an amendment in the House without amending the title. Amendment was agreed upon by the Board. Motion passed unanimously.

5. DISABLED MEMBERS RETURN TO WORK

Ryan Frost, Research and Policy Manager, gave a comprehensive report on the issue of disabled members returning to work. The policy issues before the Board are:

1. A member will continue to receive their disability benefit while they are in the appeals process
2. The employer will be billed for the disability payments made to the member while they were in the appeals process.
3. Take no action at this time.

MOTION

A motion was made by Rep. Holy to adopt 2. Discussion followed. Motion was seconded by Rep. Bergquist. Discussion followed.

MOTION

Pat McElligott made a motion to table this motion. Motion was seconded by Jason Granneman. Rep. Holy and Rep. Bergquist voted no. Motion passed.

6. MCNEIL ISLAND FIRE FIGHTERS

Paul Neal, Senior Research and Disability Manager, gave a presentation to the Board on the topic of McNeil Island Fire Fighters. These fire fighters work for a state agency and are currently PERS members. Most state agencies are not LEOFF employers. The following policy options are before the Board:

1. Expand definition of employer for prospective service only.
2. Expand definition of employer with option to transfer prior service.
3. Further study in 2018 interim.
4. No further action at this time.

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MOTION | Michael White moved to adopt option 4 and take no action at this time. Motion was seconded. Motion passed.

7. DEFINITION OF CHILD

Paul Neal, Senior Research and Disability Manager gave a presentation to the Board on the issue of definition of “child”. The current LEOFF definition for “child” excludes children adopted after a member retires. Children adopted after retirement do not qualify for member death and disability benefits. The following options are before the Board:

1. Amend definition of child for LEOFF Plan 2 only.
2. Work with SCPP to amend definition of child for LEOFF Plans 1 and 2.
3. Take no further action at this time.

MOTION | Mark Johnston moved to adopt option 3 and take no further action at this time. Motion was seconded. Motion passed unanimously.

8. OUT OF STATE DUTY

Ryan Frost, Research and Policy Manager gave a preliminary report on the issue of off-duty members who are injured while performing service in response to an out-of-state mass casualty incident are not entitled to LEOFF 2 duty disability benefits. The following policy options are before the Board:

1. Expand the level of pension benefits for members who become injured while providing lifesaving care in an out-of-state “mass casualty” event.
2. Take no action at this time.

MOTION | Michael White moved to adopt option 2 and take no further action at this time. Motion was seconded. Motion passed unanimously.

9. CATASTROPHIC DISABILITY MEDICAL INSURANCE

Paul Neal, Senior Research and Disability Manager gave a presentation to the Board on the topic of Catastrophic Disability Medical Insurance, reviewing current law and medical premiums. The question of whether the Board wants staff to provide updated cost analysis was asked in his presentation.

MOTION | Mark Johnston moved to push this issue forward to the next step of a follow up presentation at the November meeting. Motion was seconded. Motion passed unanimously.

10. ADMINISTRATIVE UPDATE

MOTION | A motion was made to move the issue of Disabled Members Return to Work to the December agenda as a Final Proposal. Motion was seconded. Motion passed unanimously.

11. BOARD OPERATING POLICY

Jessica Burkhart, Administrative Services Manager, presented a new policy to the Board for adoption. The Board does not currently have a policy in place to evaluate the Executive Director.

MOTION | A motion was made to adopt the proposed Board policy. Motion was seconded. Motion passed unanimously.

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12. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director, gave an administrative update to the Board. Meetings during the months of legislative session will be held electronically, via teleconference and WebEx.

RECOGNITION	Trustee Mark Johnston passed the NCPERS Accredited Fiduciary exam and completion of the program.
OUTREACH	Director Nelsen was asked to present at the Opal Financial Summit in January.

13. POSSIBLE EXECUTIVE SESSION

At 11:35AM the Board moved to Executive Session for 15 minutes to discuss the Executive Director job description. At 11:59PM the Board notified the public in attendance that the executive action will continue for another 10 minutes. Meeting was called back to order at 12:11PM.

MOTION	Rep. Holy made a motion increase the Executive Director salary to the top of band 4, including any COLA adjustments that may be due. Motion was seconded. Motion passed unanimously.
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ADJOURNMENT

MOTION	There being no further business a motion was made to adjourn the meeting. Motion was seconded. Meeting was adjourned at 12:13PM.
NEXT MEETING	The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 17, 2018 at the Washington State Investment Board in Olympia, located at 2100 Evergreen Park Drive SW Olympia, WA 98502.