

# BOARD MEETING MINUTES

## MAY 17, 2023 – FINAL



### TRUSTEE AND STAFF ATTENDANCE

Absent	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Jason Granneman, Vice Chair – Clark County Sheriff’s Office
Teleconference	Mark Johnston – Vancouver Fire Department
Teleconference	AJ Johnson – Snohomish County Fire District #1
Teleconference	Senator Jeff Holy – Spokane Police Department (Retired)
Teleconference	Tarina Rose-Watson – Spokane Int’l Airport Police Dept
Teleconference	Wolf Opitz – Pierce County
In Attendance	Pat McElligott – East Pierce County Fire
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Ann Rivers – WA State Senator
In Attendance	Jay Burney – City of Olympia
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
Teleconference	Jessica Burkhart – Administrative Services Manager
Teleconference	Tammy Sadler – Benefits Ombudsman
In Attendance	Jacob White – Senior Research and Policy Manager
Teleconference	Sarah White – Benefits Ombudsman
Teleconference	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 May 17, 2023. A quorum of the members was present at this meeting.

Pat McElligott called the meeting to order at 9:30AM 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 November 2022 through the April 2023 meetings are before the Board for consideration.

**ACTION** | It was moved to approve the Board meeting minutes from November 2022 - April 2023. Motion was seconded. The Board approved the minutes without objection.

### 2. Draft Interim Workplan

Jacob White, Senior Research and Policy Manager presented the draft interim workplan to the Board. No action is required today. The Board may vote to adopt the interim workplan at the June meeting.

#### Actuarial Topics

1. Long-term Economic Assumptions and Report on Financial Condition (will be ready by Sept, with potential board action in November)
2. Off-cycle Actuarial Valuation Report Results (No board action required)
3. OSA Request Legislation

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- Update statutes to reflect current practices

### *Administrative Topics*

1. Interim Planning
2. AGO Training
3. Agency Operating Budget
4. DRS/CEM Benchmarking
5. Board Strategic Planning and Expectations
6. Election of Officers
7. 2024 Meeting Calendar
8. Financial Expenditure Audit Results
9. WSIB Annual Update
10. DRS Annual Update
11. Board Staff Succession Planning
12. Recruitment, Retention, Salary Setting Structure for Board Staff

### *Benefit Topics*

1. Overpayment Responsibility
  - Board identified issue last interim for 2023 agenda
  - Policy regarding responsibility to pay back overpayments may be inconsistent
2. Benchmarking Peer Comparison
  - Board requested during strategic planning last interim
  - Last presentation to the Board was in 2017 (data collected in 2016)
3. BIA Tiered Multiplier Date (member request)
  - Requested by Seattle Fire Fighters' Union and Seattle Police Officer Guild
  - Current benefit is based on retirement status on Feb. 1, 2021
4. Taxation of Catastrophic Disability Benefits
  - DRS received advice from their tax counsel that a portion of some members' catastrophic disability benefits should have been taxed
  - DRS paid all back taxes that were due, and moving forward is withholding taxes from catastrophic benefits where necessary
  - Is there a way to change catastrophic benefits so they are no taxable?
5. DROP Plan (member request)
  - Deferred Retirement Option Plan (DROP)
  - Request of Fraternal Order of Police
  - Board last studied in 2006
6. Secure Act 2.0 (Federal Legislation)
7. Firefighter definition (HB 1279/SB 5468)
  - HB 1279/SB 5468 - Ensuring Promoted Firefighters remain in LEOFF 2
  - Creates additional definition of firefighter to include those serving in a position that requires an experienced firefighter
8. DRS Disability Determination Process (SB 5625)
  - Codifies existing DRS WAC into RCW that DRS apply LNI law to disability determinations
  - Requires DRS to re-review decisions that have already exhausted legal remedies under the APA, including cases where DRS prevailed in court
9. DRS Admin Fees and UAAL Charges for Purchasing Service Credit (SB 5625)
  - In certain optional service credit situations members are charged the DRS administrative fee and UAAL costs

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- Impacts all retirement systems may need to work with SCPP
- 10. DRS Appeal Deadlines (SB 5625)
  - This bill would have increased the number of days to file an appeal and would have created tolling of the days to file an appeal if DRS requests additional information from the member
- 11. Survivor Reelection Window Prior to IRS Approval (SB 5625)
  - Allows members who requested to change their survivor option between the effective date of SB 6417 (2020) and DRS receiving IRS approval to change their survivor option
  - Bill language impacts 1 PERS member, no LEOFF 2 members
- 12. Basic Salary Holiday Payments Definition (SB 5625)
  - In limited circumstances holiday pay and non-duty disability pay are not considered “basic salary”
- 13. Part-time LEOFF Members (HB 1413/SB 5424)
  - HB 1413/SB 5468 – Flexible Work for Law Enforcement Officers
  - Authorizes law enforcement agencies to adopt flexible work policies
  - Includes part-time law enforcement officers in LEOFF

### ACTION

It was moved to add the topic of Firefighter Definition to the interim workplan. Motion was seconded. Motion passed unanimously.

## 3. Administrative Update

Steve Nelsen, Executive Director gave a brief administrative update to the Board.

WACOPS had their Spring meeting in Leavenworth and Jacob White attended to answer questions and give a preview of the Board’s interim workplan. The WSCFF Annual Convention is coming up in June and board staff will attend to answer questions.

## Public Comment

The LEOFF 2 Board welcomes public comment in advance of all meetings and has posted instructions on its website for the submission of written comments. Staff received no comments in advance of today’s meeting for distribution to the board.

## Adjournment

There being no further business, a motion to adjourn was made and seconded. Motion passed unanimously. The meeting was adjourned at 10:31am.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 28, 2023 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.