

BOARD MEETING MINUTES

SEPTEMBER 27, 2023 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Mark Johnston – Vancouver Fire Department
Absent	AJ Johnson – Snohomish County Fire District #1
In Attendance	Senator Jeff Holy – Spokane Police Department (Retired)
Teleconference	Tarina Rose-Watson – Spokane Int’l Airport Police Dept
Teleconference	Wolf Opitz – Pierce County
Teleconference	Pat McElligott – East Pierce County Fire
Teleconference	Representative Steve Bergquist – WA State Representative
In Attendance	Darell Stidham – Spokane County Sheriff’s Office
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
In Attendance	Jessica Burkhart – Administrative Services Manager
Teleconference	Tammy Sadler – Benefits Ombudsman
In Attendance	Jacob White – Senior Research and Policy Manager
In Attendance	VACANT – Benefits Ombudsman
Teleconference	Karen Durant – Senior Research and Policy Manager
Absent	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 September 27, 2023. A quorum of the members was present at this meeting.

Chair Dennis Lawson 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

The minutes from the July 2023 meeting are before the Board for consideration.

ACTION	It was moved to approve the Board meeting minutes from July 2023. Motion seconded. The Board approved the minutes without objection.
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2. OSA Financial Condition Report

Frank Serra, Senior Actuarial Analyst gave a presentation on the 2023 Report on Financial Condition to the Board. No action was taken by the Board.

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3. OSA Economic Assumptions Recommendation

Matt Smith, State Actuary and Frank Serra Senior Actuarial Analyst presented the State Actuary's Recommendation on Long-Term Economic Assumptions. No recommendation for changes. The full report is available on OSA's website [Studies \(wa.gov\)](https://www.wa.gov/studies). No action was taken by the Board.

4. DRS Month of Death

Shawn Merchant, Legislative and Stakeholder Relations Director from the Department of Retirement Systems discussed future request legislation from the Department of Retirement Systems that will affect LEOFF members. A change will be made so that if a retiree passes one day into the month their retirement payment will stay in their account. The Select Committee on Pension Policy is working on this issue during the interim. No action was taken by the Board.

5. DRS Administrative Benchmarking

Mark Feldhausen, Budget and Performance Management Director gave his annual presentation on Public Pension Administration Benchmarking and provided a summary of fiscal year 2022 data. No action was taken by the Board.

6. Part-time LEOFF Members - Initial

Jacob White, Senior Research and Policy Manager gave an initial presentation to the Board on part-time LEOFF members. Law enforcement agencies adopting flexible work policies may help address hiring and retention issues in law enforcement, however, part-time law enforcement officers are not eligible for membership in LEOFF 2.

Options before the Board:

1. Motion for Comprehensive Report
2. No further action at this time

ACTION | It was moved to adopt option 2. Motion was seconded. Motion passed unanimously.

7. Disability Conversions - Initial

Jacob White, Senior Research and Policy Manager gave an initial presentation on disability conversions. The criteria for duty disabilities has changed over time, as a result there may be LEOFF 2 members who were approved for non-duty disability with conditions that would qualify as duty related if the injury occurred today.

Options before the Board are:

1. Motion to receive comprehensive briefing
2. No action

ACTION | It was moved to have staff prepare a comprehensive report. Motion was seconded. Motion passed unanimously.

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8. Overpayment Responsibility - Comprehensive

Jacob White, Senior Research and Policy Manager gave a comprehensive report to the Board on overpayment responsibility. When employers make an error that causes a retiree to receive an overpayment the member is responsible for paying back the overpayment they incorrectly received.

Policy options before the Board are:

1. Employer Responsibility: Employer pays the overpayment when the overpayment is due to an employer error
2. Shorten the Statute of Limitations: from 3 years to 1 year when collecting overpayments
3. Combine Options 1 and 2: Employer must pay back overpayments when the overpayment is due to an employer error and the statute of limitations for collecting overpayments is shortened from 3 years to 1 year
4. No action

Options before the Board are:

1. No action at this time
2. Final briefing

ACTION

It was moved to have staff prepare a final briefing, choosing policy option 3. Motion was seconded. Motion passed unanimously.

9. Holiday Payments - Initial

Jacob White, Senior Research and Policy Manager gave an initial presentation on holiday payments. The issue is that the current administrative interpretation of when holiday pay is considered earnable compensation has created a situation where members may be treated differently based on their employer's payroll system, not on the days they work.

Options before the Board are:

1. No action at this time
2. Motion for comprehensive briefing

ACTION

It was moved to table this issue until the April 2024 meeting. Motion was seconded. Motion passed unanimously.

10. Non-Duty Disability Leave Use - Initial

Jacob White, Senior Research and Policy Manager gave an initial presentation on non-duty disability leave use. There were concerns raised that DRS was not always treating temporary non-duty and temporary duty disability leave consistently for purposes of basic salary in situations where members utilized leave "buy-back".

Options before the Board are:

1. No action at this time
2. Motion for comprehensive briefing

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ACTION

It was moved to adopt option 2 and have staff prepare a comprehensive briefing. Motion was seconded. Motion passed unanimously.

11. Board Officer Elections

Elections for board officers are to be voted on every two years. A motion was made to conduct the nominations and elections of officers.

Chair Lawson opened up the discussions for nominations for the position of the Chair.

Chair Lawson opened up the nomination for Vice Chair.

Chair Lawson opened up the nomination for the Employer Representative to the Administrative Committee.

ACTION

It was moved to nominate Dennis Lawson as Chair. Motion was seconded. Motion passed unanimously.

ACTION

It was moved to nominate Jason Granneman as Vice Chair. Motion was seconded. Motion passed unanimously.

ACTION

It was moved to nominate Pat McElligott to the Administrative Committee. Motion was seconded. Motion passed unanimously.

12. Administrative Update

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

The latest Dual Response newsletter has been mailed out to members as of today.
2021-23 Final Biennium Budget Report

The annual financial audit has begun with the State Auditor's Office and they will be presenting results in December.

The next meeting is the October strategic planning meeting

Senator Holy had several questions regarding DRS Rule-Making and the Probst/Fowler case. Staff will research answers and deliver them to the Board via email.

13. 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. No public comments were submitted to the Board.

Adjournment

There being no further business, the meeting was adjourned at 1:38PM.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 25, 2023 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.