

BOARD MEETING MINUTES

SEPTEMBER 25, 2024 - FINAL



Trustee and Staff Attendance

In Attendance	Dennis Lawson, Chair – Central Pierce Fire & Rescue (Retired)
Absent	Jason Granneman, Vice Chair – Clark County Sheriff’s Office
Absent	Mark Johnston – Vancouver Fire Department (Retired)
Teleconference	AJ Johnson – Snohomish County Fire District #1
In Attendance	Senator Jeff Holy – WA State Senator
Teleconference	Tarina Rose-Watson – Spokane International Airport Police Department
Absent	Wolf Opitz – Pierce County
Absent	Pat McElligott – East Pierce County Fire & Rescue
In Attendance	Representative Steve Bergquist – WA State Representative
In Attendance	Darell Stidham – Spokane County Sheriff’s Office (Retired)
Absent	Jay Burney – City of Olympia
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Chloe Drawsby – Executive Assistant
In Attendance	Jessie Jackson – Administrative Services Manager
In Attendance	Tammy Sadler – Lead Benefits Ombudsman
In Attendance	Jacob White – Senior Research and Policy Manager
In Attendance	Jessica Burkhart – Benefits Ombudsman
In Attendance	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 September 25, 2024. A quorum of the members was present at this meeting.

Chair Dennis Lawson called the meeting to order at 9:30 a.m. 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 July 2024 Minutes

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

ACTION

It was moved to approve the Board meeting minutes from July 2024. Motion seconded. The Board approved the July 2024 minutes without objection.

2. COLA/Inflation – Initial Consideration

Jacob White, Senior Research and Policy Manager gave an initial consideration presentation to the Board. Mr. White indicated that recent inflation has greatly exceeded projections which has created concerns for some retirees, about how long it will take for the current Cost-of-Living Adjustment (COLA) to catch up with lost earning power. LEOFF Plan 2’s COLA is designed to

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balance retirees retaining their purchasing power while also ensuring plan sustainability and affordability. The plan has done this in part through having a maximum COLA of 3% and banking of inflation above the cap to be applied when inflation dips below 3%. After an extended period of low and stable inflation, recent years have seen a spike in inflation, resulting in lost purchasing power for LEOFF 2 retirees. The LEOFF 2 Board requested the estimated liability and funded status impacts for a one-time COLA bank payout to current LEOFF 2 annuitants.

Next steps before the Board for consideration:

1. Motion for comprehensive report
2. No further action at this time
3. Defer to the next interim

ACTION

The Board motioned to defer this issue to the next interim for more research. Motion was seconded. The motion to defer this issue to the next interim was approved without objection.

3. Salary Setting Responsibility Update

Karen Durant, Senior Research and Policy Manager gave an update to the Board regarding Salary Setting Responsibility. The Board received update on legislation, enabling salary setting for certain staff positions at the June 2024 board meeting. The Board passed a motion to contract with a third-party to conduct market research consistent with the law. Currently the Board is contracted with Trupp HR to provide market comparability analysis for LEOFF staff positions, create salary structure with ranges/bands, provide guidance for position placement in the structure, and make recommendations on future market analysis. The market analysis is in the final stages. Mrs. Durant will present at the October Strategic Planning board meeting on October 23rd, 2024 with the full scope of work.

4. Authorized Leave of Absence Service Credit – Initial Consideration

Jacob White, Senior Research and Policy Manager presented an initial consideration presentation to the Board concerning Authorized Leave of Absence (ALOA) Service Credit. Some LEOFF 2 members are unable to purchase service credit when they are out on temporary non-duty disability leave because of the definition of basic salary and the requirements of purchasing service credit. There was concern brought to the Board that The Department of Retirement Systems (DRS) may be treating basic salary differently based on whether the member was out on temporary duty versus temporary non-duty leave. Specifically, in instances where the member was injured, took paid leave, and then utilized the employer’s “buy-back” program by providing their disability or worker’s compensation check to the employer in exchange for having their annual leave backed out of the system and put back into their leave bank.

The next steps before the Board:

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1. Move to Comprehensive Report
2. Move to Final Proposal
3. No further action

ACTION | The Board motioned to move this issue to a final proposal with possible legislation. Motion was seconded. The motion was approved to move to a final proposal with possible legislation without objection.

5. Duty Disability Health Insurance – Comprehensive Report

Jacob White, Senior Research and Policy Manager gave a Comprehensive Report to the Board regarding Duty Disability Health Insurance. Members who separate due to a duty disability only have temporary access to employer provided health insurance through COBRA. This issue came to the Board from the Washington Council of Police and Sheriffs (WACOPS). In their letter to the Board, WACOPS explained a situation where a LEOFF 2 member was injured at work and while still recovering from their injuries they were going to lose their employer provided health insurance coverage. This specific member situation was resolved but there is concern that the same issue could impact other LEOFF 2 members. The Board received an educational briefing at the May 2024 board meeting and requested a comprehensive briefing from LEOFF staff.

Next steps before the Board:

1. Board may motion to receive a final briefing
 - Identify a policy option to be priced by OSA
2. Board may not take any action at this time
 - No motion required

ACTION | The Board motioned to take no further action on this issue. The motion was seconded. Motion passed without objection.

6. Administrative Update

Steve Nelsen, Executive Director gave an administrative update to the Board. Mr. Nelsen informed the Board on agency updates, fiduciary education, and recent stakeholder events. The ‘Month of Death’ bill was passed out of committee by the Select Committee on Pension Policy (SCPP) and LEOFF 2 is included in the bill. Mr. Nelsen is in the final stages of the annual Trustees Expectation Interviews and is expected to complete before the October 2024 board meeting. Jessica Burkhart, Benefits Ombudsman attended the International Foundation of Employee Benefit Plans (IFEBP) CAPPP Program parts I & II and passed both sections. Tim Valencia, Deputy Director attended and moderated sessions at the International Society of Certified Employee Benefits Specialists (ISCEBS) Symposium. Mr. Nelsen and Jacob White, Senior Research and Policy Manager presented to the Washington State Council of Fire Fighters (WSCFF) Retiree Board. The Washington State Council of Police and Sheriffs (WACOPS) held their General Membership Meeting in Kennewick, WA, Tammy Sadler, Lead Benefits Ombudsman and Jessica Burkhart, Benefits Ombudsman attended and provided an outreach

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table. Jacob White, Senior Research and Policy Manager presented at the WACOPS General Membership meeting.

7. 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. The Board received no public comment to report about on in advance of today's meeting.

Adjournment

There being no further business, the meeting was adjourned at 10:36 a.m.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 23, 2024, at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.