

BOARD MEETING AGENDA

JUNE 18, 2025 • 9:30AM



LOCATION - Hybrid Meeting

In-Person:
Washington State Investment Board
2100 Evergreen Park Drive SW, Suite 100
Olympia, WA 98502

Or Virtual Meeting Information at
www.leoff.wa.gov

TRUSTEES

DENNIS LAWSON, CHAIR
Central Pierce Fire and Rescue (Retired)

JASON GRANNEMAN, VICE CHAIR
Clark County Sheriff's Office (Retired)

MARK JOHNSTON
Vancouver Fire Department (Retired)

AJ JOHNSON
Snohomish County Fire

SENATOR JEFF HOLY
WA State Senator

TARINA ROSE-WATSON
Spokane Int'l Airport Police Dept.

PAT MCELLIGOTT
East Pierce County Fire and Rescue

JAY BURNEY
City of Olympia

WOLF OPITZ
Pierce County

REPRESENTATIVE STEVE BERGQUIST
WA State Representative

DARELL STIDHAM
Spokane County Sheriff's Office (Retired)

STAFF

Steve Nelsen, Executive Director
Tim Valencia, Deputy Director
Chloe Drawsby, Executive Assistant
Jessie Jackson, Administrative Services Manager
Jacob White, Senior Research and Policy Manager
Karen Durant, Senior Research and Policy Manager
Tammy Sadler, Lead Benefits Ombudsman
Jessica Burkhart, Benefits Ombudsman
Tor Jernudd, Assistant Attorney General

**THEY KEEP US SAFE,
WE KEEP THEM SECURE.**

- | | | |
|----|---|-----------------|
| 1. | Approval of May 2025 Minutes | 9:30 AM |
| 2. | Executive Session - To evaluate the performance of a public employee. | 9:40 AM |
| 3. | Possible Executive Director Recruitment
Karen Durant, Sr. Research and Policy Manager | 10:30 AM |
| 4. | 2025-2027 Operating Budget Adoption
Tim Valencia, Deputy Director | 11:30 AM |
| 5. | Admin Update
Steve Nelsen. Executive Director | 12:30 PM |
| 6. | Public Comment | 1:00 PM |

*Public comment can be provided to the Board in writing 24 hours prior to the meeting via our reception mailbox: recep@leoff.wa.gov.

* Lunch is served as an integral part of this meeting.

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TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire & Rescue (Retired)
Absent	Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Mark Johnston – Vancouver Fire Department (Retired)
In Attendance	AJ Johnson – Snohomish County Fire District #1
In Attendance	Senator Jeff Holy – WA State Senator
Absent	Tarina Rose-Watson – Spokane International Airport Police Department
Teleconference	Wolf Opitz – Pierce County
In Attendance	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)
In Attendance	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 Board conference room in Olympia, Washington on December 18, 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 December 2024, January, February, March, and April 2025

The minutes from the December 2024, January, February, March, and April 2025 meetings are before the Board for consideration.

ACTION

The Board moved to approve the board meeting minutes from December 2024, January, February, March, and April 2025. Motion seconded. The Board approved the minutes without objection.

2. Financial Expenditure Audit Results

Jordan Prince, Assistant State Auditor, Stephanie Garza, Assistant Audit Manager, and Cavan Busch, Program Manager from the State’s Auditor’s Office (SAO) presented the results of 2024 financial expenditure audit. The State Auditor’s Office reported no significant deficiencies in LEOFF’s internal controls. They also identified no deficiencies that they considered to be material weaknesses. The SAO noted no instances of noncompliance that were material to the financial statement of the Board. No action was taken by the Board at today’s meeting.

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3. Legislative Session Review

Jacob White, Senior Research and Policy Manager gave a legislative session review to the Board. This review included information on Board endorsed bills and other bills of interest to LEOFF 2.

Board Endorsed Bill – Passed

SB 5306 – Allows members of LEOFF 2 to purchase Authorized Leave of Absence Purchase Service Credit if they retire instead of returning to work. This bill was passed by the Senate and the House. It will be effective on July 27, 2025.

LEOFF 2 Legislation – Passed

HB 1270 – Authorizes local governments operating deferred compensation programs to automatically enroll new employees, unless the employee opts out. The bill becomes effective on July 27, 2025.

LEOFF 2 Legislation – Not Passed

HB 1312/SB 5114 – Month of Death

Operating Budget

LEOFF 2 Budget – LEOFF contributions were funded at the Board adoption rates. General wage increases of 3% will be effective July 1, 2025, and 2% effective July 1, 2026.

Excess Compensation – Currently, if an employee earns more than 2x their regular rate of pay during their AFC period the employer owes DRS excess compensation for the impact it has to the pension system. The budget lowered that to anything over 1.5x their regular rate of pay.

LEOFF 1 SCPP Study – The Select Committee on Pension Policy (SCPP) study report on the tax, legal, actuarial, pension policy, and administrative implications of merging the legacy pension systems or terminating LEOFF 1.

Other Bills of Interest - Passed

SB 5357 – Actuarial Funding of Pension System

Other Bills of Interest – Not Passed

HB 2034 – LEOFF 1 Termination

SB 5085 – Plan 1 Merger/COLA

Governor's Proposed LEOFF1/LEOFF 2 Merger

HB 1571 – Removing qualifiers related to the presumption of occupational disease for heart problems.

No action was taken by the Board.

4. 2025 Interim Planning

Jacob White, Senior Research and Policy Manager introduced the 2025 interim plan. Plan attached as presented to the Board.

Actuarial Topics –

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1. Results of the Actuarial Valuation
2. Demographic and Experience Study
3. Economic Experience Study

Administrative Topics –

1. Interim Planning
2. Ombudsman Program Annual Report
3. 2025-2027 Budget (Biennial, Qtr. Updates)
4. Financial Expenditure Audit Results
5. Annual AGO Training
6. DRS/CEM Benchmarking
7. DRS Annual Update
8. WSIB Annual Update
9. Executive Director Evaluation
10. Executive Director Recruitment
11. Staff Compensation Program
12. Strategic Planning
13. Board Expectation
14. 2026 Board Meeting Calendar
15. Public Comment Process

Possible Benefit Topics –

1. Overtime Educational Briefing
2. Surviving Spouse Medical Reimbursement
3. Catastrophic Disability Survivor Benefit Options
- ~~4. Firefighter Employment at Multiple Agencies~~
5. Standby Pay
- ~~6. PFMLA/FML Service Credit~~
7. Interest Calculation in Member Accounts
8. Benefit Enhancement Follow-up Briefing
9. Duty Disability Health Insurance
- ~~10. Retroactive Benefits for Multiple Exposure PTSD~~
- ~~11. DRS Appeals Deadline~~
12. Representative Burnett – Plan 457
- ~~13. LEOFF 1/LEOFF 2 Merger (educational briefing)~~

ACTION

The Board motioned to adopt the actuarial, administrative, and benefit topics as modified above. The Board motioned to removed numbers 4, 6, 10, 11, and 13 from the possible benefit topics. The motion was seconded. The Board's motion passed unanimously.

5. Salary Setting Responsibility

Karen Durant, Senior Research and Policy Manager gave an update to the Board regarding salary setting responsibility. The Board endorsed bill SSB 6197 which passed in 2024. Market research was done by TRUPP HR. The Board adopted the structure, process, and salary changes in November 2024.

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Next steps –

1. Any modifications to the current process.
 - Permanent adoption of legislatively funded general wage increases for all positions under the salary setting authority to the Board.
2. Consideration of any staff specific salary increases.
 - Presentations of 2024 performance evaluations in executive session, if requested.
3. Write and submit any needed decision packages for funding consideration in the supplemental budget.

ACTION

The Board motioned to adopt #1, permanent adoption of all legislatively funded general wage increases for all positions under the salary setting authority of the Board. Motion was seconded. Motion passed without objection.

6. Admin Update

Steve Nelsen, Executive Director reported agency updates, stakeholder outreach events, and fiduciary education with the Board. Mr. Nelsen shared with the board about Leadership's decision regarding upcoming agency travel. Mr. Nelsen announced his retirement date as being March 31, 2026, and discussed possible Executive Director recruitment.

Trustee Jay Burney, Senator Jeff Holy, and Pat McElligott attend the National Conference on Public Employee Retirement Systems (NCPERS) ACE in Denver, Colorado in May 2025. In July 2025, IFEBP will be holding their Public Plan Trustees Institute in Chicago, Illinois.

In April 2025, the Washington State Council of Firefighters (WSCFF) held their Education Seminar in Kennewick, Washington. Tim Valencia, Deputy Director presented jointly with the Department of Retirement Systems (DRS) about LEOFF 2 pension benefits. Mr. Valencia also presented about the LEOFF Board and Ombudsman program at the WSCFF Retiree Association Breakfast. Tammy Sadler, Lead Benefits Ombudsman presented with Department of Labor and Industries (LNI) on a panel to discuss navigation of LNI disability claims. Jessica Burkhart, Benefits Ombudsman attend.

In April 2025, Seattle Fire held their annual Wellness Seminar in Seattle, Washington. Tim Valenica, Deputy Director presented about the LEOFF 2 Board. Tammy Sadler presented about LEOFF 2's Ombudsman program. Jessica Burkhart also attended.

In May 2025, Mr. Valencia attend and presented at the Local 1052 Retirement Celebration Dinner in Richland, Washington.

No action was taken by the Board.

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. There were no public comments to report to the Board at today's meeting. No action was taken by the Board.

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Adjournment

There being no further business, the meeting was adjourned at 11:42 a.m.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 18, 2025, at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.



Possible Executive Director Recruitment

June 18, 2025

Background

- **Steve Nelsen last day March 31, 2026**
- **Succession planning and transition top priority for the board**

Current Status

- The board has 9 months to appoint and transition new executive director – April 1, 2026
- Options for executive director recruitment
 - Open recruitment – search firm contract
 - Internal appointment

Open Executive Recruitment - Advantages

- Possible larger potential candidate pool for selection
- Potential different external perspective on issues

Open Executive Recruitment - Disadvantages

- Cost for retained or contingency recruitment usually 20% - 35% (approx. \$40K - \$70K)
- Takes valuable time away from succession transition
- Recruitment may not produce quality candidates (position is highly specialized)
- Open recruitment may make internal candidates feel undervalued

Internal Appointment - Advantages

- Succession transition can begin sooner
- No external costs
- Knowledge and experience is directly relevant with historical perspective
- Key relationships already exist with stakeholders and expertise is known

Next Steps

- Does the Board need additional information?
- Board decision on direction



Thank You

Karen Durant

Senior Research and Policy Manager

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