STATE OF WASHINGTON

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

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REGULAR BOARD MEETING
April 28, 2004
Minutes

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Boardroom of the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington.

Board Members Present:
Michael Edwards
Kelly Fox, Chair
Pat Hepler
Mark Johnston
Maureen Morris
Senator Linda Evans Parlette
Jack Simington, Vice Chair
Representative Geoff Simpson

Board Members Not Present:
Doug Cochran
David Moseley

Staff
Jeralyn Faulhaber, Administrative Services Manager
Steve Nelsen, Interim Executive Director
Jerry Westby, AAG for Suzanne Shaw, AAG

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:30 a.m. A moment of silence was called to remember law enforcement officer, Jim Lewis, who was killed in the line of duty on Tuesday, April 27, 2004.

(1) March 24, 2004 Board Meeting Minutes

It was moved that the March 24, 2004 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

(2) Administrative Update

a. **Office Space Update** – Steve Nelsen, Interim Executive Director, provided an update on the agency's move to the new office. The agency plans on being up and running on Monday, May 3, 2004 in the new facility.

b. **Staff Introduction** – Mr. Nelsen introduced Jeralyn Faulhaber in her new role as the agency's Administrative Services Manager.

c. **Contribution Rate Adoption Timeline** – Mr. Nelsen updated the Board on the timing of adopting the state, member and employer contribution rates. This item will be on the agenda for action at the September Board meeting.

Matt Smith, State Actuary was invited to address the Board regarding costs from recently passed legislation. Mr. Smith indicted that the costs would be reflected in the current actuarial valuation but any rate increase would not go into effect until July 1, 2005. The adoption of a supplemental contribution rate for the period prior to July 1, 2005 will be on the May Board meeting agenda.

(3) Potential 2005 Legislation – Purchase of Additional Benefits
Mr. Nelsen discussed the following handouts:

a. HB 2535 – Service Credit Purchase
b. RCW 41.50.088 (1) (b) – Purchase of Annuity
c. RCW 41.32.067 – Purchase of Additional Benefits
d. HB 2536 – Early-Retirement Reduction Buy-Down

Discussion took place regarding potential legislation that would allow a LEOFF Plan 2 member to purchase additional benefits like service credit or an annuity by using funds from an outside source such as deferred compensation contributions and earnings. Currently, there is not an option to purchase addition benefits/service credit in LEOFF Plan 2 like there is in other retirement systems/plans.

Chair Fox called an Executive Session to discuss the Executive Director recruitment at 10:40 a.m., with Patty McGuire from the Department of Personnel.

The Board reconvened at 11:05 a.m. and moved to *Agenda Item #5 – Executive Director Recruitment.*

(5) Executive Director Recruitment Update
Chairman Fox invited Patty McGuire from the Department of Personnel to speak to the Board regarding the process and potential costs to recruit for and hire a permanent Executive Director. A typical search would take a minimum of six-eight weeks and could cost approximately 15 – 20% of the annual salary of the position recruited for. The Board discussed the duties, skills and knowledge required by the position.

It was moved to forego additional recruitment efforts for the Executive Director and to hire Steve Nelsen. Seconded. Maureen Morris opposed the motion to forego additional recruitment efforts.
MOTION CARRIED

(4) Options for LEOFF Plan 2 Member Outreach
Mr. Nelsen discussed the pros and cons of each option in the *"LEOFF Plan 2 Member Outreach Options"* handout.

The Board asked staff to research the possibility of creating and distributing a brochure or newsletter that would go to LEOFF Plan 2 members. This brochure or newsletter would introduce the Board, answer why it had been formed, discuss what the Board has done so far and include contact information. Similar information will be included on the Board's Web site when it becomes available in June.

The meeting adjourned for lunch until 12:40 p.m.

(6) 2005-07 Budget Planning (Strategic Planning and Performance Measures)
Mr. Nelsen discussed excerpts from the Office of Financial Management's *"Budget Instructions 2005-07, Part 1"* handout. The Board must submit its strategic plan and performance measures no later than the budget submittal due date of September 1, 2005.

The Board requested that staff submit the approved work plan, the Initiative and enabling legislation to potential facilitators to assist the Board with their strategic planning process. They asked that staff farm out what would fall within the agency's scope, and then submit the areas the Board would need to focus on to the approved facilitator.

The Board scheduled their Strategic Planning Session for June 22, 2004 at 5:00 p.m. at 1069 Adams St. S.E., Olympia, WA.

It was moved that the Board authorize the Executive Director to hire a facilitator to assist with the Board's strategic planning process for the Board. Seconded.
MOTION CARRIED UNANIMOUSLY

(7) Administrative Update
Mr. Nelsen discussed the *"Proposed Staffing Model", "Budget Comparisons"* and the *"Draft FY05 Budget Proposal"* handouts.

It was moved that the Board approve the "Proposed Staffing Model" Seconded.
MOTION CARRIED UNANIMOUSLY

It was moved that the Board adopt the "Proposed Budget for FY05". Seconded.
MOTION CARRIED UNANIMOUSLY

The 2005-07 biennial budget will be on the July agenda.

OTHER ITEMS

Chairman Fox announced he had received the resignation of Board member Theadore J. Campbell due to health reasons. He wanted to publicly thank Mr. Campbell for the job he had done for the Board since it began in July 2003. Included in Mr. Campbell's letter was a request to study his potential disability situation for LEOFF Plan 2 members.

> *It was moved that the "Disability Issue" reflected in Mr. Campbell's letter be moved forward to the preliminary phase and that staff research and prepare an initial report for the May Board meeting. Seconded.*
>
> **MOTION CARRIED UNANIMOUSLY**

Chairman Fox announced that he had received a request from Representative Jerome Delvin asking the Board to study the issue of members and retirees returning to work in PERS positions.

> *It was moved that the "Member and Retiree Returning to Work in PERS Positions" issue reflected in Representative Delvin's letter be moved forward to the preliminary phase and that staff research and prepare an initial report for the May or June Board meeting. Seconded.*
>
> **MOTION CARRIED UNANIMOUSLY**

It was discussed and decided that Board meetings would now begin at 9:30 a.m. instead of at 9:00 a.m.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for May 26, 2004 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive SW, Olympia, Washington 98502.

There being no further business, the meeting was adjourned at 2:40 p.m.