



STATE OF WASHINGTON

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

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329

REGULAR BOARD MEETING
March 26, 2008

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 on March 28, 2007.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Mark Johnston
Ryan Martin
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Matt Smith, State Actuary

Board Members Not Present:

Pat Hepler
Jeff Holy
Glenn Olson
Senator Linda Evans Parlette

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:37 a.m.

1) **December 18, 2007 Board Meeting Minutes**

It was moved that the December 18, 2007 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **2008 Legislative Update**

Alternate Revenue

Tim Valencia, Senior Research and Policy Manager provided a legislative update on Alternate Revenue. Mr. Valencia addressed the key issues surrounding the Alternate Revenue bill as passed by the legislature. He explained the revenue trigger and the projected revenue stream and earnings.

Bills that did Not Pass

Greg Deam, Senior Research and policy Manager provided an overview of the bills that did not pass during the 2008 legislative session.

Deferred Compensation (HB 3049/SB 6635)
Military Death Benefit (HB 3007/SB 6646)
Interruptive Military Service Credit Transfer (HB 3008/SB 6645)
FWEO Service Credit Transfer (HB 3023/SB 6653)
\$150,000 Death Benefit (HB 3026/SB 6664)
L&I Survivor Benefits (HB 1545)
Port Fire Fighter Membership (HB 2134)
Occupational Disease Presumption (HB 3331)

The Medicare Only Benefits (HB 2510) bill did pass. The Board requested that the LEOFF 2 members be notified through the next newsletter concerning the election process.

PUBLIC TESTIMONY

Jolin Lowry, widow of Tacoma police officer who died in the line of duty testified concerning the Labor and Industries Survivor Benefits bill. Ms. Lowry requested that the Board continue studying this issue in the interim to bring back to the legislature next year.

3) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director provided an update on the Select Committee on Pension Policy (SCPP). The SCPP has not had a meeting yet this year. During the 2008 session the SCPP recommended 16 pension bills. 4 out of the 16 bills proposed were LEOFF/SCPP joint bills.

Budget Update

Steve Nelsen provided an update on the Budget and provided the Allotments and Expenditures report from February 2008. He reported that we are under budget. He added that an expenditure had taken place to update technology in the office.

Newsletter Update

The spring edition of Dual Response will be sent to member and retiree homes no later than May. A list was provided to the Board with the topics for the upcoming newsletter. The Board requested that an article notifying members of the Medicare Only Health Insurance Benefits be included in this edition of the newsletter.

DRS Rule-making

Mr. Nelsen addressed several LEOFF Plan 2 bills that require rule-making. Other than Catastrophic Disability, the membership has not mentioned a need for rule-making.

The Career Change bill will require rule-making. EMT into LEOFF may also require rule-making due to those employed by a hospital district.

Mr. Nelsen added that Greg Deam is the Rules Coordinator for the LEOFF Plan 2 Retirement Board. Questions or concerns pertaining to rule-making can be directed to Mr. Deam.

Federal Legislation

Mr. Nelsen provided a brief update on Federal Legislation. A while back the Board discussed the federal benefit that provided favorable tax treatment for insurance premiums being paid for by public safety officers. There is follow-up legislation at the federal level to take this benefit one step further. This legislation would simplify the process. Mr. Nelsen will keep the Board apprised of the progress of this bill.

4) Interim Issues

Actuarial Valuation and Audit

The Executive Director reviewed the upcoming interim in regards to the Actuarial Valuation and Audit. An *interim work plan* was provided to the Board outlining each month's agenda.

Actuarial Experience Study

Every 5-6 years the state conducts an experience study. This year the Board is responsible for adopting all of the actuarial factors for LEOFF Plan 2 which is done during the experience study. Board staff has been working with the DRS to coordinate the administrative issues.

Projected Improvements in Life Expectancy

Mr. Nelsen addressed the issue of projected improvements in life expectancy. This issue will come before the Board during the Experience Study during the April meeting.

Adoption of New Actuarial Tables

The Adoption of New Actuarial Tables will take place following the completion of the Experience Study. There is a possibility of creating a separate table for survivor retirements.

Health Care Access Cost Study

Mr. Nelsen addressed the Health Care Access Cost Study and informed the members that it would come before the Board later this interim, perhaps September.

Contribution Rate Adoption

Mr. Nelsen reviewed the Contribution Rate Adoption process with the Board. The last contribution rates were adopted 4 years ago. The Board will need to adopt the 2009-2011 contribution rates at the July meeting.

Alternate Revenue Follow-Up

Mr. Nelsen reviewed the current status of Alternate Revenue and the types of follow-up that need to take place. A study of the present value of the revenue stream and determining what the existing revenue stream means in an actuarial sense will take place during this interim.

Matt Smith, State Actuary addressed the Board concerning the actuarial planning calendar. Mr. Smith noted that it will be a busy year for the Board. Before the members can adopt contribution rates in July, the Valuation and Experience Study must take place.

5) Agenda Items for Next Meeting

Mr. Nelsen reviewed the agenda items for the April 30, 2008 meeting. The Board will be hearing Experience Study Previews and updating policies to include convening a meeting without a quorum.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 30, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 12:22 p.m.



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REGULAR BOARD MEETING
April 30, 2008

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 on April 30, 2008.

Board Members Present:

Kelly Fox, Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Ryan Martin
Glenn Olson
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Chris Jaspersen, Actuarial Assistant

Board Members Not Present:

Jack Simington, Vice Chair
Senator Linda Evans Parlette

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:44 a.m. The Board took a moment of silence to honor those who have fallen since the last meeting.

1) **March 26, 2008 Board Meeting Minutes**

It was moved that the March 26, 2008 2006 Board meeting minutes be adopted as presented with the following corrections to the attendee list. Glenn Olson was not present, Clint Olson resigned, and Ryan Martin attended the March 26, 2008 meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Experience Study Previews – Chris Jasperson, Actuarial Assistant**

- **Retirement**
- **Mortality (Including Projected Improvements)**
- **Merit Salary Scale**

Chris Jasperson, Actuarial Assistant provided the Board with a presentation on the Experience Study Previews including retirement, projected mortality improvements and the merit salary scale. The Office of the State Actuary will come back to the May Board meeting to discuss termination and disability assumptions.

3) **L&I Remarriage Prohibition for LEOFF Plan 2, Preliminary Report – Tim Valencia**

Tim Valencia, Senior Research and Policy Manager provided a *Preliminary Report and presentation* on the topic of L&I Remarriage Prohibition for LEOFF Plan 2. Mr. Valencia explained that there is currently a policy inconsistency between Workers' Compensation benefits and retirement benefits regarding the continuation of survivor benefits when the survivor of the member killed in the line of duty remarries. He provided a background on the 2008 legislation that was pursued.

4) **Fish and Wildlife Service Credit Transfer, Preliminary Report – Greg Deam**

Greg Deam, Senior Research and Policy Manager provided a presented a Preliminary Report on Fish and wildlife Service Credit Transfer. Mr. Deam addressed key issues of allowing Fish and Wildlife Enforcement Officers the opportunity to transfer service credit and the cost involved.

The Board moved to coordinate efforts with the Select Committee on Pension Policy (SCPP) for the topic of Fish and Wildlife Enforcement Officers Service Credit Transfer. Staff will send a letter to the SCPP requesting joint coordination for the 2009 legislative session. A response from the SCPP was also requested by the members. Seconded.

MOTION CARRIED UNANIMOUSLY

5) **Interruptive Military Service Death Benefit, Preliminary Report – Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report and presentation on *Interruptive Military Service Death Benefit*. Mr. Valencia discussed the cost of restoring service credit for periods of public employment that have been interrupted by military service credit and possible solutions.

The Board moved to coordinate efforts with the Select Committee on Pension Policy (SCPP) for the topic of Interruptive Military Service Death Benefit. Staff will send a letter to the SCPP requesting joint coordination for the 2009 legislative session. A response from the SCPP was also requested by the members. Seconded.

MOTION CARRIED UNANIMOUSLY

6) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director provided an update on the latest Select Committee on Pension Policy (SCPP) Meeting.

Newsletter Update

The spring edition of Dual Response is currently at the printer. Board members will be receiving a PDF copy for review prior to the mailing in the next few days.

7) **Deferred Compensation as Salary, Preliminary Report – Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report regarding *Deferred Compensation as Salary*. Mr. Deam addressed the issue of employer contributions into a deferred contribution program are included in basic salary is not clearly defined. The Board discussed costs associated with contribution rate increases and employer contributions.

It was moved that the Board staff conduct a follow-up survey of employers on the topic of Deferred Compensation as Salary. Seconded.

MOTION CARRIED UNANIMOUSLY

8) **\$150,000 Death Benefit Inflation Adjustment, Preliminary Report – Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report on the *\$150,000 Death Benefit Inflation Adjustment*. Mr. Deam addressed the loss of purchasing power over time due to inflation and provided the Board with costs and policy options.

It was moved that Board staff write a letter to the Select Committee on Pension Policy (SCPP) requesting coordinated efforts on the issue of \$150,000 Death Benefit Inflation Adjustment. A response from the SCPP was also requested by the members. Seconded.

MOTION CARRIED UNANIMOUSLY

9) Military Service Death Benefit, Preliminary Report – Tim Valencia

Tim Valencia, Senior Research and Policy Manager provided the Board a Preliminary report on the topic of *Military Service Death Benefit*. Mr. Valencia discussed benefits for members who are called to military service and killed during that service. He also provided a brief review of the 2008 legislative action that was taken on this issue.

It was moved that Board staff write a letter to the Select Committee on Pension Policy (SCPP) requesting coordinated efforts on the issue of Military Service Death Benefit. A response from the SCPP was also requested by the members. Seconded.

MOTION CARRIED UNANIMOUSLY

10) Update Operating Procedures, Steve Nelsen

Mr. Nelsen provided the Board an updated version of the *Board's Operating Procedures* which reflected amendments to Rule #3.

It was moved that the Board adopt the amendments to the operating policies, which allows the Chairman to convene or adjourn a meeting, and allows the Board to conduct business, but not vote, without a quorum being present (Rule 3-B).
Seconded.

MOTION CARRIED UNANIMOUSLY

11) Agenda Items for Next Meeting

Mr. Nelsen reviewed the agenda items for the upcoming meeting. Duty Related Illnesses for Law Enforcement Officers, Projected Improvements in Mortality, and Contribution Rate Adoption will all be topics of discussion for the May meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for May 28, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 12:53 p.m.



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REGULAR BOARD MEETING
May 28, 2008

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 on May 28, 2008.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Ryan Martin
Glenn Olson
Senator Linda Evans Parlette

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Chris Jasperson, Actuarial Assistant

Board Members Not Present:

Representative Geoff Simpson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:41 a.m. The Board took a moment of silence to honor those who have fallen since the last time the Board met.

1) **April 30, 2008 Board Meeting Minutes**

It was moved that the April 30, 2008 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Experience Study Previews – Chris Jasperson, Actuarial Assistant**

- **Termination**
- **Disability**
- **Miscellaneous**

Chris Jasperson, Actuarial Assistant provided the Board with an *Experience Study Preview* on the issues of termination, disabilities, assumptions and rates. Mr. Jasperson added that fewer people had become disabled than expected, more people terminated service than expected, and the number of assumptions continues to grow.

Recommendations for these assumptions will be finalized by June. The Office of the State Actuary will present the Preliminary Audit Results at the July meeting. The Board will need to adopt final contribution rates by July 31, 2008.

3) **Law Enforcement Presumption for Duty Related Illnesses – Preliminary Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report and presentation on *Law Enforcement Presumption for Duty Related Illnesses*. Mr. Valencia addressed the issue of including Law Enforcement Officers in LEOFF Plan 2 under the occupational Disease presumptions that currently covers Fire Fighters. Under the presumption, the coverage could include respiratory disease, heart problems, cancer, and infectious disease.

Mr. Valencia covered presumption in other states as well as at the federal level. He also provided the Board three options for considerations. Option 1: Presumption for Infectious Diseases, Option 2: Presumption for Heart Problems, Option 3: Presumption for Cancer:

The Board moved forward with Law Enforcement Presumption for Duty Related Illnesses. Board staff will send a letter to the Department of Labor and Industries requesting that a follow-up study be conducted to include medical conditions since the last study took place in 1992. Seconded.

MOTION CARRIED UNANIMOUSLY

Public Testimony

Spokane Police Guild, Detective Estes and Detective Harvey

Detective Harvey testified that through a routine arrest he contracted a virus called HTLV 2 through a needle stick.

Detective Estes shared that while protecting a witness he was exposed to a house fire. The fire left him with irreversible damage to his throat.

4) Retroactive Duty Related Death and Disability Benefits – Initial Consideration, Tim Valencia

Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration and report on *Retroactive Duty Related Death and Disability Benefits*. Mr. Valencia discussed the issue of retroactivity in regards to the establishment of certain death and disability pension benefits. He addressed Pension/annuity, \$150,000 Death Benefit, Survivor Health Care, Minimum Disability, Occupational Disability, and Catastrophic Disability. He went on to provide the effective date of each benefit.

The Board moved forward with Retroactive Duty Related Death and Disability Benefits. Board staff will send a letter to the Department of Labor and Industries requesting information on how many members would have received medical reimbursement if it was retroactive. Staff will also work cooperatively with the Office of the State Actuary. Seconded.

MOTION CARRIED UNANIMOUSLY

5) Administrative Update

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director briefed the Board on the latest meeting of the SCPP. Board staff delivered the letter to the SCPP requesting cooperative efforts working on particular topics during the 2008 interim. Chair Schoesler has asked the LEOFF Board to prioritize the issues that the SCPP should consider.

Mr. Nelsen announced that the Department of Retirement Systems (DRS) has named Judy Singh as the new LEOFF Administrator.

DRS has continued to move forward on the list of rulemaking topics. They have made great effort and not allowed their staff turnover to effect this process.

6) Projected Improvements in Mortality – Preliminary Report, Steve Nelsen

Steve Nelsen, Executive Director presented a Preliminary Report on *Projected Improvements in Mortality*. Mr. Nelsen reviewed adopting actuarial assumptions that include recommended projected improvements in life expectancy and how this will increase plan costs.

7) Contribution Rates – Initial Consideration, Greg Deam

Greg Deam, Senior Research and Policy Manager provided an Initial Consideration on *Contribution Rates*. Mr. Deam discussed the balance between accuracy versus rate volatility concerning contribution rates. He provided a historical view of the 2004 Board adopted 4-year rate schedule and reminded the Board that their current schedule will end on July 1, 2008. Mr. Deam provided 2 policy options to the members; fixed or variable contribution rates.

The Board moved the topic of Contribution Rates forward to the Preliminary Report stage to be heard at the June 18, 2008 meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

8) Purchase of Annuity – Preliminary Report, Greg Deam

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report on Purchase of Annuity. Mr. Deam addressed the issue of members who have assets in excess of the purchase cost for the maximum five years service credit currently allowed in statute and another avenue to invest those assets. He reviewed defined contribution assets and provided 2 policy options; introduce legislation or defer until the next interim.

The Board moved the topic of Purchase of Annuity forward to the Final Proposal stage to be heard at an upcoming Board meeting. Board staff will update the previous bill language and also write a letter to the Select Committee on Pension Policy addressing coordination issues. Seconded.

MOTION CARRIED UNANIMOUSLY

9) Agenda items for Next Meeting

Steve Nelsen reviewed the agenda items for the upcoming meeting. Actuarial items will continue to be on the agenda throughout June. Mr. Nelsen added that Pension Treatment for Domestic Partners and 24-Month Final Average Salary will be presented at the June 18 Board meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 18, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 1:32 p.m.



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REGULAR BOARD MEETING
June 18, 2008

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 on June 18, 2008.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Glenn Olson
Senator Linda Evans Parlette
Ryan Martin
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager

Guests:

Matt Smith, State Actuary
Chris Jaspersen, Actuarial Assistant

Board Members Not Present:

Mark Johnston

Staff Not Present:

Linda Sullivan-Colglazier, Assistant Attorney General

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:45 a.m. The Board took a moment of silence to honor those who have fallen since the last time the Board met.

1) **May 28, 2008 Board Meeting Minutes**

It was moved that the May 30, 2008 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Preliminary Experience Study Report – Matt Smith, State Actuary**

Matt Smith, State Actuary presented the *Preliminary Experience Study Report*. The report included background information and the current assumptions. Mr. Smith provided preliminary budget impacts, recommended mortality assumptions, and the contribution rate impacts. He went on to recommend termination, disability, and salary assumptions.

A letter from *Marilyn Oliver and Bartel Associates* was provided addressing the status of the Preliminary Actuarial Audit Report. Marilyn Oliver and Bartel Associates was retained by the LEOFF Plan 2 Retirement Board to perform a concurrent audit with the Office of the State Actuary.

Final Assumptions and Contribution Rates will be adopted by the Board at the July 23 Meeting and the Final Experience Study will be released in August.

3) **Preliminary Actuarial Valuation Report – Chris Jasperson, Actuarial Assistant**

Chris Jasperson, Actuarial Assistant provided the *Preliminary Actuarial Valuation Report*. Mr. Jasperson reviewed the purpose of the Actuarial Valuation and gave a detailed accounting of what is in the 2007 Actuarial Valuation as of June 30, 2007. He discussed future contributions, budget impacts, and budget impacts using the current assumption and a 4.25% salary assumption recommended by the State Actuary. He went on to provide information on liabilities, assets, and participant data. Updated projections will be available later this fall.

4) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director briefed the Board on the latest meeting of the SCPP. The Select Committee presented National Trends on Pension Policy along with their Preliminary Experience Study Report and Actuarial Valuation. Mr. Nelsen noted that the SCPP has canceled their August meeting.

Board staff delivered a letter to the SCPP providing a brief summary of Purchase of Annuity.

The Board staff was asked to write a letter to the SCPP prioritizing LEOFF 2 interim issues before the July 15 SCPP Meeting. The Board's prioritization is as follows:

1. Fish and Wildlife Enforcement Officers Service Credit Transfer

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2. \$150,000 Death Benefit Inflation Adjustment
 3. Interruptive Military Service Credit
 4. Military Service Death Benefit
 5. Purchase of Annuity

Board Member Position

The LEOFF 2 Board currently has one vacant employer position. At this time, the Governor's Office is working to fill the vacant position. Mr. Nelsen will keep the Board apprised.

Newsletter Update

Mr. Nelsen requested that if Board members have any topics that they would like included or considered for the next edition of *Dual Response* to please submit them to staff for review.

5) Contribution Rates – Preliminary Report, Greg Deam

Greg Deam, Senior Research and Policy Manager presented a Preliminary Report and presentation on *Contribution Rates*. Mr. Deam reviewed historical rates, ongoing rate stability, and influences on contribution rates. Two policy options were provided to the Board. Option #1: Fixed Contribution Rates and Option #2: Variable Contribution Rates.

Executive Director Nelsen stated that by law Contribution Rates must be adopted by July 31.

6) Projected Improvements in Mortality – Preliminary Follow-Up Report Steve Nelsen

Steve Nelsen, Executive Director presented a Preliminary Follow-Up Report on *Projected Improvements in Mortality*. Mr. Nelsen Reviewed adopting actuarial assumptions that include recommended projected improvements in life expectancy and how this may increase plan costs.

7) Pension Treatment for Domestic Partners – Initial Consideration, Greg Deam

Greg Deam, Senior Research and Policy Manager provided an Initial Consideration presentation and report on *Pension treatment for Domestic Partners*. Mr. Deam addressed the issue that domestic partners are not treated the same as spouses for all pension benefits. Specifically, survivor health care and retirements, member contributions, the \$150,000 death benefit, and service and disability retirements are areas of concern.

*The Board moved the topic of Pension Treatment for Domestic Partners forward to the Preliminary Proposal stage to be heard at an upcoming Board meeting.
Seconded.*

MOTION CARRIED UNANIMOUSLY

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- 8) **24-Month Final Average Salary – Preliminary Report, Greg Deam**
Greg Deam, Senior Research and Policy Manager presented a Preliminary Report and presentation on *24-Month Final Average Salary*. Mr. Deam addressed shortening the Final Average Salary period from 60 to 24-months. This would increase retirement benefits and plan costs. He discussed policy issues such as consistency with other plans and pension ballooning. Two policy options were given to the Board for consideration.

The Board moved the topic of 24-Month Final Average Salary forward to the Preliminary Follow-Up stage to be heard at the October Board meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

- 9) **Agenda Items for Next Meeting**
Steve Nelsen reviewed the *Agenda Items Calendar* for the upcoming meeting. He also noted that there is a location change for the July 23 meeting. The meeting will be held at the John A. Cherberg Building on the Capitol Campus in Olympia, Washington.

Next Meeting – LOCATION CHANGE

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 23, 2008 from 9:30 a.m. – 3:00 p.m. at the John A. Cherberg Building (Conference Rooms A-C) located on the Capital Campus in Olympia, Washington.

There being no further business, the meeting adjourned at 1:03 p.m.



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REGULAR BOARD MEETING
July 23, 2008

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met on the Capitol Campus in the John A. Cherberg Building in Olympia, Washington on July 23, 2008.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Pat Hepler
Jeff Holy
Glenn Olson
Representative Geoff Simpson (Via Teleconference)

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Matt Smith, State Actuary

Board Members Not Present:

Greg Cuoio
Mark Johnston
Ryan Martin
Senator Linda Evans Parlette

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:42 a.m. The members took a moment of silence to honor those who have fallen since the last time the Board met.

1) **June 18, 2008 Board Meeting Minutes**

Due to a lack of quorum, the June 18, 2008 Minutes were not adopted. Draft Minutes will be posted on the Web site until the September 24 meeting when the members can adopt the minutes.

The Board decided to consider one motion for all final agenda items (2, 3, 4, and 5). The presentation for agenda item number includes motions for each final agenda item.

2) **Final Experience Study Report – Matt Smith, State Actuary**

Matt Smith, State Actuary presented the *Final Experience Study Report*. The report was a review of the experience Study Report presented at the June meeting and a tool for the Board members to help prepare for decision making at the meeting today.

Mr. Smith reviewed the current assumptions and the changes that will take place to mortality, retirement, and termination assumptions. He also covered disability and salary increases.

Matt Smith provided the Board with an outline of the decisions that needed to be made today concerning current assumptions, policy decisions, contribution rates, and risk management.

3) **Projected Improvements in Mortality – Steve Nelsen, Executive Director**

Steve Nelsen, Executive Director presented a Final Report on *Projected Improvements in Mortality*. Mr. Nelsen reviewed adopting actuarial assumptions that include recommended projected improvements in life expectancy and how this will increase plan costs.

4) **Salary growth Assumption – Final Proposal, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Final Proposal on *Salary Growth Assumption*. Mr. Valencia's proposal addressed the Office of the State Actuary's recommendation of a 0.25% reduction in salary growth assumption. He provided background information as well as four long term economic assumptions in statute.

Mr. Valencia noted that the Board will be coordinating with the Pension Funding Council and scheduling reviews of economic assumptions.

5) **Adoption of 2009-11 Contribution Rates – Final Proposal, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Final Proposal on the *Adoption on the 2009-11 Contribution Rates*. Mr. Deam reviewed the contribution rates that were adopted by the Board in December 2004. He also provided background information, policy issues, and explained that the Board must adopt member, employer, and state LEOFF Plan 2 contribution rates for the

2009-2011 biennium. Mr. Deam reviewed the following policy options with the Board:

Option #1: Used a fixed contribution rate for four years

Option #2: Change the rate periodically based on OSA recommendation/valuation

The Board Moved to adopt policy option #1 and use a fixed contribution rate of 8.45% for members, 5.07% for employers, and 3.38% for the state for the 2009-2011 biennium that included projected improvements in mortality from agenda item #3, but does not include the 0.25% reduction in salary growth assumption from agenda item #4. Seconded.

MOTION CARRIED UNANIMOUSLY

6) Administrative Update

Select Committee on Pension Policy (SCPP) Update

Executive Director Nelsen briefed the Board on the latest meeting of the SCPP. He noted that the SCPP will be cancelling their August meeting.

The Board staff delivered a letter to the Department of Labor and Industries (L&I) as requested by the members at the last meeting. A response from Judy Schurke, Director of L&I was included in the member's packets.

7) Agenda Items for Next Meeting

Mr. Nelsen reviewed the agenda items for the upcoming meeting. The Administrative Committee agreed to cancel the August 27 meeting. The topics for August will be combined with the September agenda.

The next Board meeting will take place at our regular location at the Washington State Investment Board.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 24, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 10:46 a.m.



STATE OF WASHINGTON

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

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329

REGULAR BOARD MEETING
September 24, 2008

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 on September 24, 2008.

Board Members Present:

Kelly Fox, Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Senator Linda Evans Parlette

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Matt Smith, State Actuary
Chris Jasperson, Associate Pension Actuary

Board Members Not Present:

Jack Simington, Vice Chair
Ryan Martin
Representative Geoff Simpson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:44 a.m. The Board took a moment of silence for those who had fallen since the last time the members met, specifically Skagit County Deputy Anne Jackson and United States Forest Service Deputy, Kristine Fairbanks who died in the line of duty.

1) **June 18 and July 23, 2008 Board Meeting Minutes**

It was moved that the June 18, 2008 Board meeting minutes be adopted as presented. Seconded

MOTION CARRIED UNANIMOUSLY

It was moved that the July 23, 2008 Board meeting minutes be adopted as presented. Seconded

MOTION CARRIED UNANIMOUSLY

2) **Alternate Revenue Follow-Up – Matt Smith, State Actuary**

Matt Smith, State Actuary presented a Follow-Up report on the topic of *Alternate Revenue*. Mr. Smith's presentation covered 2 options of how a revenue stream could be used. He also reviewed valuation assumptions and funding method changes. Mr. Smith added that the next steps should be to address policy considerations, discuss accounting changes with DRS and WSIB, and work with OSA to finalize the value of the revenue stream and funding changes.

Board staff will work cooperatively with the Office of the State Actuary concerning the assumptions.

3) **Alternate Revenue – Preliminary Follow-Up Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager provided a Preliminary Follow-Up Report and Presentation on *Alternate Revenue*. He reviewed the 2008 legislation, as well as other revenue sources. Possible revenue sources discussed were red light cameras, wireless (cell) phones, cell phone taxes.

The Board agreed to move agenda item #7 up on the agenda.

4) **Health Care Access – Actuarial Issues, Matt Smith, State Actuary**

Matt Smith, State Actuary presented the Actuarial Issues associated with Health Care Access. He reviewed the cost to access, who should pay, and the fiscal notes. He also addressed the cost of access to the Public Employees Benefits Board. Mr. Smith recommended refining the proposal, gathering data on medical claims experience, and preparing an actuarial fiscal note.

5) **Health Care Access – Preliminary Follow-Up Report, Tim Valencia**

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Follow-Up Report on *Health Care Access*. Mr. Valencia reviewed the issue description and explained the Insurance Commissioner's proposal. He also provided a *Fact Sheet* related to HB 2640/SB 6603, a *Guaranteed Benefit Plan Q&A Handout*, and a brochure on *Guaranteed Health Benefits* from the Office of the Insurance Commissioner.

6) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Steve Nelsen, Executive Director briefed the Board on the *latest SCPP meeting*. The SCPP recommended legislation to lower general salary increase assumption, but it does not include LEOFF Plan 2.

Governor's Request Re: Expenditures

Mr. Nelsen provided the members with a *letter from the Governor* related to Adjustments in State Agency Spending. He indicated that our agency is making changes such as implementing the Commute Trip Reduction Program, eliminating out-of-state travel to be in compliance with the Governor's direction.

Department of Labor and Industries Correspondence

Mr. Nelsen provided the Board with a *letter from Judy Schurke*, the Director of the Department of Labor and Industries. The letter declined the Board's request that the Workers' Compensation Advisory Committee work with the LEOFF Plan 2 Board on legislation allowing surviving spouses to continue to receive workers' compensation benefits after remarriage.

Correspondence

A letter was provided from *Jolin Lowry*, widow of Officer William Lowry. Ms. Lowry requested the Board actively pursue legislation allowing surviving spouses to continue to receive workers' compensation benefits after remarriage.

The Board moved to support Representative Kirby's legislative bill related to surviving spouses continuing to receive workers' compensation benefits after remarriage, similar to the bill proposed last legislative session. Seconded.

MOTION CARRIED UNANIMOUSLY

7) **Deferred Compensation as Salary – Preliminary Follow-Up Report, Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a Preliminary Follow-Up report on the topic of *Deferred Compensation as Salary*. Mr. Deam addressed the fact that member and employers need clarity in bargaining with respect to whether employer contributions to a 457 plan are salary. He provided two policy option with associated costs and a comparison for the Board.

8) **Deferred Compensation as Salary – Actuarial issues, Chris Jasperson, Associate Pension Actuary**

Chris Jasperson, Associate Pension Actuary presented the *Actuarial Issues* associated with Deferred Compensation as Salary. He addressed two policy options with comparisons and their long term effects.

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- 9) **Duty Disability Conversions – Initial Consideration, Tim Valencia**
Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration on the topic of Duty Disability Conversions. Mr. Valencia addressed key issues such as duty disability provisions and identifying duty disability retirees.

The Board moved to forward Duty Disability Provisions to the Preliminary proposal stage to be brought back to the October meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

- 10) **Agenda Items for Next Meeting**
Mr. Nelsen reviewed the *agenda items* for the upcoming meeting and let the Board know that our independent auditor, Steve Davis will be coming to the October meeting to present the final results of our internal audit.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 22, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 12:59 p.m.



STATE OF WASHINGTON

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REGULAR BOARD MEETING

October 22, 2008

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 on October 22, 2008.

Board Members Present:

Kelly Fox, Chair
Greg Cuoio
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests:

Steve Davis, CPA – Davis Accounting and Auditing
Joe Dear, Executive Director – Washington State Investment Board
Matt Smith, State Actuary – Office of the State Actuary

Board Members Not Present:

Jack Simington, Vice Chair
Ryan Martin
Senator Linda Evans Parlette

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:37 a.m. The Board took a moment of silence to honor those who had fallen since the last time the member met.

The Administrative Committee recommended that agenda items #4, 5, 6, 10, and 11 be deferred until the December meeting or the 2009 interim. The Board members agreed.

1) **September 24, 2008 Board Meeting Minutes**

It was moved that the September 24, 2008 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) **Independent Financial Audit Results – Steve Davis, CPA**

Steve Davis, Certified Public Accountant with Davis Accounting and Auditing presented the *Independent Financial Audit Results*. The results revealed an unqualified report. It was a clean audit without findings.

3) **Washington State Investment Board Economic Condition Update – Joe Dear, Executive Director**

Joe Dear, Executive Director presented an *Economic Condition* Update on the current market situation. He reviewed the housing crisis resulting from mortgage securities that were mispriced. He also went on to provide an update on the capital market environment, total assets under management, and the commingled trust fund performance and market values. In conclusion, Mr. Dear commented that it will take time to recover these losses, time is our ally, and they will work through these difficulties.

4) **Option factors/Tables Preview – Matt Smith, State Actuary**

This item will be deferred to the 2009 interim.

5) **Survivor factors – Preliminary Report, Greg Deam**

This item will be deferred to the 2009 interim

6) **Recalculation of Retirement Benefits – Preliminary Report, Greg Deam**

This item will be deferred to the 2009 interim

7) **Administrative Update**

Select Committee on Pension Policy (SCPP) Update

Executive Director Nelsen provided an update on the latest meeting of the SCPP. During the October 21 SCPP meeting, the committee heard a report on the \$150,000 Death Benefit, Disability Benefits, and Fish and Wildlife Service Credit Transfer.

2009 Proposed Board Meeting Dates

Proposed meeting dates for 2009 were provided to the Board. Members will check their calendars and the Adoption of the 2009 schedule will take place at the December meeting.

8) Duty Disability Conversions – Preliminary Report, Tim Valencia

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report and presentation related to *Duty Disability Conversions*. Mr. Valencia discussed members who retired as a result of duty related disabilities prior to the creation of duty disability retirement. He explained that they are not receiving the favorable tax treatment on their benefits to which they are entitled. Mr. Valencia provided the Board with four policy options to choose from.

The Board moved to bring option #1 (Convert eligible service and disability retirement to occupational disability back to the December meeting for Final Consideration. Seconded.

MOTION CARRIED UNANIMOUSLY

9) Catastrophic Disability Retirement Medical Insurance – Initial Consideration, Tim Valencia

Tim Valencia, Senior Research and Policy Manager presented an Initial Consideration on Catastrophic Disability Retirement Medical insurance. Mr. Valencia discussed members who suffer catastrophic duty-related disabilities and the fact that they may not have access to health care insurance. Mr. Valencia reviewed options such as workers' Compensation, COBRA, and an individual health care policy

The Board moved to bring the topic of Catastrophic Disability Retirement Insurance back to the December meeting as a Preliminary Report. Seconded.

MOTION CARRIED UNANIMOUSLY

10) Final Average Salary – Preliminary Follow-Up, Greg Deam

This item will be presented at the December 17, 2008 Board meeting.

11) \$150,000 Death Benefit Inflation Adjustment – Preliminary Follow-Up Report, Greg Deam

This item will be presented at the December 17, 2008 Board meeting.

12) Agenda Items for Next meeting

Mr. Nelsen reviewed the topics for the December 17 meeting.

The Board moved to cancel the November 12, 2008 Board meeting and defer topics to the December meeting or 2009 interim. Seconded.

MOTION CARRIED UNANIMOUSLY

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 17, 2008 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 11:18 a.m.



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REGULAR BOARD MEETING
December 17, 2008

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 on December 17, 2008.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair (Teleconference)
Greg Cuoio
Pat Hepler
Jeff Holy (Teleconference)
Mark Johnston (Teleconference)
Glenn Olson
Senator Linda Evans Parlette (Teleconference)
Representative Geoff Simpson (Teleconference)

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager (Teleconference)
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Linda Sullivan-Colglazier, Assistant Attorney General

Guests

Chris Jasperson, Associate Pension Actuary

Board Members Not Present:

Ryan Martin
Darla Hartley

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:51 a.m. The Board took a moment of silence to honor those who have fallen since the last time the Board met.

The Board agreed to have the Select Committee on Pension Policy items (agenda items 3, 4, 5, 6) be considered as consent items and move them up on the agenda.

1) October 22, 2008 Board Meeting Minutes

It was moved that the October 22, 2008 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) Catastrophic Disability Retirement Medical insurance – Preliminary Report, Tim Valencia

Tim Valencia, Senior Research and Policy Manager presented a Preliminary report and presentation on *Catastrophic Disability Retirement Medical Insurance*. The report included detailed information concerning members who suffer catastrophic duty-related disabilities and the fact that they may not have access to health care insurance. Mr. Valencia provided the following policy option to the members:

- Pay for catastrophic disability insurance from the pension fund:
 - Access to PEBB health care insurance to members and family
 - PEBB health care insurance costs paid from LEOFF 2 fund
- Cost: Employee 0.25%, Employer 0.15%, State 0.10%

Chris Jaspersen, Associate Pension Actuary spoke concerning the costs associated with catastrophic disability.

The Board moved to suspend the rules and move the Preliminary Proposal to a Final Proposal. Catastrophic Disability Retirement Insurance will move forward to be heard by the 2009 Legislature but only to include the portion of PEBB access. Seconded.

MOTION CARRIED UNANIMOUSLY

Meg Jones with the Seattle Fire Department addressed the Board in support of the Catastrophic Disability legislation. She told of her brother, a former fire fighter who was severely disabled while on the job and the emotional and financial hardship it has put on her since he does not have medical insurance.

3) Military Death Benefit – Final Proposal, Tim Valencia

Tim Valencia presented a Final Report and presentation on the topic of *Military Death Benefit*. Mr. Valencia discussed benefits for members who are called to military service and killed during that service. He reviewed the outcome of the Select Committee on Pension Policy (SCPP) meeting and provided a proposal summary.

The Board moved to endorse the proposal for Military Death Benefit that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.

MOTION CARRIED UNANIMOUSLY

- 4) **\$150,000 Death Benefit Inflation Adjustment – Final Proposal, Greg Deam**
Greg Deam, Senior Research and Policy Manager presented a Final Proposal on the *\$150,000 Death Benefit Inflation Adjustment*. Mr. Deam addressed the loss of purchasing power over time due to inflation. He asked the members to refer to the cost. It has no impact on member, employer, or State.

The Board moved to endorse the proposal for the \$150,000 Death Benefit Inflation Adjustment that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.

MOTION CARRIED UNANIMOUSLY

- 5) **Fish and Wildlife Enforcement Officers – Final Proposal, Greg Deam**
Greg Deam provided a Final Proposal on the topic of *Fish and Wildlife Enforcement Officers Service Credit Transfer*. Mr. Deam addressed key issues of allowing Fish and Wildlife Enforcement Officers the opportunity to transfer service credit and the cost involved.

The Board moved to endorse the proposal for Fish and Wildlife Officers Service Credit Transfer that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.

MOTION CARRIED UNANIMOUSLY

- 6) **Interruptive Military Service Credit – Final Proposal, Tim Valencia**
Tim Valencia presented a Final Proposal and report on interruptive Military Service Credit. Mr. Valencia discussed the cost of restoring service credit for periods of public employment that have been interrupted by military service credit.

The Board moved to endorse the proposal for Interruptive Military Service credit that was submitted by the SCPP to be taken to the 2009 Legislature. Seconded.

MOTION CARRIED UNANIMOUSLY

- 7) **Duty Disability Conversion – Final Proposal, Tim Valencia**
Tim Valencia presented a Final Proposal on Duty Disability Conversion. Mr. Valencia addressed key issues such as duty disability provisions and identifying duty disability retirees. He went on to provide a summary which would convert eligible service and disability retirement to occupational disability.

The Board moved to endorse the proposal for Duty Disability Conversion without change to be taken to the 2009 Legislature. Seconded.

MOTION CARRIED UNANIMOUSLY

8) Domestic Partners – Preliminary Report, Greg Deam

Greg Deam provided a Preliminary Report and presentation on *Domestic Partners*. Mr. Deam addressed the issue that domestic partners are not treated the same as spouses for all pension benefits. Specifically, survivor health care and retirements, member contributions, the \$150,000 death benefit, and service and disability retirements are areas of concern. Mr. Deam provided the option of amending the statutes and working with the office of the State Actuary on costs.

The Board moved to support Representative Simpson on the Domestic Partner legislation and allow this to be his bill. Seconded.

MOTION CARRIED UNANIMOUSLY

9) Administrative Update

Department of Retirement Systems Rulemaking

Director Nelsen briefed the Board on the latest rulemaking taking place at the Department of Retirement Systems (DRS). He explained that rulemaking has been discussed over the last year and DRS is on target with the exception of Catastrophic Disability. Board staff will continue to keep the Board aware.

Newsletter Update

Mr. Nelsen provided an update on the status of the Board's Newsletter. The next edition of Dual response is estimated to go to member home in mid-February.

10) Executive Director Evaluation

The Board went into Executive Session to discuss the Executive Director's evaluation.

The Board moved to increase the Executive Director's salary by 5%, change his status to an EMS Band 4, and reward him \$5,000 in recognition pay. Seconded.

MOTION CARRIED UNANIMOUSLY

11) Purchase of Annuity – Final Proposal, Greg Deam

The Board moved to defer the topic of Purchase of Annuity until the 2010 Legislative Session for coordination with the Select Committee on Pension Policy. Seconded.

MOTION CARRIED UNANIMOUSLY

12) Deferred Compensation as Salary – Final Proposal, Greg Deam

The Board moved to defer the topic of Deferred Compensation until the 2010 Legislative Session. Seconded.

MOTION CARRIED UNANIMOUSLY

13) Final Average Salary – preliminary Follow-Up report, Greg Deam

The Board moved to defer the topic of Final Average Salary until the 2010 Legislative Session. Seconded.

MOTION CARRIED UNANIMOUSLY

14) Adoption of 2009 meeting Calendar

The members were provided a copy of the proposed 2009 meeting dates.

The Board moved to adopt the 2009 Meeting Calendar as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 21, 2009 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 11:45 p.m.