

BOARD MEETING MINUTES

JANUARY 25, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Helper – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Glenn Olson – Clark County
Absent	Senator Jim Honeyford – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative

In Attendance	Steve Nelsen – Executive Director
Absent	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Chad Standifer – Assistant Attorney General
In Attendance	Malia Bonham – Developmental Job Assignment

CALL TO ORDER

Chair Kelly Fox called the meeting to order at 9:40 AM. A quorum of the members was present.

OPENING | The members of the Board took a moment of silence to honor those who had fallen since the last time the Board met.

APPROVAL OF MINUTES | *It was moved to approve the Board meeting minutes from October 26, 2011. Motion seconded. The Board approved the minutes without objection.*

1. MERGER REPORT – OFFICE OF THE STATE ACTUARY

Presentation by Matthew M. Smith, FCA, EA, MAAA – State Actuary and Aaron Gutierrez, MPA, JD – Policy Analyst with the Office of the State Actuary (OSA) about the OSA Study Results: LEOFF Merger.

PRESENTED | Mr. Gutierrez served as the lead project manager and provided a high-level overview of the OSA results. Both Mr. Gutierrez and Mr. Smith answered questions as they arose throughout the presentation. Information included:

- LEOFF 1 and LEOFF 2 Before
- LEOFF 1 and LEOFF 2 After
- Merged Plan – Hypothetical Results
- Question and Answer

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FOLLOW-UP

Mr. Smith stated that he would follow-up with Director Nelsen in regards to his question about the amount of LEOFF 1 Deferred Asset Losses to be recognized through 2011. The amount for 2010 was 976 million.

BRIEFING OF SENATE BILL 6134

TESTIMONY

- Chief Bruce Bjork gave an overview of what the bill does.
- Sergeant Duane Makovincz gave testimony on what this bill could do for him.

2. REVIEW OF HB 2350

Presented by Steve Nelsen, Executive Director of the LEOFF 2 Board

PRESENTED

Director Nelsen reviewed the merger information from July, 2011 (HB 2097) and then went over what has since changed. Information included:

- Overview
- Issue Description
- Background Information
- Bill Summary
- Policy Issue
- OSA Study
- Discussion and Questions

TESTIMONY

- R. C. Warbrouck – Retired Fire Fighters’ of Washington
- Bill Wiester, Retired Grant County Sheriff
- James A. Fossos – Retired Fire Fighters’ of Washington
- Jerry Taylor from the Retired State Police Officers’ Association
- Ken Crowder from the Washington Association of Retired Police Officers’
- Tony Sexton from the Retired Thurston County Sheriff’s Office

ACTION TAKEN

It was moved for the Board to support HB 2350. Motion seconded. Discussion took place amongst the board. Motion failed with 3 Yes’s (Mr.’s Fox, Johnston and Simington), 5 No’s (Mr.’s Martin, Holy, Olson, Golnik and Cline) and 1 abstained (Mr. Hepler)

3. ADMINISTRATIVE UPDATE

Presented by Steve Nelsen, Executive Director of the LEOFF 2 Board

STAFF UPDATE

Director Nelsen introduced Malia Bonham, who will be temporarily filling Jessica Burkhart’s

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Executive Assistant position through a developmental job opportunity. Miss Bonham has a pension-related background as she comes to the Board having been an employee of the Department of Retirement Systems. She has served as a Retirement Services Analyst in the Public Employees'/School Employees' unit for over five years.

TECHNICAL CORRECTIONS

Inadvertent errors not considered technical corrections according to the Code Reviser. Needs to be separated and brought to attention. No motion necessary unless the Board does not agree.

ADJOURNMENT

Chair Kelly Fox adjourned the meeting at 1:57 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for February 22, 2012 from 9:30 a.m. to 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JANUARY 30, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Teleconference	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Glenn Olson – Clark County
Absent	Senator Jim Honeyford – WA State Legislature
In Attendance	Representative Kevin Van De Wege – WA State Legislature
In Attendance	Steve Nelsen – Executive Director
Absent	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Chad Standifer – Assistant Attorney General
In Attendance	Malia Bonham – Developmental Job Assignment

CALL TO ORDER

Chair Kelly Fox called the meeting to order at 9:05 a.m.

A quorum of the members was present at this meeting.

OPENING

No discussion. Mr. Fox called Trustees into Executive Session at 9:06 a.m. Mr. Martin was excused from Executive Session.

1. DISCUSSION OF HB 2350

Board returned from Executive Session at 9:29 a.m.

ACTION TAKEN

Motion for re-consideration of the previous vote to endorse HB 2350. Motion Seconded. Motion carries with a 6 to 4 vote. (Yes: Hepler, Johnston, Simington, Fox, Holy and Van De Wege; No: Cline, Olson, Golnik, and Martin)

ACTION TAKEN

Motion for the LEOFF 2 Board to go on record as supporting HB 2350. Motion seconded. Motion carries with a 6 to 4 vote. (Yes: Hepler, Johnston, Simington, Fox, Holy and Van De Wege; No: Cline, Olson, Golnik, and Martin).

BOARD MEETING MINUTES

JANUARY 30, 2012 – FINAL



ADJOURNMENT

There being no further business, Chair Kelly Fox adjourned the meeting at 9:44 a.m.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for February 22, 2012 from 9:30 a.m. to 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

APRIL 25, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Attendance	Name and Title
In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Teleconference	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila Administrator
In Attendance	Mr. Glenn Olson – Deputy Clark County Administrator
Teleconference	Senator Jim Honeyford – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
Absent	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on April 25, 2012. A quorum of the members was present at this meeting.

Steve Nelsen introduced new attorney general, Dawn Cortez and temporary staff, Matoya Peebles from Express Employment Professionals.

OPENING

Chair Kelly Fox called the meeting to order at 9:33am 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

Board Action

It was moved to correct the attendance of the minutes to include Glenn Olson in the January 25, 2012 minutes. Motion seconded. The Board approved the minutes as corrected.

It was moved to approve the Board meeting minutes from January 25, 2012. Motion seconded. The Board approved the minutes without objection.

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APRIL 25, 2012 – DRAFT



2. Approval of Minutes

Board Action	<p><i>It was moved to correct the attendance of the minutes to include Glenn Olson in the January 30, 2012 minutes. Motion seconded. The Board approved the minutes as corrected.</i></p> <p><i>It was moved to approve the Board meeting minutes from January 30, 2012. Motion seconded. The Board approved the minutes without objection.</i></p>
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3. Legislative Update

Presented by Tim Valencia, Senior Research and Policy Manager

Presentation	<p>Valencia provided an overview of the 2012 Legislative Session as it pertains to the LEOFF Plan 2 Board. He reviewed key issues, legislation passed that affects LEOFF 2, and legislation not passed that would have affected LEOFF 2 as well as other pension legislation. Discussion took place.</p>
Board Action	<p><i>It was moved to send a letter to the Select Committee on Pension Policy (SCPP) requesting collaboration on the study Governor Gregoire requested regarding SHB 1552. The request asked SCPP to review and make recommendations to the Legislature as to whether additional exceptions to the general exemption of pensions from garnishment would be appropriate, and if so, what level of garnishment would be appropriate. The motion was seconded and the Board approved the motion without objection.</i></p>
Board Action	<p><i>It was moved to send a letter to the Select Committee on Pension Policy (SCPP), department of Labor and Industries (L&I) and the Office of the State Actuary (OSA), requesting collaboration on the Risk Class Study, if appropriate given the scope, as defined under 2ESB 6378, 11 New Section. Sec. 8. The bill requests these agencies to study the issue of risk classifications of employees in the Washington state retirement systems that entail either high degrees of physical or psychological risk to the members' own safety or unusually high physical requirements that result in elevated risks of injury or disablement for older employees. It further states that the findings and recommendations of its study are due to the legislative fiscal committees no later than December 15, 2012. The motion was seconded and the Board approved the motion without objection.</i></p>
Board Action	<p><i>It was moved to send a letter to the Senate and House majority leaders asking for clarification of the scope of the study that the Washington State Institute for Public Policy (WSIPP) will conduct pursuant to HB 2127, Sec. 606. The bill states that the study will have a "particular emphasis on agencies that operate on a 24-hour basis, such as the state patrol, ferry system and state prisons." If the study also includes LEOFF Plan 2 members, the Board requests collaboration and a copy of the report due to legislature December 1, 2012. The motion was seconded and the Board approved the motion without objection.</i></p>

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4. Interim Planning

Presented by Greg Deam, Senior Research and Policy Manager

Presentation	Deam presented on topics relevant to interim planning. Topics included contribution rate setting, legislation, deferred topics, actuarial topics and LEOFF 2 issues. Discussion took place.
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Recess

The Board recessed between 10:35 and 10:45am.

5. Administrative Update

Presented by Steve Nelsen, Executive Director

Presentation	Nelsen introduced Malia and recognized her efforts for the Board during legislative session and provided thank you to her superiors for allowing us to have her in our office as a developmental job assignment.
Budget Review	Nelsen reviewed key items in the budget materials provided.
Team Planning	Staff is currently in the process of evaluating the agency using an Organizational Life Cycle model which will assist the agency in transitioning from a start-up to maintenance mode.
Recognition	Mr. Fox presented Mr. Nelsen with a letter recognizing him for 20 years of state service.

6. Lunch

The Board did not recess for lunch.

7. Possible Executive Session for Staff Evaluation

The Board went into Executive Session between 11:10 AM and 11:25 AM.

Discussion	Glenn Olson spoke on behalf of the Board regarding the annual evaluation of Steve Nelsen, Executive Director stating that Mr. Nelsen is in good standing with the Board. Mr. Fox asked that Olson draft a summary letter for Steve's personnel file on behalf of the Board.
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8. Agenda Items for Future Meetings

Mr. Fox reviewed the 2012 Agenda Items Calendar and asked that a couple of meetings be taken off the schedule between now and August. Discussion followed on Trustee schedules.

Board Action | Moved and seconded to cancel the May 2012 and adjust agenda items to following months, accordingly. All approved.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:28 AM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 13, 2012 from 9:30 AM to 3:00 PM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JUNE 13, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
Absent	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
Teleconference	Senator Jim Honeyford – WA State Senator (left the meeting at break time)
In Attendance	Representative Kevin Van De Wege – WA State Representative (<i>arrived during Item 2</i>)
In Attendance	Steve Nelsen – Executive Director
Absent	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
Absent	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on June 13, 2012. A quorum of the members was present at this meeting.

OPENING | Chair Kelly Fox called the meeting to order at 9:37 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 Minutes

MINUTES | *It was moved to approve the Board meeting minutes from April 25, 2012. Motion seconded.*
APPROVED | *The Board approved the minutes without objection.*

2. Preliminary Actuarial Valuation (AVR) Results

Lisa Won, Actuary for the Office of the State Actuary, presented the 2010 Actuarial Valuation Results including background information, funding basics, along with certain preliminary information projected for the 2011 results. Ms. Won explained that no Board action is required and that information presented is to assist in adopting rates next month. Q&A took place within and following the presentation.

3. DRS Benchmarking Presentation

Mark Feldhausen, Budget and Benchmarking Director for the Department of Retirement Systems (DRS), presented the Public Pension Administration Benchmarking Analysis fiscal year summary ending June 30, 2011.

BOARD MEETING MINUTES

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He discussed the history of benchmarking, the peer group, cost, service, implementing change, the complexities involved and how the DRS is using this data.

4. Contribution Rate Setting

Greg Deam, Senior Research and Policy Manager provided Trustees with information regarding contribution rate setting, including statutory information, goals and achievements, history and options to consider for the 2013-15 biennium. Discussion followed.

5. Organizational Life Cycle

Tim Valencia, Senior Research and Policy Manager reviewed the concept of the Organizational Life Cycle, what it looks like, how it works, what it means and how it can be used to facilitate change and maintain a healthy organization. Steve Nelsen further spoke regarding what ways Organizational Life Cycle may impact our agency and what steps will be taken to move into the next phase of maturity. Mr. Fox validated the process and encouraged Trustees to participate whole-heartedly.

6. Administrative Update

Steve Nelsen, Executive Director informed the Board that annual retirement statements have been mailed out to LEOFF 2 members, as well as the spring newsletter. In addition, he provided an update regarding issues recently reviewed by the Select Committee on Pension Policy (SCPP), such as the job class study and salary growth/pension spiking data. Ryan Frost was introduced and a description of his scope of work as an intern provided.

7. Agenda Items for Future Meetings

Board requested a high level salary growth/pension spiking data presentation for the July meeting in response to the information Mr. Nelsen provided during his update.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:23 P.M.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 25, 2012 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

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JULY 25, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Teleconference	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Mr. Ryan Martin – Vancouver Police Department
Teleconference	Mr. Jeff Holy – Spokane Police Department (Retired)
Teleconference	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
Teleconference	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Intern
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on July 25, 2012. A quorum of the members was present at this meeting.

OPENING

Glenn Olson, Acting Chair called the meeting to order at 9:36 AM 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

MINUTES APPROVED

It was moved to approve the Board meeting minutes from June 13, 2012. Motion seconded. The Board approved the minutes without objection.

2. Department of Retirement Systems (DRS) Overview

Marcie Frost, Deputy Director with the Department of Retirement Systems (DRS) presented the Annual Administrator Update for DRS. Ms. Frost discussed their strategic plan goals and provided the year in review covering Lean methods, team satisfaction, customer satisfaction, CEM Benchmarking, and educating Plan 3 members. The agency has concentrated on a workflow structure project and conducted customer satisfaction interviews.

Retirement readiness and implementing social media tools such as Facebook and YouTube are DRS's initiatives for the upcoming 12 months.

BOARD MEETING MINUTES

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3. DRS Online Retirement Application

Gayle McGee, Project Manager with DRS provided a background of the new Online Retirement Application. Jennifer Freeze, Business Systems Analyst discussed customer service enhancements such as the retirement amount being known to the member at the time of application, information being pre-filled when possible, and built in calculators. As of June 2012, twenty LEOFF Plan 2 members have used the online retirement application. DRS will make changes to the application based on customer response.

4. Actuarial Valuation Audit – Preliminary Results

Bill Hallmark, Ken Kent, and Anne Harper with Cheiron presented the 2011 Actuarial Valuation Audit. This is the second audit conducted by Cheiron. They discussed the process used to determine the audit results and reviewed findings. While there were minor differences, the audit revealed no material findings. Cheiron concurs with the data provided from OSA.

5. Contribution Rate Adoption

Greg Deam, Senior Research and Policy Manager presented the final proposal on the issue of contribution rate setting. OSA provided a letter with the preliminary contribution rates from the 2011 audit. Mr. Deam discussed three options for the members to consider; maintain existing contribution rates; or adjust contribution rates to the new Entry Age Normal Cost (EANC), and suspend the temporary funding policy.

BOARD ACTION

The Board moved to adopt the following EANC Rates from the 2011 Valuation Report. The motion was seconded and carried unanimously.

	Contribution Rate
Member	8.41%
Employer	5.05%
State	3.36%

6. Salary Growth – Initial Consideration

Tim Valencia, Senior Research and Policy Manager provided an initial consideration on salary growth. He reviewed the historical background of salary growth and recent legislation that did not pass and future legislation that may be considered. Mr. Valencia also discussed example calculations of salary growth.

BOARD ACTION

The Board moved to suspend activity on salary growth due to the inconclusiveness of the report. The motion was seconded and carried unanimously.

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7. Administrative Update

Select Committee on Pension Policy (SCPP) Update

Director Nelsen provided an update from the most recent SCPP meeting. The SCPP has canceled their August meeting. Topics for the September 18, 2012 meeting include garnishment and cooperating with the Washington State Institute for Public Policy concerning benefit adequacy. Director Nelsen will provide an update to the LEOFF Board at the September 26, 2012 meeting.

Constituent Correspondence

Correspondence was received from a PERS 1 retiree who was hired into a LEOFF 2 position. The Department of Retirement Systems is in the process of reviewing the issue. Director Nelsen will provide a status update at the September meeting.

Ombudsman

Director Nelsen sought approval from the Board to submit a decision package to add an ombudsman position to the LEOFF 2 staff.

BOARD ACTION

The Board moved to approve submittal of the ombudsman decision package. The motion was seconded and carried unanimously.

8. Agenda Items for Future Meetings

Steve reviewed the agenda items to be discussed at the next meeting:

- Independent Fiscal Audit Report
- Organizational Life Cycle Interview Results
- Recommendation for Special Planning Meeting
- Update on Constituent Correspondence
- Educational Waivers

BOARD ACTION

The Board moved to cancel the August 22 meeting. The motion was seconded and carried unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:35 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 26, 2012 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

SEPTEMBER 26, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District	
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department	
In Attendance	Mr. Ryan Martin – Vancouver Police Department	
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)	
In Attendance	Mr. Mark Johnson – Vancouver Fire Department	
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1	
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association	
In Attendance	Mr. Glenn Olson – Clark County	
Teleconference	Mr. David Cline – City of Tukwila	(left after agenda item 5)
Teleconference	Senator Jim Honeyford – WA State Senator	(left after agenda item 8)
Absent	Representative Kevin Van De Wege – WA State Representative	
In Attendance	Steve Nelsen – Executive Director	
In Attendance	Jessica Burkhart – Executive Assistant	
In Attendance	Tammy Harman – Admin Services and Communications Mgr	
In Attendance	Tim Valencia – Senior Research and Policy Manager	
In Attendance	Greg Deam – Senior Research and Policy Manager	
In Attendance	Dawn Cortez – 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 26, 2012. A quorum of the members was present at this meeting.

OPENING | Vice Chair Jack Simington called the meeting to order at 9:37 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 Minutes

MINUTES APPROVED | *It was moved to approve the Board meeting minutes from July 25, 2012. Motion seconded. The Board approved the minutes without objection.*

2. Independent Fiscal Audit Report

Mr. Steve Davis reported no findings from the year end 2012 independent fiscal audit. One item is pending from the Attorney General's office regarding whether or not there is any current litigation happening with the Board, however he does not expect any changes in his findings.

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SEPTEMBER 26, 2012 – FINAL



3. WSIPP Review of Public Pensions

Annie Pennucci and John Bauer reported on behalf of the Washington State Institute for Public Policy regarding their role with the legislature as a non-partisan research organization, information on their current project regarding pension plans and provided some preliminary data from that study. They clarified that the study will not specifically address any “spiking” issues, rather will bring to light where more information is needed.

4. Salary Growth Follow-Up

Mr. Valencia presented a follow-up on question regarding salary growth assumptions presented at the last meeting. He specifically addressed the report data compared to the salary growth assumption and differences in the data covered and calculation methodology.

5. Board Member Expectations Review

Mr. Nelsen provided a summary of the conversations regarding expectations which took place over the last six weeks. He reviewed the process and purpose of the conversations and presented findings. Trustees were asked to confirm or clarify the expectations presented and provide a baseline evaluation in the next month to assist staff in developing process improvements and celebrate successes. The goal is to devise a tool for gaining ongoing feedback.

6. October Board Meeting Recommendations

Mr. Nelsen presented a follow-up to a request that he develop an alternative format to the October meeting. The purpose would be to provide an opportunity for Board members to get to know each other informally and discuss differing expectations. Discussion took place regarding whether or not to hold the meeting

Action Taken | It was moved to hold a meeting in Olympia. Motion Seconded. The Board approved the motion without objection.

Action Taken | It was moved to hold a full day meeting. Motion Seconded. The Board approved the motion with Senator Honeyford and Mr. Golnik opposed.

Action Taken | It was moved to hold a partially open and partially closed meeting at the discretion of the Executive Director and Attorney General based on the agenda items and the Open Public Meetings Act. Motion Seconded. The Board approved the motion without objection.

BOARD MEETING MINUTES

SEPTEMBER 26, 2012 – FINAL



7. Administrative Update

Mr. Nelsen provided an update on activities by the Select Committee on Pension Policy (SCPP) and provided a report from the Office of the State Actuary on their preliminary analysis of recommended changes to LEOFF 2 administrative factors following the Board's adoption of new long-term economic assumptions in 2011.

Action Taken | It was moved to have a briefing provided at the November Board meeting on the issue of retirement transitions into and out of LEOFF Plan 2. The Board approved the motion with Senator Honeyford opposed.

8. Tuition Reimbursement – Initial Consideration

Mr. Deam presented an initial consideration on the topic of tuition reimbursement presenting that the mandatory tuition waiver legislation passed in 2010 may not apply to technical colleges.

Action Taken | It was moved to hear a preliminary report regarding this issue. The motion was seconded and approved by the Board without objection.

9. Agenda Items for Future Meetings

Mr. Nelsen reviewed items the Board discussed to add to the agenda items calendar for November and December. It was clarified that the Board has not endorsed or asked for legislation for the upcoming 2013 session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:10.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 24, 2012. The location and format is to be determined.

BOARD MEETING MINUTES

OCTOBER 24, 2012 – FINAL



1. TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Senator Jim Honeyford – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

2. CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Jacob W. Smith House in Olympia, Washington on October 24, 2012. A quorum of the members was present at this meeting. The meeting was called to order at 9:00 AM.

OPENING REMARKS	Steve Nelsen, Executive Director introduced Tom Nugent as the meeting facilitator. Mr. Nugent and Director Nelsen reviewed the agenda, stressing the importance of staying on task and time while indicating the importance of addressing topics of common interest to the Board and how that will result in everyone working better together. Mr. Nugent pointed out the value of clarifying Board expectations and the impact to staff prioritization and presented the definition of a “Real Team” and staff’s commitment to being a “Real Team”.
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3. Approval of Minutes

MINUTES APPROVED	<i>It was moved to approve the Board meeting minutes from September 26, 2012. Motion seconded. The Board approved the minutes without objection.</i>
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4. Introductions

Mr. Nugent shared a favorite quote from Henry Ford regarding what success is. He then solicited real life experiences from the Board and staff members of instances when they had been involved in a successful team and why was it successful.

BOARD MEETING MINUTES

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5. Exercise – Prioritizing Board Topics

The Board was given an exercise to rank six different priorities that had been identified during member interviews. The goal was to place each priority into one of four quadrants (Q1 – Urgent & Important; Q2 – Not Urgent & Important; Q3 – Urgent & Not Important; Q4 – Not Urgent & Not Important)

1. Administrative Committee Roles and Responsibilities
2. Goals for Communication with Plan Members
3. Relationships with Stakeholder Groups & the Legislature
4. Trustee Education Methods
5. Monthly Meeting Format
6. Executive Director Roles & Responsibility

The Staff then took each of the Board member's individual responses and consolidated them into a single priority matrix. **The top four priorities were:**

1. Relationship with Stakeholder Groups & the Legislature
2. Goals for Communications with Plan Members
 - *This topic will be discussed at the November Board meeting*
3. Administrative Committee Roles and Responsibilities
 - *This topic will be discussed at the November Board meeting*
4. Trustee Education Methods

6. Work Groups Sessions – Clarify Priority Topics

The Board members completed clarification only on the first priority that was addressed.

- **Relationship with Stakeholder Groups & the Legislature:**
 - a. Judgment should be used within framework
 - b. Be responsive within resources available
 - c. Be as open as possible with stakeholder groups
 - d. Transparent – written statement of what is happening
 - e. Available to all stakeholders to articulate details
 - f. How are we getting information to the stakeholder groups?
 - g. How is information shared with committee members
 - h. Keep trustees informed – regardless of Board action
 - i. Ensure Board members have pertinent information prior to Board meetings
 - j. When one trustee gets something, all trustees get the same information
 - k. Board majority is to be supported

7. Lunch with Activity

During lunch, each Board and staff member were asked to learn something new about at least two other people.

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8. Responsibly Govern the Plan

Board looked at seven different expectations and clarified what they meant to each person.

- **Responsibly Govern the Plan**
 - a. Inform the public (misunderstood facts and figures and opinions)
 - b. Strategies of goals need to be addressed

The members were then shown the current goals from the strategic plan (1-Enhance the benefits of members, 2-Provide the stakeholders with a voice in plan governance, 3-Maintain financial integrity of the plan, 4-Inform the stakeholders). Follow-up will take place to review these goals.

9. Help Us Get Up to Speed ASAP – Keep Us Informed

The members and staff then went into break-out groups to review the next topic.

- **Help Us Get Up to Speed ASAP**

A common theme was new member orientation. The members discussed including the following:

 - a. One-on-one with OSA (what they do and what it means to us)
 - b. Strategic Plan and Goals including history (what, why, who, and how)
 - c. General history of pensions in Washington state
 - d. History of LEOFF 2 formation and specific legislation
 - e. Timelines (member to be a full participant in certain time frame)
 - f. Ethics training annually with the Assistant Attorney General
 - g. Public Records training annually with the Assistant Attorney General
 - h. Open Public Meetings Act training annually with the Assistant Attorney General
 - i. Fiduciary Training to include CAPPP courses and the NCPERS Annual conference
 - j. Balancing fiduciary responsibilities with legislative objectives
 - k. Get to know other Board members and staff timely

10. Support Our Policy Decisions

The entire group discussed the next topic.

- **Support Our Policy Decisions**
 - a. Objective testimony
 - b. Board decision rules
 - c. Handouts are appropriate as long as everyone gets one
 - d. Presentations to national conferences is appropriate

11. Educate the Plan Stakeholders

The members and staff then went into break-out groups to review the next topic.

- **Educate the Plan Stakeholders**
 - a. Impact of rate changes both up and down including the long-term impact
 - b. Health of the plan and what it means
 - c. Managing expectations in a changing environment
 - d. Public information management
 - e. Public included – Best defined benefit plan and solvency of LEOFF Plan 2

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- f. Benefit survey
- g. Members – Cost of improvements
- h. Legislature – A defined benefit plan is the best option for the state
- i. Future projections

12. Provide Professional Administrative Support

The members and staff continued in their break-out groups.

- **Provide Professional Administrative Support**
 - a. Conferencing calling (visual)
 - b. Electronic notebook(s) available for checkout
 - c. Availability
 - d. Proactive
 - e. Anticipating needs
 - f. Responsive (preparation, convenience)
 - g. Audit findings never negative

13. Assist Us in Making Responsible Decisions

The members and staff continued in their break-out groups.

- **Assist Us in Making Responsible Decisions**
 - a. Receive materials one week prior to meeting
 - b. Questions about agenda ahead of time
 - c. Trustee education
 - d. OSA/SIB/DRS presentations
 - e. Culture of open discussion
 - f. Decision process – three steps (Initial, Preliminary, and Final)
 - g. Pros and cons provided during staff presentations
 - h. Options provided during staff presentations

14. Closing Remarks and Baseline Ratings

Outside of the prepared topics, the Board discussed they also would like to receive information from the stakeholders groups in order to interact and learn their needs.

Director Nelsen and staff are committed to exploring the *Goals for Communications with Plan Members* at the November Board meeting.

Board members were given a Baseline Rating Sheet and a Meeting Survey to complete before their departure. The results of these forms will be shared at an upcoming meeting.

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Adjournment

There being no further business, the meeting was adjourned at 3:30 PM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 28, 2012 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

NOVEMBER 28, 2012 – FINAL MINUTES



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District (Left at 10:00 AM)
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired) (In attendance from 11:30-12:10 PM)
Absent	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association (Arrived at 9:25 AM)
Absent	Mr. Glenn Olson – Clark County
Absent	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative (Arrived at 11:00 AM)
In Attendance	Steve Nelsen – Executive Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
Absent	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Intern
In Attendance	Dawn Cortez – 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 Wednesday, November 28, 2012.

OPENING | Chair Kelly Fox called the meeting to order at 9:09 AM. Due to a network failure, two members were not able to teleconference for the meeting.

1. Approval of Minutes

MINUTES APPROVED | *It was moved to approve the Board meeting minutes from October 24, 2012. Motion seconded. The Board approved the minutes without objection.*

2. Executive Director – Personnel Issues (Executive Session)

Chair Fox called Executive Session from 9:10-9:30 AM to discuss Executive Director personnel issues. Since a quorum was not present, no motions were made. The Board will discuss this issue again at the December 12, 2012 meeting.

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3. Excess Compensation – Initial Consideration

Steve Nelsen, Executive Director, provided a presentation on Excess Compensation. Director Nelsen acknowledged that the Select Committee on Pension Policy (SCPP) is considering legislation which would expand the definition of Excess Compensation for all plans, including LEOFF Plan 2. He reviewed the proposal, policy implications, and potential impacts of making this change.

Action Taken | *It was moved to send a letter regarding the Excess Compensation legislation to the SCPP asking for the LEOFF Plan 2 Retirement Board to have input into the process. Motion Seconded and carried unanimously.*

4. Electronic Annual Statements

Shawn Merchant, Strategic Initiatives and Policy Manager from the Department of Retirement Systems (DRS) discussed LEOFF Plan 2 Annual Statements. Mr. Merchant explained that LEOFF Plan 2 is the only plan that currently receives paper statements. The cost to the Board for running the statements on an annual basis is \$11,473.84. In March of 2012, DRS implemented an online retirement application. Mr. Merchant explained the Board can save money and paper, while keeping its membership informed by using online activity.

Discussion | *The Board will revisit Electronic Annual Statements at the December 12, 2012 meeting.*

5. Career Change Educational Briefing

Greg Deam, Senior Research and Policy Manager presented an educational Briefing on Career Change. Mr. Deam explained that retirees who continue in public employment following a separation or retirement from a Washington State pension plan may be restricted from receiving their pension or establishing membership in a second public retirement system.

Mr. Deam also provided statistics from The Retirement Outlook regarding the reasons why individuals choose to work past age 65, retirement policies, and the changing retirement environment due to recession.

6. Tuition Reimbursement – Preliminary Report

Greg Deam, Senior Research and Policy Manager provided a Preliminary Report on Tuition Reimbursement. Mr. Deam explained that while the mandatory tuition waiver for duty-related death benefits may not apply to technical colleges, every technical college has implemented a policy which requires mandatory waiver of tuition and fees.

Mr. Deam provided two options for the members to review. The first option for the Board is to take no action

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and allow the technical colleges to waive tuition and fees under their current policies. The second option is for the Board to introduce legislation during the 2013 session that specifically includes technical colleges.

7. Administrative Update

Announcement

Director Nelsen announced that Jeff Holy is now a member of the legislature. He notified the Board that Representative Holy's status change will not affect his membership with the LEOFF Plan 2 Retirement Board.

Select Committee on Pension Policy (SCPP) Update

Director Nelsen briefed the members on the latest meeting of the SCPP.

Adoption of 2013 Meeting Dates

The members received a calendar of the 2013 Proposed Meeting Dates.

Action Taken

It was moved to adopt the 2013 Proposed Calendar as presented. Motion seconded and carried unanimously.

Outreach Update

Director Nelsen provided an update on the outreach efforts that have taken place since the October meeting. Staff presented projected contribution rates at the King County Managers Association meeting in early November.

Two Board members and two staff attended the International Foundation of Employee Benefits Plan Annual Conference for trustee and benefit related education.

Budget Update

The Office of Financial Management has started preparing a different format for Allotments and Expenditures report. The Board remains under budget and has a large savings due to the Deputy Director position not being filled.

Administrative Factors

Director Nelsen explained why the adoption of Administrative Factors will be on the Board agenda for the December 12, 2012 meeting.

Public Disclosure Request

A public disclosure request was made by Jerry Taylor, a LEOFF Plan 1 member asking for an audio version of the October 24, 2012 LEOFF Plan 2 Board meeting.

8. Administrative Committee Roles and Responsibilities

Discussion

Board members agreed to defer the topic of Administrative Roles and Responsibilities to the December 12, 2012 meeting.

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9. Goals for Communication with Plan Members

Discussion

Board members agreed to defer the topic of Goals for Communication with Plan Members to the December 12, 2012 meeting.

10. Agenda Items for Future Meetings

Director Nelsen reviewed the agenda items that were added to the December meeting agenda during the meeting and also clarified that the following topics were previously on the Agenda Items Calendar:

- Washington State Investment Board Update
- Washington State Institute for Public Policy Pension Study
- Health Care Authority Technical Corrections Legislation
- Labor and Industries Occupational Disease Study

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:10 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 12, 2012 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

DECEMBER 12, 2012 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
In Attendance	Mr. Ryan Martin – Vancouver Police Department
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnson – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
Teleconference	Mr. David Cline – City of Tukwila
In Attendance	Senator Jim Honeyford – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative

In Attendance	Steve Nelsen – Executive Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Greg Deam – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Intern
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment boardroom in Olympia, Washington on December 12, 2012. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:35 AM 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

MINUTES APPROVED

It was moved to approve the Board meeting minutes from November 28, 2012. Motion seconded. The Board approved the minutes without objection.

2. Washington State Investment Board Update

Theresa Whitmarsh, Executive Director of the Washington State Investment Board (WSIB) presented an annual update of performance and investments. Director Whitmarsh reviewed \$87.2 billion assets under WSIB management and Commingled Trust Fund performance and value as of September 30, 2012.

Director Whitmarsh expressed the challenges of running a global portfolio with 33 different funds in 74 different countries. Despite the challenges with a complex marketplace and competitive atmosphere, the WSIB is still performing well. Director Whitmarsh added that this is due to their long-term investment strategy. This has made Washington one of the four best funded in the nation.

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3. WSIPP Public Pensions Study

Annie Pennucci, John Bauer and Stephanie Lee with the Washington State Institute for Public Policy (WSIPP), conducted a study at the request of the Legislature. The assignment was to conduct an evaluation of the benefits provided in the pension plans offered by public employers in Washington state.

WSIPP provided a comprehensive report that reveals benefit levels and adequacy, benefit portability, and impacts from overtime and excess compensation.

4. HCA Technical Corrections Legislation

Mary Fliss, Deputy Division Director and Dennis Martin, Special Assistant for Policy and Legislature with the Washington State Health Care Authority (HCA) provided an overview of two domestic partner eligibility bills enacted in 2009.

The bills introduced in 2009 covered benefit rights of domestic partners of emergency service personnel killed in the line of duty. The HCA will propose technical corrections during the 2013 legislative session. The corrections will align child dependent coverage and address domestic partner eligibility.

5. Administrative Factors – Final Proposal

Greg Deam, Senior Research and Policy Manager presented the Final Proposal for Administrative Factors. While reviewing background information, Mr. Deam noted the last time the Board adopted administrative factors was in July 2009. The changes were adopted based on the 2001-2006 experience study and data received from the Office of the State Actuary (OSA).

OSA developed new administrative factors and updated the Board. Mr. Deam discussed two options for the members to consider.

Action Taken | *It was moved to adopt option #2; adopt Office of the State Actuary recommended factors and delay implementation to coincide with the implementation of the factors for the other systems. Motion seconded and carried unanimously.*

6. Executive Director – Personnel Issues

Executive Session – 11:05-11:25 AM

The Board members met in Executive Session to discuss the Executive Director's current salary and review a nationwide salary survey to compare similar positions.

Action Taken | *It was moved to request a salary increase for Director Nelsen to ensure his salary is comparable to similar positions nationwide. A letter will be sent to the Department of Enterprise Services to increase Director Nelsen's salary to \$114,345. Motion seconded and carried unanimously.*

It was moved to provide Director Nelsen the opportunity to become a private consultant regarding pension issues. Motion seconded and carried unanimously.

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7. Administrative Update

Director Nelsen provided the Administrative Update and indicated there are four topics that may come up during the 2013 legislative session.

Mr. Nelsen reminded the members of a former bill that passed the Legislature in 2010. The Alternate Revenue trigger will be met in September 2013.

The agency put in a budget package for the Ombudsman position that may or may not be included in the final budget.

He also communicated that the staff is looking into teleconferencing and tablets being used by members to view materials.

8. Excess Compensation – Preliminary Report

Tim Valencia, Senior Research and Policy Manager presented a Preliminary Report on Excess Compensation. Mr. Valencia outlined the current provisions clarifying payments above “regular” earning to calculate pensions and noted the employer is responsible for the cost.

The Select Committee on Pension Policy (SCPP) is considering legislation that would expand the definition of excess compensation for all retirement plans. While the Board will be coordinating with the SCPP, Mr. Valencia provided an alternate proposal which would create an additional category of excess compensation.

9. Occupational Disease Study

Vickie Kennedy, Deputy Assistant Director of Legislative Affairs with the Department of Labor and Industries presented the findings of the Occupational Disease Study mandated by the legislature. There were no findings that impact the current LEOFF 2 occupational disease statutes.

10. Electronic Annual Statements – Final Proposal

Ryan Frost, Intern presented a Final Proposal on Electronic Annual Statements. Mr. Frost explained that the Department of Retirement Systems currently mails annual statement to LEOFF Plan 2 members. The Board paid \$11,473.84 in 2011 to have the statements created and mailed.

Mr. Frost reviewed the savings and benefits for members using the Online Account Access rather than receiving a hard copy.

Action Taken

It was moved to adopt Option #2. In lieu of receiving mailed out annual statements, members will receive and access them online. Motion seconded and carried unanimously.

11. Executive Director Bill Drafting

Director Nelsen addressed the Board concerning the drafting of legislative bills. He provided different scenarios for the Board members to consider.

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Action Taken

It was moved as policy to allow Director Nelsen authority and discretion to draft legislation on behalf of the Board. Motion seconded and approved.

Senator Honeyford opposed.

12. Work Session – Tom Nugent

Tom Nugent, Consultant led a work session with the members to review administrative roles and responsibilities and determine goals for communication with plan members.

Action Taken

It was moved to allow all members of the LEOFF Plan 2 Retirement Board to attend the Administrative Committee meetings. Motion carried unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:00 pm.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 23, 2013 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.