

BOARD MEETING MINUTES

JUNE 19, 2013 – 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
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Pat Hepler – Snohomish County Fire District 1
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. Glenn Olson – Clark County
Absent	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
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 – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Analyst
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 June 19, 2013. 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 December 12, 2012. Motion seconded. The Board approved the minutes without objection.*

2. 2013 Legislative Update

Paul Neal, Senior Legal Counsel presented an update on the 2013 Legislative Update. Mr. Neal addressed the current status of the State Budget proposals and the status of LEOFF 2 issues in the House and Senate including Plan Funding (no impact on contribution rates), Alternate Revenue (2013 payment not funded) and Ombudsman (funded by House).

Mr. Neal addressed the following Bills that did and did not pass.

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PASSED AFFECTING LEOFF PLAN 2	
SHB 1868	Health insurance for those catastrophically disabled

NOT PASSED AFFECTING LEOFF PLAN 2	
HB 1587/SB 5442	HCA Technical Corrections
SSB 5392	Excess Compensation
SSB 5916	Excess Compensation
SSB 5124	Workers' Compensation Benefits
SB 5125	Occupational Disease Claims

3. Board Expectations Check-in

Tim Valencia, Deputy Director reviewed the actions staff has taken and will take to meet Board member expectations.

Actions toward meeting the expectation to responsibly govern the plan include implementing a paperless meeting solution. In order to keep members up to speed, the Orientation Manual has been redesigned and Assistant Attorney General briefing have been scheduled for the 2013 interim.

In an effort to keep the members informed, LEOFF 2 Board now has a Twitter account and the legislative web page has been redesigned. The Administrative Procedures Handbook has also been updated.

The agency and Director have taken steps to educate the plan stakeholders by attending legislative conferences, stakeholder membership and educational conferences, mailing of the newsletter two times yearly, and the initiation of social media.

Mr. Valencia stated that clarity regarding expectations is the key to success.

4. 2013 Interim Planning

Tim Valencia, Deputy Director led a discussion on 2013 Interim Planning. Key discussion points included benefits, actuarial issues, and organizational/administrative follow-up items from the 2012 work session.

Discussion

Staff will work cooperatively with the Office of the State Actuary to determine if Actuarial Funding Methodology, Smoothing Method, and Fiscal Note Pricing can all be accomplished during the interim.

Staff will coordinate paperless Board meeting training for the July meeting and start planning an off-site meeting for October 2013.

5. Administrative Update

Director Nelsen provided an Administrative Update on the following topics:

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- **SCPP Update** – Director Nelsen will be providing a LEOFF Plan 2 Retirement Board update at the July and October SCPP meetings.
- **DRS Update** – The Director of DRS has been working to reorganize how services are provided by their agency.
- **Budget Report** – The Allotment and Expenditures report was distributed to members. Director Nelsen noted we are well under budget. The 3% salary cut for employees ends on June 30, 2013. As soon as the budget is released, Director Nelsen will keep the members apprised if a shutdown will occur.
- **Outreach Activities** – Director Nelsen continues to speak to stakeholder groups. He presented at the WACOPS Annual Conference in June and will present at the WSCFF Seminar at the end of June.
- **Staff/Board Update** – Director Nelsen congratulated Tammy Harman for graduating from Washington State University. Ryan Martin announced he will not be seeking reappointment with the LEOFF 2 Board. Director Nelsen thanked him for his participation on the board.
- **Schedule** – The Board requested staff to look into an off-site facility for the October meeting. Additionally, the members may change the date of the meeting from October 23 to October 16.

6. Board Operating Policy Changes

Tim Valencia, Deputy Director provided a Board Operating Policy overview. Mr. Valencia communicated the need to ensure procedures are clarified to match current practices.

Mr. Valencia reviewed Rule 7 addressing legislators' travel expenses and Rule 9 addressing board proposals.

Action Taken | *It was moved to adopt Option #1 – Adopt proposed changes to rule 7 and 9. Allow Legislative members to be paid by the Board for travel expenses and add educational Briefing, Follow-up Report, and Comprehensive Report to proposal process. Motion seconded and carried unanimously.*

7. WSIPP Study Follow-up

Ryan Frost, Research Analyst presented a WSIPP Study Follow-up report. Mr. Frost reviewed the results given by the Washington State Institute for Public Policy (WSIPP) in December 2012. He continued to provide an expanded analysis and comprehensive comparison of adequacy and sustainability.

Mr. Frost recommended following up on the multiplier and contribution rate data provided by WSIPP. Additional information recommended for collection included Normal Retirement Age, Vesting, Final Average Salary Period, Average Salary, Funded Ratio, Plan Demographics, Market Value of Assets, Other Contribution Sources. The Board added COLA and retiree medical coverage to the list of information to be collected.

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8. Medicare Briefing

Paul Neal, Senior Legal Counsel provided a Medicare Briefing to the Board.

Mr. Neal pointed out the three main sources of post-retirement medical coverage; employer provided post-retirement medical insurance, COBRA, and Medicare.

Mr. Neal reviewed HB 1679 that was introduced during the 2010 session, and SHB1868 that was introduced during the 2013 session. He also noted that the Board may want to consider updating the 2005 employer survey to provide more recent data in responding to fiscal note requests.

9. Agenda Items for Future Meetings

Director Nelsen reviewed the Agenda Items Calendar for the remainder of 2013.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:42 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 24, 2013 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JULY 24, 2013 – 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. Jeff Holy – Spokane Police Department (Retired)
Absent	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
Absent	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Senator Jim Honeyford – WA State Senator
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 – Administrative Services and Communications Manager
In Attendance	Tim Valencia – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Intern
In Attendance	Paul Neal – Senior Legal Counsel
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 July 24, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox 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

It was moved to make a correction on the June 19, 2013 draft minutes and bring back to the July meeting for approval. The fourth page, second paragraph will now read "2005 employer survey". Motion seconded and carried unanimously.

2. Paperless Board Meeting Training

Tim Valencia, Tammy Harman, and Ryan Frost presented and led the members through the Paperless Board Meeting Training. Each board member received an iPad loaded with NovusAGENDA. NovusAGENDA is board meeting software designed to help create, approve, and track meeting items. The software will allow the LEOFF Plan 2 Retirement Board to save time and money by automating the paper-intensive process while facilitating communication between members.

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3. DRS Administrative Update

Marcie Frost, Director with the Washington State Department of Retirement Systems (DRS) presented the DRS Administrative Update. Ms. Frost provided a year in review covering the employer reporting application, management system implementation, quarterly targets that were achieved, the retirement systems workflow, and the DRS Lean Enterprise.

Director Frost informed the Board that there are currently 9,726 active LEOFF Plan 2 online account users. Last year DRS processed 156 LEOFF Plan 2 retirements using the Online Retirement Application.

The quarterly target reviews display that DRS continues to provide superior customer service.

4. CEM Benchmarking Results

Mark Feldhausen, Budget and Benchmarking Director with the Department of Retirement Systems (DRS) and Jan Hartford, Partner with CEM Benchmarking Inc., provided a summary of the 2012 Public Pension Administration Benchmarking Analysis. Mr. Feldhausen explained that a comprehensive survey, targeted best practices analysis, access to a peer network, and an annual peer conference are the four components to the pension administration service.

DRS was one of 61 pension systems to participate in 2012 survey. The benchmarking report revealed that DRS administers one of the most complex systems in the nation and the total pension administration cost per active member is 28% lower than the peer average.

5. Administrative Update

Select Committee on Pension Policy (SCPP) Update

In an effort to improve coordination, Director Nelsen will be presenting LEOFF 2 issues at the SCPP meeting two times a year. He gave his first update to communicate the six items that are a result of the Board's preliminary planning at the July 23, 2013 meeting. The SCPP will not meet in August and have not added any of the LEOFF 2 topics to their September agenda.

Director Nelsen noted that Representative Ormsby is the new chair of the SCPP

Outreach Activities

Director Nelsen attended and answered member questions at the Washington State Council of Fire Fighters Annual conference in June.

Ombudsman Update

The budget has been finalized and included the Board's budget package for an ombudsman position. The LEOFF office will be hiring for this position, but not immediately.

Newsletter

Director Nelsen informed the members that the latest edition of Dual Response will be received by LEOFF Plan 2 members on August 1, 2013.

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6. October Meeting Date

At the June 2013 meeting the Board determined the October 24, 2013 meeting date previously approved does not allow members to attend a necessary annual conference. The Board requested staff check into having the meeting on October 16, 2013 using an off-site facility.

ACTION TAKEN

It was moved to change the October meeting date to October 16, 2013. Motion seconded and carried unanimously.

7. Background on Economic Experience Study

Lisa Won, Senior Actuary with the Office of the State Actuary (OSA) provided an overview on the Economic Experience Study. Ms. Won reviewed the components of the study, and explained the Experience Study is used to determine whether assumptions have remained reasonable or if they should change. This is determined by analyzing past experience, future expectations, and current conditions that led to a certain experience.

Ms. Won explained the rate of inflation and general salary growth, rate of investment return, and how the assumptions interact. The Economic Experience Study is performed every two years. The LEOFF Plan 2 Board will receive recommendations from OSA at the September 2013 meeting.

8. Annual Board Member Training

Dawn Cortez, Assistant Attorney General was scheduled to conduct the Annual Board Member Training.

ACTION TAKEN

It was moved to defer the Annual Board Member Training to the September 25 or October 16, 2013 meeting. Motion seconded and carried unanimously.

9. Orientation Manual

Tim Valencia, Deputy Director presented the updated Orientation Manual. The improved manual was developed based on feedback provided from the members during their expectation interviews. Mr. Valencia stated that the primary focus was to get trustees up to speed as quickly as possible.

The manual is divided into three parts; responsibilities, LEOFF Plan 2 knowledge, and administrative information. The manual will now be delivered as an electronic PDF and will be Web based in the near future.

DISCUSSION

The Board members commented that they would like to include DRS, OSA, and the WSIB in the new trustee orientation process. New trustees will also meet with the LEOFF Plan 2 staff.

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10. Agenda Items for Future Meetings

Executive Director Nelsen reviewed the following agenda items scheduled for the August 28, 2013 meeting.

- Board & Administrative Committee Elections
- WSIB Annual Presentation, Theresa Whitmarsh
- Final Average Salary Protection, Initial Consideration
- Correction Legislation, Initial Consideration
- EMT's Not Being Reported into LEOFF, Initial Consideration
- Salary Spiking, Initial Consideration
- Promoting Individual Savings for Retirement, Initial Consideration
- Career Change, Initial Consideration

ADJOURNMENT

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

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for August 28, 2013 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

AUGUST 28, 2013 – 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. Wally Loucks – Spokane County Sheriff's Office
In Attendance	Mr. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Mark Johnston – 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
Absent	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	Paul Neal – Senior Legal Counsel
In Attendance	Ryan Frost – Research Analyst
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 August 28, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:40 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

Director Nelsen introduced Wally Loucks of the Spokane County Sheriff's Office as the newest LEOFF 2 Board member.

Director Nelsen acknowledged the LEOFF Plan 2 Board's founding members; Kelly Fox, Jack Simington, Pat Hepler and Mark Johnston. These members were presented a bronze coin for their dedicated service from 2003-2013.

1. Approval of Minutes

MINUTES APPROVED

It was moved to approve the Board meeting minutes from June 19 and July 24, 2013 with a correction to Mark Johnston's name. Motion seconded and carried unanimously.

BOARD MEETING MINUTES

AUGUST 28, 2013 – FINAL



2. Washington State Investment Annual Update

Theresa Whitmarsh, Director with the Washington State Investment Board (WSIB) presented the WSIB Annual Update. Director Whitmarsh provided an overview of investment responsibility and Board oversight. She also reviewed specific market values and allocation for CTF, L&I Funds, DC Plans, and Permanent Funds. She continued by speaking of risks and threats the WSIB faces such as; a challenging capital market that make earning rates of returns at a certain level not possible.

Director Whitmarsh provided a summary of the economic outlook. Global recovery will be weak, the developed world will have slow growth at 0 to 2 percent while emerging markets will have 4 to 5 percent. She concluded by stating that despite the challenges, the CTF rate of return is 8.68% and 84 cents of every dollar needed to pay benefits is generated by their investment returns.

3. Board and Administrative Committee Elections

Chair Fox asked members for nominations for the positions of Chair, Vice Chair, and Administrative Committee.

NOMINATION | *Kelly Fox was nominated to hold the position of Chair*

NOMINATION | *Jack Simington was nominated to hold the position of Vice Chair*

NOMINATION | *Paul Golnik was nominated to be the representative on the Administrative Committee*

The Board will revisit this topic and hold elections at the September 25, 2013 meeting.

4. Final Average Salary Protection

Ryan Frost, Research Analyst presented an Initial Report and presentation concerning Final Average Salary Protection. Mr. Frost explained that LEOFF Plan 2 members' retirement benefits will be reduced if temporary Salary reductions continue after July 1, 2013 occur during their final average salary period.

He provided background information on furloughs and the legislative history surrounding this topic.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Final Average Salary Protection. Seconded and carried unanimously.*

5. Administrative Update

Select committee on Pension Policy (SCPP) Update

Director Nelsen reported the SCPP didn't meet in August. LEOFF Plan 2 coordination topics have been communicated to the SCPP, but we haven't received notification that they will be working any of the issues.

BOARD MEETING MINUTES

AUGUST 28, 2013 – FINAL



Director's Outreach

Director Nelsen has continued attending expectation interviews during the last two months. He also attended the National Association of State Retirement Administrators Annual Conference in August, as well as, writing articles for PERSist and The Guardian.

6. Meeting Materials Posted to Website

Tim Valencia, Deputy Director provided a handout and background information related to providing meeting materials to the public. The key point was to make sure the LEOFF Plan 2 Board continues a policy of transparency by making meeting materials that the members receive available to the public.

MOTION | *It was moved to provide materials to the public one day before the Board meeting.*

MOTION AMMENDED | *It was moved to provide meeting materials to the public two days prior to the Board meeting. Motion seconded and carried.*

7. Corrections Legislation

Ryan Frost, Research Analyst presented an Initial Report and presentation concerning Corrections Legislation. Mr. Frost discussed corrections that are needed to fix errors in the statute for current and future Emergency Medical Technicians.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Corrections Legislation. Motion seconded and carried unanimously.*

8. Salary Spiking

Paul Neal, Senior Legal Counsel presented an Initial Report and presentation on Salary Spiking. Mr. Neal addressed how salary spiking in public pension plans undermines public trust that LEOFF Plan 2 is designed responsibly and managed professionally.

He provided background information and policy issues stemming from this issue. Mr. Neal also described the history of anti-spiking efforts in Washington.

MOTION | *It was moved to not pursue the topic of Salary Spiking. Motion seconded and carried.*

9. Career Change

Paul Neal, Senior Legal Counsel presented an Initial Report and presentation on the topic of Career Change. He addressed the abuse of career change legislation and how it could undermine public trust.

MOTION | *It was moved to continue forward with a Comprehensive Report on the topic of Career change. Motion seconded and carried.*

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AUGUST 28, 2013 – FINAL



10. Promoting Individual Savings for Retirement

Paul Neal, Senior Legal Counsel presented an Initial Report and PowerPoint on Promoting Individual Savings for Retirement. Mr. Neal spoke regarding members who are not able to take advantage of a recent IRS ruling which provided new options for managing savings in retirement.

MOTION

It was moved to continue forward with a Comprehensive Report on the topic of Promoting Individual Savings for Retirement. Motion seconded and carried unanimously.

11. Agenda Items for Future Meetings

Director Nelsen reviewed the agenda items for the September 25th meeting.

MOTION

It was moved to ask the WSIB to present at the November 20, 2013 Board meeting. Motion Seconded and carried unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:35 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 25, 2013 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

SEPTEMBER 25, 2013 – 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. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – 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
Absent	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
Absent	Tim Valencia – Deputy Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
Absent	Greg Deam – Senior Research and Policy Manager
In Attendance	Paul Neal – Senior Legal Counsel
In Attendance	Ryan Frost – Research Analyst
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 25, 2013. A quorum of the members was present at this meeting.

OPENING Chair Kelly Fox called the meeting to order at 9:40 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 and seconded to approve the Board meeting minutes from August 28, 2013. The Board approved the minutes without objection.

2. FY 2013 Independent Audit Results

Steve Davis presented the outcomes of the FY 2013 Independent Audit Results. He highlighted matters in which needed to be addressed by management for future transactions. No official audit findings were reported.

3. Results of Economic Experience Study

Steve Nelsen reviewed the results of the 2013 Economic Experience Study performed for the review of long-term economic assumptions. Mr. Nelsen stated that the Office of the State Actuary recommended no changes at this time.

BOARD MEETING MINUTES

SEPTEMBER 25, 2013 – FINAL



4. Funding Methods – Educational Briefing

Lisa Won and Aaron Gutierrez from the Office of the State Actuary provided an educational briefing to the Board on standard industry funding methods. Included was an overview of what a funding method is, how one is selected and an overview of three common methods, including the one currently used by the LEOFF Plan 2 Board.

5. Promoting Individual Savings for Retirement – Comprehensive Report

Paul Neal provided a comprehensive report which included options the Board could choose from when considering legislation.

Motion It was moved and seconded to move the Promoting Individual Savings for Retirement issue to a follow-up report with Options 1 and 3. The Board approved the motion without objection.

6. Board and Administrative Committee Elections

Kelly Fox reviewed nominations provided at the August 28 meeting and asked for further discussion.

Motion It was moved and seconded to delay the election of an employer representative. The Board approved the motion with Jack Simington abstaining.

Motion It was moved and seconded to elect Kelly Fox as Board Chair. The Board approved the motion with Jack Simington abstaining.

Motion It was moved and seconded to elect Jack Simington as Vice Chair of the Board. The Board approved the motion with Jack Simington abstaining.

7. Administrative Update

Mr. Nelsen updated the Board on activities of the SPPP Committee and his recent and upcoming outreach activities. He also provided new information surrounding the logistics of the October Board meeting.

8. Annual Board Member Training

Dawn Cortez, Assistant Attorney General (AAG) provided a review of the role of the AG's office for the Board, ethics in public service, and the Open Public Meetings Act.

BOARD MEETING MINUTES

SEPTEMBER 25, 2013 – FINAL



9. Career Change – Comprehensive Report

Paul Neal provided a comprehensive report which included options the Board could choose from when considering career change legislation.

Motion It was moved and seconded to move the Career Change issue to a follow-up report with Options 1 and 3. The Board approved the motion without objection.

10. Correction Legislation – Comprehensive Report

Ryan Frost provided a comprehensive report which included options the Board could choose from when considering corrections in legislation.

Motion It was moved and seconded to move the Corrections Legislation issue to a final report with Option 2. The Board approved the motion without objection.

11. Agenda Items for Future Meetings

Mr. Nelsen reviewed upcoming agenda items and provided suggestions for how to proceed.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:34 PM.

NEXT MEETING The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 16, 2013 at 9:30 AM at the Capital Event Center located at 6005 Tye Dr SW, Tumwater, WA 98512.

BOARD MEETING MINUTES

OCTOBER 16, 2013 - 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. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff's Office
In Attendance	Mr. Mark Johnston – 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 – Kitsap County
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Senator Jim Honeyford – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Paul Neal – Senior Legal Counsel
In Attendance	Ryan Frost – Research Analyst
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Capital Events Center in Tumwater, Washington on October 16, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:40 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. Overview of the Day's Agenda

Director Nelsen welcomed the Board and provided a review of the topics that are for discussion during the meeting.

Chair Fox also welcomed the trustees and asked for each person to be engaged with the discussion taking place.

Tom Nugent, Facilitator introduced himself to the members and explained what staff has been doing in regard to expectations to prepare for the days meeting. He then led the Board through an ice-breaker activity.

2. Board Expectation Review

The Board was given the Summary of Expectations from 2012 to review. A 2012-2013 Expectation Rating Comparison by Expectation was also discussed. The average scores from 2012 to 2013 have improved.

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3. Work Session 1: Board Meeting Management

Board members have expressed different opinions and ideas about what makes a successful meeting. Tom Nugent asked the members to separate into two groups. Each group discussed Board Meeting Management and then came together for review. The following points of interest were documented:

Meeting Purpose:

1. Educational to make policy decisions
2. Subject driven agenda
3. Reflect on a historical baseline on priority issues before moving forward

Duration of Meeting:

1. Subject matter driven by legislative activity
2. Weekly update to replace cancelled meetings
3. Time for real conversations, debate, dialogue, and discussion

Involvement:

1. Open communication; proactive discussion before decisions are needed
2. No closed door discussions
3. Board members come to meeting prepared
4. Decisions are supported regardless of personal opinion

Decisions:

1. Supported by communication
2. Consensus

Breaks:

Adequate

4. Work Session 2: Board Meeting Management

The Board schedules a meeting every month but usually cancels meetings that are scheduled during the Legislative session. This is partly due to the difficulty of gathering a quorum. Board members have questioned the number of canceled meetings each year wondering if the Board could make use of that time. Tom Nugent asked the members to separate into two groups. Each group discussed whether the Board would like to use the scheduled meeting time for some other purpose and different options for meeting days during session. The following points were documented:

Possible education time for those who could make:

1. Workshops/webinar on regularly scheduled meeting days
2. Strictly discussion; no policy decisions made
3. Outside training, bring expert or consultant in

BOARD MEETING MINUTES

OCTOBER 16, 2013 - FINAL



Possible Topics:

1. Comparison of other plans/feasibility
2. Medical insurance for retirees
3. Fiduciary responsibilities

Use of Technology Favored:

1. Skype
2. Videoing
3. Polling to establish direction

*Trustees would also like staff use this time for staff training.

5. Work Session 3: Stakeholder Education Plan

Some Board members have questioned whether they need to do more as fiduciaries to educate plan members, particularly those not represented by a stakeholder group, or those represented by a stakeholder group that does not have a representative on the Board. This work session aimed to articulate the Board's expectations for their role in educating plan members and stakeholders.

The trustees separated into two groups and discussed the following options:

1. Various articles written by Board members to be published in the Dual Response newsletter
2. Website
3. Director Nelsen continue public speaking
4. Media releases
5. Videotape presentations Director Nelsen gives
6. Reach out and invite stakeholders to meetings
7. Provide training for police organizations and guilds since they are scattered

6. Work Session 4: Stakeholder Education Plan

Several Board members have expressed concern that defined benefit pension plans are under attack and would like the Board to respond to the general public. Tom Nugent asked the members to separate into two groups. Each group discussed the Board's roles and responsibilities in educating the public. The following points were documented:

1. No; This is too big for LEOFF 2 alone
2. Yes; deliver rebuttals and facts as situation dictates
3. Director Nelsen has the authority to respond, but not actively seek outreach

BOARD MEETING MINUTES

OCTOBER 16, 2013 - FINAL



7. Wrap-up

Director Nelsen reviewed the top ideas the staff heard during the meeting. He also requested each trustee fill out a survey prior to leaving and review the Proposed 2014 Meeting Dates.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:20 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 20, 2013 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

NOVEMBER 20, 2013 - 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. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat Hepler – Snohomish County Fire District 1
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
Absent	Mr. Glenn Olson – Clark County
In Attendance	Mr. David Cline – City of Tukwila
Absent	Senator Jim Honeyford – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Paul Neal, Senior Legal Counsel
In Attendance	Ryan Frost – Research Analyst
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 November 20, 2013. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:39 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 September 25 and October 16, 2013. Motion seconded. The Board approved the minutes with Paul Golnik abstaining.

2. Asset Smoothing Education, Educational Briefing

Lisa Won, Senior Actuary and Aaron Gutierrez, Policy Analyst presented an Education Briefing on asset smoothing methods. Ms. Won explained that an asset smoothing method is a way of managing short term volatility in the investment market and to provide more stable contribution rates. A schedule of LEOFF Plan 2 asset smoothing and estimates of LEOFF Plan 2 contribution rates under various methods was provided.

BOARD MEETING MINUTES

NOVEMBER 20, 2013



3. Adoption of Administrative Factors, Initial Consideration

Paul Neal, Senior Legal Counsel presented the recommended administrative factors from the Office of the State Actuary for the Board's consideration.

Mr. Neal acknowledged that the economic assumptions were changed in 2011 and the Board adopted new factors in 2012. He also stated the restoration factors needed to be adopted during the 2013 interim. Mr. Neal provided two options for the trustees to consider:

Option 1: Adopt new factors

Option 2: Retain current factors

Motion

It was moved to eliminate the Comprehensive Report and bring a Final Proposal back to the Board during the December 18, 2013 meeting. The motion was passed unanimously.

4. Promoting Individual Saving for Retirement, Comprehensive Follow-up

Paul Neal, Senior Legal Counsel presented a follow-up to this issue originally discussed at the September 25, 2013 Board meeting. He provided options for facilitating member savings for retirement, including new information on the availability of Roth options within 457 plans. Discussion followed regarding option 3 and how employers would be impacted by requiring they offer the State's Deferred Compensation Plan. Mr. Neal provided the following options for the trustees to consider:

Option 1: Authorize annuitize rollovers of tax deferred savings

Option 3: Require DRS' 457 Plan to be offered by employers

Option 4(a): Direct staff to draft legislation requiring Roth option;

Option 4(b): Ask DRS to exercise its authority to develop Roth option;

Option 4(c): Take no action at this time.

Motion

It was moved and seconded to bring options 1, 3 and 4(b) to a Final Proposal at the December 18, 2013 Board meeting. The motion was passed unanimously.

5. WSIPP Study Follow-up, Educational Briefing

Ryan Frost, Research Analyst provided a follow-up to his presentation on this study provided at the June 19, 2013 meeting. He reviewed the results discovered through staff research as requested by the Board.

Mr. Frost provided the results from the WSIPP study that indicate LEOFF Plan 2 is particularly strong in the areas of annual benefits, average salary, funded status, and low normal retirement age.

6. Administrative Update

SCPP Update

BOARD MEETING MINUTES

NOVEMBER 20, 2013



Director Nelsen reviewed the latest Select Committee on Pension Policy meeting.

Outreach Activities

Director Nelsen reviewed outreach the agency has done since the October meeting. Presentations were given to the Kitsap Fire Fighters, COMPAS, and WACOPS. In addition, the Director, agency staff, and a couple trustees attended the Washington Fire Commissioner’s Annual Meeting, the IFEBP Annual Conference and the NCPERS Public Safety Conference.

Correspondence

The trustees were given a letter from Bill Robinson with Gallagher Benefit Services. Mr. Robinson would like the Board to consider a presentation on NCPERS Life Insurance.

7. Washington State Investment Board Presentation

Allyson Tucker, Senior Investment Officer provided an in-depth presentation regarding stakeholder assets, market values, allocation, and returns. She also explained the importance of asset allocation.

Ms. Tucker explained the process, roles, and key components of building capital market assumptions as well as commingled trust fund volatility over time, and risk and return in comparing to other major pension funds.

8. Final Average Salary Protection, Comprehensive Follow-up

Ryan Frost, Research Analyst presented the Comprehensive Follow-up Report on Final Average Salary Protection. Retirement benefits will be reduced if temporary salary reductions after July 1, 2013 occur during a member’s final average salary period.

Mr. Frost provided the following two policy options for the Board to consider:

Option 1: Take no action.

Option 2: Introduce legislation that extend protection.

Motion

It was moved and seconded to table Final Average Salary protection until a pending discovery of impact on membership. The motion was passed unanimously.

BOARD MEETING MINUTES

NOVEMBER 20, 2013



9. Career Change, Comprehensive Follow-up

Paul Neal, Senior Legal Counsel provided a Comprehensive Follow-up Report on Career Change. Mr. Neal addressed the possible abuse of career change legislation and how it could undermine public trust. He also provided the following three policy options for consideration by the Board:

Option 1: Clarify that law enforcement or fire fighter jobs do not qualify for the Career Change law regardless of full time, fully compensated status.

Option 3: Allow reemployment in LEOFF position without suspension of pension in limited circumstances.

Option 3(a): Limited Reemployment allowing lower population and lower paying jurisdictions to attract experienced chiefs.

Option 3(b): Extend Career Change policy to allow unlimited reemployment to LEOFF Plan 2 retirees returning to any LEOFF position.

Motion | It was moved and seconded to bring options 1 and 3A to a Final Proposal at the December 18, 2013 Board meeting. The motion was passed unanimously.

10. 2014 Meeting Calendar Adoption

The trustees reviewed and discussed the 2014 proposed meeting dates.

Motion | It was moved and seconded to adopt the 2014 Proposed Calendar as presented. The motion was passed unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:00 PM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 18, 2013 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

DECEMBER 18, 2013 - 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. Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – 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	Senator Jim Honeyford – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessica Burkhart – Executive Assistant
In Attendance	Tammy Harman – Administrative Services and Communications Manager
In Attendance	Paul Neal – Senior Legal Counsel
In Attendance	Ryan Frost – Research Analyst
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 December 18, 2013. A quorum of the members was present at this meeting.

OPENING	Chair Kelly Fox called the meeting to order at 9:42 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.
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1. Approval of Minutes

MINUTES APPROVED	It was moved to approve the Board meeting minutes from November 20, 2013. Motion seconded. The Board approved the minutes without objection with Senator Honeyford abstaining.
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2. NCPERS Life Insurance Presentation

Bill Robinson, Area Vice President with the National Conference on Public Employee Retirement Systems (NCPERS) provided information to the trustees regarding a Group Decreasing Term life insurance, Accidental Death and Dismemberment, and Dependent Life Term Insurance programs offered through NCPERS.

BOARD MEETING MINUTES

DECEMBER 18, 2013 - FINAL



3. Career Change – Final Proposal

Paul Neal, Senior Legal Counsel presented the Final Proposal on the topic of Career Change. Mr. Neal addressed the possible abuse of career change legislation and how it could undermine public trust. He also provided the following three policy options for consideration by the Board:

1. Propose legislation suspending LEOFF Plan 2 retirement if duties of retiree's position would qualify for LEOFF if full-time fully compensated.
2. Allow limited post-retirement employment in LEOFF position.

Mark Langford, retired Tacoma police captain provided testimony concerning the career change explaining his specific situation.

MOTION

It was moved to approve option #1 and pursue legislation during the 2014 legislative session. Motion seconded and carried unanimously.

4. Promoting Individual Savings for Retirement – Final Proposal

Paul Neal, Senior Legal Counsel provided the Final Proposal on Promoting Individual Savings for Retirement. Based on a motion from the November meeting, Mr. Neal brought back options 1, 3, and 4 below:

1. Authorize annuitize rollovers of tax deferred savings.
3. Require DRS' 457 Plan to be offered by employers.
4. Write to DRS requesting development of ROTH option.

MOTION

It was moved to approve option #3 for Promoting Individual Savings for Retirement.

Motion was amended to include options 1 and 4. Motion seconded and carried with Senator Honeyford opposing.

A motion to table all three options on this topic was brought forward with Kelly Fox, Pat Hepler, Mark Johnston, and Jack Simington opposed.

5. Meetings during Legislative Session

Ryan Frost, Research Analyst presented options for meetings during session. Mr. Frost addressed what a successful meeting looks like in terms of structure, length, content, and availability. The members discussed whether an electronic meeting during session would serve the trustees needs better than a physical meeting. Mr Frost also reviewed possible topics for educational briefings during session. These topics include; GASB requirements, retiree medical, legislative updates, and extending Defined benefits plan to the private sector.

BOARD MEETING MINUTES

DECEMBER 18, 2013 - FINAL



6. Administrative Update

SCPP Update

Executive Director Nelsen informed the trustees of the most current action taking place within the Select Committee on Pension Policy.

Outreach Activities

Executive Director Nelsen has been continuing outreach and training efforts. In early December, Director Nelsen attended the Rotman ICPM Board Effectiveness training program in Toronto Canada.

7. Corrections Legislation – Final Proposal

Ryan Frost provided a Final Proposal on Corrections Legislation that would fix errors and oversights in the statutes. Mr. Frost provided the following two options:

1. Take no action.
2. Address the EMT expiration date: change specific language in the statutes to eliminate the 2023 expiration date for EMTs being included in the definition of fire fighter.

MOTION

It was moved to approve option #2 and pursue legislation during the 2014 legislative session. Motion seconded and carried with Senator Honeyford opposing.

8. Adoption of Administrative Factors – Final Proposal

Paul Neal, Senior Legal Counsel presented the recommended administrative factors from the Office of the State Actuary for the Board's consideration.

Mr. Neal acknowledged that the economic assumptions were changed in 2011 and the Board adopted new factors in 2012. He also stated the restoration factors needed to be adopted during the 2013 interim. Mr. Neal reviewed the letter from the Office of the State Actuary which provided an update to the prior recommendations.

MOTION

It was moved to approve the LEOFF Plan 2 Administrative Factors recommended by the Office of the State Actuary. The adopted administrative factors will come into effect in October 2014. Motion Seconded and carried unanimously.

9. Alternate Revenue – Educational Briefing

Paul Neal, Senior Legal Counsel presented an educational Briefing on Alternate Revenue. The legislature passed the alternate Revenue legislation in 2008. Under this legislation, if the general fund collections increase by more than 5% from the prior biennium, the legislature is to appropriate prescribed funds to the Local Public Safety Account. Mr. Neal reviewed the background of alternate revenue and provided an explanation of the legislation and how it works.

BOARD MEETING MINUTES

DECEMBER 18, 2013 - FINAL



10. Board Self Evaluation

Tim Valencia, Deputy Director provided information concerning a Board Self Evaluation. Mr. Valencia stated that a board self-evaluation is fundamental to sound governance of a Board. The practice has been adopted by leading public retirement boards. Staff will create an electronic self-evaluation for the trustees to complete.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:25 PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 22, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.