

BOARD MEETING MINUTES

JANUARY 22, 2014 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Mr. Jeff Holy – Spokane Police Department (Retired)
Absent	Mr. Wally Loucks – Spokane County Sheriff’s Office
Absent	Mr. Mark Johnston – Vancouver Fire Department
Teleconference	Mr. Pat Hepler – Snohomish County Fire District 1
Teleconference	Mr. Paul Golnik – WA Fire Commissioners Association
Teleconference	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 Burkhardt – 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 LEOFF Plan 2 conference room in Olympia, Washington on January 22, 2014. A quorum of the members was present at this meeting, however, most members participated through WebEx.

OPENING

Chair Kelly Fox called the meeting to order at 9:30 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. 2014 Legislative Update

Steve Nelsen, Executive Director provided a review of the LEOFF Plan 2 legislative activity. Mr. Nelsen noted the following bills have been introduced into the House and Senate:

HB 2456 / SB 6325	EMT Correction
HB 2479	Career Change Fix
SB 6201	Annuity Purchase

The Office of the State Actuary has been asked to provide a fiscal note for HB 2456. A hearing has been scheduled in the House for January 23, 2014. No bills have been scheduled in the Senate at this time.

Director Nelsen also informed the trustees of SB 5392 – Excess Compensation. This bill was passed out of committee in the Senate then pulled from Rules to the floor again. Trustees will continue to receive legislative updates throughout session.

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JANUARY 22, 2014 - FINAL



2. Administrative Update

Outreach

Director Nelsen met with the Mayor of DuPont regarding the career change bill on December 20, 2013. The mayor wanted to know how HB 2479 would impact their current police chief.

Director Nelsen spoke at the WACOPS Legislative Reception on January 15. Ryan Frost also was a speaker. Mr. Frost presented the Washington State Institute on Pension Policy presentation and report.

Dual Response

It was noted that the next edition of Dual Response will be delivered to homes in April after session concludes.

Budget Update

The fourth quarter financials were given to the trustees. Director Nelsen stated the Board is under budget.

Staff

Greg Deam is still at the Department of Retirement Systems on a job assignment. Director Nelsen will keep the Board apprised of any further staffing changes.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:55 AM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for February 26, 2014 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

FEBRUARY 26, 2014 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Mr. Jeff Holy – Spokane Police Department (Retired)
Teleconference	Mr. Wally Loucks – Spokane County Sheriff’s Office
Absent	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Pat Hepler – Snohomish County Fire District 1
Teleconference	Mr. Paul Golnik – WA Fire Commissioners Association
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	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 LEOFF Plan 2 conference room in Olympia, Washington on February 26, 2014. A quorum of the members were not present, however, Wally Loucks and Paul Golnik participated through WebEx.

OPENING | Chair Kelly Fox called the meeting to order at 9:30 AM.

1. 2014 Legislative Update

Steve Nelsen, Executive Director provided a review of the LEOFF Plan 2 legislative activity.

BILL NUMBER	TITLE	STATUS
HB 2456 / SB 6325	EMT Correction	Senate Ways & Means
HB 2479 / SB 6397	Career Change Fix	Senate Ways & Means
SB 6201	Annuity Purchase	House Rules 2

Director Nelsen noted that both the Career Change and Technical Correction bills were passed out of the House with overwhelming support. It is day 46 of a 60-day session. At this time, it appears legislative session will end on time with cut-off for bills to be heard in the opposite committee on March 3, 2014.

Director Nelsen also informed the trustees of HB 2736. This bill requires all public employers to offer the state’s Deferred Compensation Plan to all employees. Another bill of interest is the Final Average Salary protection topic that was studied during the interim last year. While the LEOFF Plan 2 Board didn’t pursue legislation this year, the current legislation extends protections that also include LEOFF Plan 2.

BOARD MEETING MINUTES

FEBRUARY 26, 2014 - FINAL



2. Administrative Update

Outreach

Director Nelsen presented at the WACOPS and the WSCFF Legislative Receptions. He also presented with Dave Nelsen regarding the Deferred Compensation Plan offered through the Department of Retirement Systems.

During the first week of March, staff will attend and set-up a booth at the Washington Fire Commissioners Conference in Pasco, WA.

Trustee Email

Director Nelsen informed the trustees that they will all be receiving LEOFF 2 email addresses during the interim. Dawn Cortez, Assistant Attorney General will follow-up with a policy and court decision to provide further information on this topic.

Staff

Director Nelsen informed the trustees that Greg Deam has accepted a position with the Department of Retirement Systems. He also noted that he intends to fill the Ombudsman position after session is finished. Director Nelsen will keep the Board apprised of any further staffing changes.

Benefit Issue

Members are facing a challenge when it comes to the \$3000 tax credit they are entitled to. Recently, there has been an issue with payments being deducted from retirement checks. Staff will continue to work with the Health Care Exchange and the Department of Retirement Systems.

Director Evaluation

Chair Fox informed the Board that Director Nelsen's evaluation will be distributed to members within the next month.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:02 AM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for March 26, 2014 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

MARCH 26, 2014



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. 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. David Cline – City of Tukwila
Teleconference	Senator Sharon Brown – WA State Senator
In Attendance	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 March 26, 2014. 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 APPROVED | It was moved to approve the Board meeting minutes from December 2013-February 2014. Motion seconded and carried with Senator Sharon Brown abstaining.

2. 2014 Legislative Update

Ryan Frost, Research Analyst presented the 2014 Legislative Update. Mr. Frost reviewed all of the following LEOFF Plan 2 sponsored bills, as well as legislative bills of interest that could impact LEOFF Plan 2 members:

LEGISLATION PASSED	
HB 2456	Correcting the expiration date of the definition of fire fighter
SB 6120	Creating an optional life annuity benefit for LEOFF Plan 2 members

BOARD MEETING MINUTES

MARCH 26, 2014



LEGISLATION NOT PASSED	
HB 2479	Career change
SHB 1820	Extending FAS/Furlough protections to the 2013-15 biennium
HB 2736	Requiring all DRS employers to participate in the state's deferred compensation program

The Board requested staff continue to study Career Change and Alternate Revenue during the 2014 interim. Discussion took place regarding DB vs. DC plans and Board and the trustees asked for a follow-up presentation.

3. 2014 Interim Planning

Paul Neal, Senior Legal Counsel provided a presentation regarding 2014 Interim Planning. Mr. Neal reviewed, and the trustees discussed the following possible topics:

- Local government participation in the State Deferred Compensation Program
- Preserving disability tax exemption for retirees using the Health Care Exchange
- Post-retirement chief recruitment to include discussion regarding the failed legislation for Career Change
- Alternate Revenue update

Additional actuarial issues were also discussed; Fiscal note pricing, changes within GASB, the Society of Actuaries Blue Ribbon Panel on Pension Plan Funding.

The Office of the State Actuary will be conducting the next LEOFF Plan 2 Experience Study and present at the May LEOFF Plan 2 board meeting.

Director Nelsen reminded the Board that he will be meeting with all members individually to receive feedback regarding expectations of the Executive Director, staff, and agency. Each trustee will be contacted in the near future to set up a date.

MOTION

Chair Fox stated that if there were no objections, the LEOFF staff will move forward on the five topics addressed, as well as Defined Benefit vs. Deferred Compensation. There were no objections.

4. Administrative Update

Select Committee on Pension Policy Update

The SCPP did not meet in March. Their first meeting is scheduled for April 15. Meetings will run through the interim with the exception of August. The LEOFF Plan 2 Board will coordinate with the SCPP to determine any issues they are working on that could possibly impact LEOFF Plan 2.

Director and Staff Outreach

Tim Valencia attended the ISCEBS Conference in Wisconsin on March 5-7. Tammy Harman and Paul Neal attend the Washington Fire Commission Conference in March and set-up a display with LEOFF Plan 2 information. Attendees were able to stop by the booth and have their LEOFF Plan 2 questions answered.

BOARD MEETING MINUTES

MARCH 26, 2014



Newsletter

The next edition of Dual Response will be delivered to LEOFF Plan 2 members at the end of April.

5. New Board Email Accounts

Tammy Harman, Administrative Services Manager provided a presentation on New Board Email Accounts. Ms. Harman explained the purpose of each trustee having a LEOFF 2 email account is to improve administration of public records with automatic archiving in a state secured server accessed through iPad's.

Board members received new business cards with their LEOFF email addresses

6. Possible Executive Session

At 11:20 AM, Chair Fox called for Executive Session to discuss Director Nelsen's performance evaluation.

Executive Session adjourned at 11:35 AM. Chair Fox reported that LEOFF staff will proceed forward by conducting a nationwide survey to comparable pension professionals. This topic will be brought back to the May board meeting.

7. Agenda Item for Future Meetings

Director Nelsen reviewed the Agenda Items for the upcoming meeting. The Board unanimously agreed to cancel the April 16, 2014 meeting. The next meeting is scheduled for May 26, 2014.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:40PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for May 28, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

MAY 28, 2014



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
Absent	Senator Sharon Brown – 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 May 28, 2014. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:30 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 March 26, 2014. Motion seconded. The Board approved the minutes without objection.

2. Demographic Experience Study Education

Lisa Won, Senior Actuary presented an overview of the Demographic Experience Study including requirements and process. Ms. Won explained that two different experience studies are performed; economic and demographic. Economic focuses on economy, data sources, and national trends every two years. The Demographic Experience Study takes a big picture look with different emphasis and data and is plan specific. The Board receives these results every six years.

BOARD MEETING MINUTES

MAY 28, 2014



3. Local Government DCP Participation – Initial Consideration

Paul Neal, Senior Legal Counsel presented the Initial Consideration on the topic of Local Government DCP Participation. Mr. Neal explained that LEOFF Plan 2 members do not have access to the potentially lower-cost Department of Retirement Systems' Deferred Compensation Plan. 64% of LEOFF 2 members do not have access through their employers.

MOTION

It was moved to research additional aspects of Local Government DCP Participation. Staff will research and bring back options at an upcoming board meeting. Motion seconded and carried unanimously.

4. Final Average Salary Protection – Initial Consideration

Ryan Frost, Research Analyst presented the Initial Consideration on Final Average Salary Protection. Mr. Frost described the issue of members' retirement benefits being reduced if temporary salary reductions after July 1, 2013 occur during their Final Average Salary (FAS) period. Mr. Frost provided the background on this issue and legislative history.

MOTION

It was moved to research additional information concerning FAS Protection. Staff will prepare and bring back a Preliminary Report to an upcoming board meeting. Motion seconded and carried unanimously.

5. Administrative Update

Select Committee on Pension policy Update

Director Nelsen reviewed the agenda from the latest SCPP meeting and announced he will be presenting at their June 17, 2014 meeting.

Outreach Activities

During the months of April and May, Director Nelsen attended the following: FOP Leadership Meeting, and the WSCFF Educational Seminar and display booth in Wenatchee. Staff attended the WASPC Conference and display booth in Spokane.

NCPERS Life Insurance

Last year, the board received a presentation from Bill Robinson of NCPERS Life Insurance. Director Nelsen asked the trustees if they would like to move this issue forward. No action was taken.

October off-site Meeting

Each October the staff and trustees have an off-site meeting to review expectations for the coming year. Staff will bring back a proposal to the Board at the June 18, 2014 meeting.

Staff Changes

Director Nelsen announced that Tammy Harman will be the LEOFF Plan 2 Retirement Board's Ombudsman. Jessica Burkhart has been promoted as the Administrative Services Manager, and Jessie Jackson has accepted a

BOARD MEETING MINUTES

MAY 28, 2014



six-month probationary offer to be Director Nelsen's Executive Assistant. These changes will take effect in June 2014.

6. Alternate Revenue Update

The Board moved this topic to the June 18, 2014 meeting.

7. Parliamentary Procedure Review

Dawn Cortez, Assistant Attorney General provided the Parliamentary Procedure Review. Ms. Cortez reviewed the differences between Robert's and Reed's Rules. Ms. Cortez recommended the Board adopt Roberts Rules for their parliamentary procedures as this is what is used by many other state boards.

MOTION

It was moved to adopt Robert's Rules of Parliamentary Procedure. Motion seconded and carried unanimously.

8. Annual Attorney General Training

Dawn Cortez, Assistant Attorney General provided the Ethics in Public Service training covering the following issues: Use of trust resources, gifts and prohibitions, meals and travel, and confidential information. These rules can be found in WAC 292-110 and 390. Or the state statutes are RCW 41.04.300, 42.17A, 42.20, and 42.52.

Trustees and staff present watched a 22 minute video created by the Attorney General's Office called the Public Records Act Training. Those who participated signed a document indicating they have received the mandatory state training.

9. Possible Executive Session

The Board broke for executive Session at 11:45-12:00 PM.

10. Agenda Items for Future Meetings

Director Nelsen provided an overview of the Agenda Items calendar. The following agenda topics will be heard at the June meeting: DRS Benchmarking, Actuarial Audit presentation from Milliman, Demographic Experience study, Contribution Rate Setting Process and an Education Briefing on Alternate Revenue.

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 June 18, 2014 at 9:30 AM at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502

BOARD MEETING MINUTES

JUNE 18, 2014



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. 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
Absent	Mr. David Cline – City of Tukwila
In Attendance	Senator Sharon Brown – WA State Senator (Joined at Item 5, left before end of Item 8)
In Attendance	Representative Kevin Van De Wege – WA State Representative (Joined at Item 5)
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson, Executive Assistant
Absent	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
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 May 28, 2014. A quorum of the members was present at this meeting.

OPENING | Chair Kelly Fox called the meeting to order at 9:34 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

Chair Kelly Fox called for a review of the May 2014 minutes.

Motion | It was moved and seconded to approve the May 28, 2014 minutes and all approved.

2. DRS Benchmarking

Jan Hartford, CEM Benchmarking and Mark Feldhausen with the Department of Retirement Systems presented an update on where the Department of Retirement Systems compared to national peers for year end 2013.

3. Actuarial Audit Presentation

Mark Olleman and Daniel Wade with Milliman presented the preliminary results of the Actuarial Audit being conducted in conjunction with the Pension Funding Council.

BOARD MEETING MINUTES

JUNE 18, 2014



4. Demographic Experience Study and Valuation Results

Lisa Won and Matt Smith with the Office of the State Actuary presented the results of the most recent Demographic Experience Study that will be used to put together the 2015 Actuarial Valuation Report.

5. Contribution Rate Setting Process

Ryan Frost, Research Analyst for the Board provided history and an overview of the process the Board uses to set contribution rates including statutory duty, goals and achievements, and options to consider.

6. Administrative Update

Director Steve Nelsen updated the Board on activities of the SCPP and outreach by staff. He also provided a quarterly budget update and discussed what progress has been made for the October off-site meeting.

He made sure to note that the SCPP has been made aware that the Board is interested in exploring a change in the timing of the next Experience Study. Additionally, Mr. Nelsen discussed the coordination of Final Average Salary and Deferred Compensation Program issues with the SCPP. He will keep the Board apprised of actions on these items.

7. Alternate Revenue - Educational Briefing

Ryan Frost briefed the Board on the Alternate Revenue legislation, including background, intent, components involved and a historical review of distribution.

8. Executive Session – Executive Director Evaluation and Potential Litigation

Motion It was moved and seconded to ask the Attorney General’s office to provide a second opinion on the Alternate Revenue issue and all approved.

It was moved and seconded to hire a consultant to provide information on the Alternative Revenue issue at the July Board meeting and all approved.

It was moved and seconded to increase the salaries of all LEOFF 2 staff by 5% contingent upon state rules and regulations and all approved.

9. Agenda Items for Future Meetings

Mr. Nelsen reviewed items that will be discussed at future meetings.

BOARD MEETING MINUTES

JUNE 18, 2014



ADJOURNMENT

There being no further business, the meeting was adjourned at 2:42 PM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for 9:30 AM on July 23, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JULY 23, 2014 – AS CORRECTED 12/17/14



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	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	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 Sharon Brown – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson, Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal, Senior Research and Policy Manager
In Attendance	Ryan Frost – Research Analyst
In Attendance	Brian Buchholz– Assistant Attorney General (substitute)

Call to Order

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on July 23, 2014. A quorum of the members was present at this meeting.

Chair Kelly Fox called the meeting to order at 9:43am and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting and those impacted by the wildfires.

1. Approval of Minutes

Chair Kelly Fox called for a review of the June 2014 minutes.

Motion	It was moved to approve the Board meeting minutes from June 18, 2014. Motion seconded. The Board approved the minutes without objection.
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2. Funding Pension Plan Benefits

Robert Klausner, provided an educational briefing on funding public pension benefits.

3. Executive Session – Possible Litigation

The Board met for Executive Session to discuss potential litigation with the Assistant Attorney General.

BOARD MEETING MINUTES

JULY 23, 2014 – AS CORRECTED 12/17/14



4. Experience Study and Actuarial Valuation Update

Lisa Won with the Office of the State Actuary presented an update about changes to the most recent Experience Study. There were no changes to preliminary results.

5. Actuarial Audit Presentation

Mark Olleman & Daniel Wade, Consulting Actuaries at Milliman reviewed their actuarial audit findings. They found the overall data and processes currently being used by the State Actuary to be reasonable. However, they did recommend using a different methodology to calculate entry age, the implementation of changes to some assumption setting methods, and modifications to the valuation of other post-employment benefits.

6. Contribution Rate Adoption, Final Proposal

Ryan Frost, Research Analyst presented contribution rate policy options to Board.

Motion	It was moved to maintain the existing fixed contribution rate through June 30, 2017. The rates are as follows: 8.41% Member, 5.05% Employer, and 3.36% State. The motion was seconded and carried.
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Motion	It was moved to adjust contribution rates for the 2017-2019 biennium. The board will adopt a contribution rate of 100% of the new EANC (Entry Age Normal Cost method) including updated assumptions, based on the Preliminary Results of the <i>2013 Actuarial Valuation Report</i> . The rates are as follows: 8.85% Member, 5.31% Employer, and 3.54% State. The motion was seconded and carried.
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7. Administrative Update

Director Steve Nelsen provided an introduction for Jessie Jackson as the Board's new executive assistant, provided an SCPP update from their last meeting and discussed the staff's most recent outreach activities. Additionally, he reminded Board members to check their email regularly and to communicate any issues with staff.

8. Agenda Items for Future Meetings

Discussion took place on what items to discuss at future Board meetings and the Board asked staff to consider the schedule when adding items through the end of the year.

Motion	It was moved and seconded to cancel the August 27, 2014 Board meeting due to scheduling conflicts and all approved.
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Motion	It was moved and seconded to bring the Career Change issue back to the agenda to address hiring issues raised by small employers and all approved.
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BOARD MEETING MINUTES

JULY 23, 2014 – AS CORRECTED 12/17/14



9. Electronic Voting in Novus

Kelly Fox asked for discussion of the pros and cons of electronic voting.

Motion | I was moved and seconded to discontinue electronic voting and return to voice voting and all approved.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:05pm.

NEXT MEETING | September 24, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

SEPTEMBER 24, 2014



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	Representative 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
Absent	Senator Sharon Brown – 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	Jessie Jackson, Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal, 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 September 24th, 2014. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:32 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 July 23, 2014. Motion seconded. The Board approved the minutes without objection.

2. WASHINGTON STATE INVESTMENT BOARD ANNUAL UPDATE

Theresa Whitmarsh, Executive Director at the Washington State Investment Board (WSIB), presented the WSIB Annual Update. Updates included new leadership appointments to the board, with Marcie Frost elected as Chair and Kelly Fox elected Vice Chair. New legislative representatives for the board are State Representative Timm Ormsby and State Senator Sharon Nelson. Ms. Whitmarsh provided an overview of the Commingled Trust Fund Performance and Market Values, the source of WSIB excellent performance, a brief market outlook and Washington’s national standing compared to other states.

BOARD MEETING MINUTES

SEPTEMBER 24, 2014



3. HCA TECHNICAL CORRECTIONS LEGISLATION

Mary Fliss, Deputy Division Director for the PEBB Division at the Washington Health Care Authority (HCA), presented an overview of the PEB Technical Correction Bill, HCA plans to introduce the bill in the upcoming legislative session. A key provision is to clean up the Domestic Partner eligibility and achieve a single statutory provision that is consistent with three domestic partner bills that were previously enacted in 2009. The second provision is to align Child Dependent Coverage and correct the conflicting language so that it reflects the benefits that are currently administered.

Ms. Fliss requested support from the LEOFF Plan 2 Retirement Board for the bill in the upcoming legislation and thanked the board for its historical support on the bill in the past.

MOTION

It was moved and seconded to provide support and endorse the bill in the upcoming session. The Board approved the motion without objection.

4. DRS ANNUAL ADMINISTRATIVE UPDATE

Marcie Frost, Executive Director at the Department of Retirement Systems (DRS) presented an annual administrative update. Ms. Frost provided a year in review covering benefit statistics for the last fiscal year and customer service related statistics from the contact and processing centers, Deferred Compensation Program statistics showing new state employee sign up has increased by 4.7%, availability of retirement planning seminars online, the operational flow of the management system and strategic initiatives for FY15. Ms. Frost spoke of the focus on customer satisfaction, team member engagement, onboarding and training of new team members and the use of the PXT in the behavioral based hiring process. DRS conducted a review of LEOFF employers and has identified issues with reporting of independent contractors. They have assessed individual employers and members as well as enhanced employer awareness and internal training about LEOFF retirements. A change to the disability review timeframe has resulted in a significant decrease in processing time from 180 days down to 30 days. Currently in progress is a new process for verification of Catastrophic Medical Reimbursement that DRS plans to roll out in November 2014.

From September 2013-August 2014 DRS processed a total of 416 LEOFF Plan 2 retirements, with 221 of these having been processed through the Online Retirement Application.

5. FY 2014 INDEPENDENT AUDIT RESULTS

Steve Davis, Davis Accounting Tax & Audit Service presented the outcomes of the FY 2014 Independent Audit Results. No official audit findings were reported.

6. SUPREME COURT DECISION UPDATE: WEA V. DRS

Paul Neal, Senior Research and Policy Manager provided an educational briefing on the recent Supreme Court decision upholding Legislature's repeal of gainsharing and the uniform COLA. Implications for the LEOFF Plan 2 could include future pension enhancement bills being subject to a reservation of rights clause.

BOARD MEETING MINUTES

SEPTEMBER 24, 2014



7. SALARY SPIKING

Ryan Frost, Research Analyst provided a follow up to the discussion of Salary Spiking in public pension plans. Pension spiking raises issues of cost and public trust. Research shows that LEOFF Plan 2 does not have a systemic spiking issue. Individual spiking could occur, creating a public trust and fairness issue which can be a risk to LEOFF Plan 2. No actuarial significance is shown.

MOTION

It was moved to develop a one page document to help explain how overtime is used in public safety. Motion seconded and carried unanimously.

8. PUBLIC COMMENT FROM JOLYN LOWRY

MOTION

It was moved to research additional information concerning Remarriage Prohibition. Staff will prepare a comprehensive report for the board at the November meeting. Motion seconded and carried unanimously.

9. CAREER EXTENSION

Paul Neal, Senior Research and Policy Manager provided a comprehensive follow up report with further research on the career change issue from the 2013 interim.

MOTION

It was moved to research and develop options to balance policies for maintaining a well designed and professionally managed plan, and enabling smaller employers more access to talent. The motion was seconded and carried unanimously.

10. ADMINISTRATIVE UPDATE

Director Nelsen to provide an update on what the LEOFF Plan 2 Board has been working on at the Select Committee of Pension Policy meeting in October.

Deputy Director, Tim Valencia is currently attending the WACOPS Conference this week. Director Nelsen will attend the conference tomorrow and present an update of what the LEOFF Plan 2 Board is working on.

The next board meeting on October 22nd is offsite. It will include an update of the board's strategic planning and a review of the results from the Expectation Interviews conducted by Director Nelsen and board members.

11. AGENDA ITEMS FOR FUTURE MEETINGS

Director Nelsen reviewed upcoming agenda items for 2014:

October Agenda to include Strategic Planning session.

November Agenda to include Career Extension and Marriage Prohibition items.

December Agenda to include items moved forward from November and legislative items.

BOARD MEETING MINUTES

SEPTEMBER 24, 2014



ADJOURNMENT

There being no further business, the meeting was adjourned at 3:00pm.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 22nd at the **Middleton Auditorium** located at 2421 Heritage Court SW, Olympia, WA 98502.

BOARD MEETING MINUTES

OCTOBER 22, 2014



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	Representative 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. David Cline – City of Tukwila
Absent	Senator Sharon Brown – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson, Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal, 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 at the Middleton Auditorium in Olympia, Washington on October 22nd, 2014. A quorum of the members was present at this meeting.

OPENING | Executive Director Steve Nelsen called the meeting to order at 9:40am and gave a brief overview for the day and introduced guest Facilitator Tom Nugent.

1. OVERVIEW OF AGENDA

Facilitator Tom Nugent began the meeting with the overview of the day, including four work session groups planned for board members to participate in.

2. BOARD EXPECTATION REVIEW

Facilitator Tom Nugent asked board members the ice breaker question, “What is the most important behavior you would like to see board members model?” Individual responses from the board included the following expected behaviors: cooperation, collaboration, honesty, sincerity, responsibility, commitment, respect, preparedness.

Tom reviewed results from the 2012-2014 Expectation Rating Comparison chart. The ratings were taken from Expectation Interviews conducted with Executive Director Steve Nelsen and board members on a yearly basis in 2012, 2013, and 2014. Board members shared feedback with staff on how their expectations were being met.

BOARD MEETING MINUTES

OCTOBER 22, 2014



3. STRATEGIC PLAN BACKGROUND AND ACCOMPLISHMENTS

Deputy Director, Tim Valencia provided an overview of the LEOFF Plan 2 Retirement Board's 2011-2015 Strategic Plan. Priority goals and objectives were reviewed as well as the strategic actions and performance measures. A Report of Accomplishments resulting from the 2011-2015 Strategic Plan tactics were highlighted, followed by a review of board member participation at previous strategic planning sessions.

4. WORK SESSION 1

Board members were divided into two groups and were asked to read, review and discuss the issue summary, background and action plan for each of the items below. The groups met and discussed their assigned topic and a representative from each provided feedback to staff and attendees.

Board Turnover (Group 1)

Issue Summary: The Board is in the process of experiencing significant turnover. This may create challenges related to succession planning, policy continuity, and long term vacancies.

The following points were discussed:

1. The Board wants to stress qualities of inclusiveness rather than a list of "desired" attributes that may deter people who may not possess all.
 - o Ability to attend and participate in scheduled meetings
 - o Ability to practice the organizations values; Function within parameters
 - o Work cooperatively in a Team environment
2. The strategic plan should be shared with new members or potential candidates
3. We should communicate with the organizations when a position is vacant.

Stakeholder Alignment (Group 2)

Issue Summary: Lack of agreement among stakeholder groups creates difficulty getting legislative support for the Board's policy goals.

The following points were discussed:

1. The Board should not attempt to align stakeholder groups; Issues should be dealt with at the regular board meetings.
2. The Board has been effective when issues are unanimous. The Board must work to ensure consensus on issues.
3. Recent misalignment of stakeholders is new; Misalignment existed at the time of the Board's creation. Education and communication are important in dealing with misalignment.
4. It must be a collaborative effort to overcome angst among stakeholders. The Board should not be the organizer. It is not board member or staff responsibility to manage stakeholder organizations. The board should only be a source of information and example of collaboration. The Board needs to be better at vetting issues at the Board; The Board must take the time to have complete conversations about the issues.

BOARD MEETING MINUTES

OCTOBER 22, 2014



5. WORK SESSION 2

Board members were divided into two groups and were asked to read, review and discuss the issue summary, background and action plan for each of the items below. After the groups met and discussed their assigned topic, a representative from each provided feedback to staff and attendees.

Benefit Improvement (Group 1)

Issue Summary: The Board's current strategic goal of improving benefits is not clearly understood by plan members. What is the goal? Why is that the goal? What is the plan for achieving the goal?

The following points were discussed:

1. The Board should have updated cost information on potential benefit improvements
2. The Board should schedule a hearing to review historical analysis related to benefit improvements
3. The Board should not change its benefit priorities; Updated information and analysis may help redefine goals and objectives for improving benefits
4. It is the Team's responsibility to educate regarding benefit improvements, but it must be done in a manner that does not create expectations within the stakeholders

Funding Ratio (Group 2)

Issue Summary: The funding of LEOFF Plan 2 currently exceeds 100% which historically has created pressure to increase benefits and/or lower contribution rates. Increasing benefits or decreasing rates creates additional long term costs and sustainability risks for the plan.

The following points were discussed:

1. The Board should not change any of its current strategic goals related to maintaining the financial integrity of the plan or improving plan benefits based on the current funding status of the plan. The Board should continue efforts to de-risk the plan while being prepared for market volatility.
2. The Board should take action to educate stakeholders and legislature (legislators, staff, and caucus) regarding the Board's strategic goals and policy decisions in support of those goals. Must educate policy makers and stakeholders on unique characteristics of LEOFF Plan 2; Ramifications of underfunding the pension plan.

6. WRAP UP

Director Nelsen provided a brief overview of the takeaways he captured from the four work session topics discussed.

BOARD MEETING MINUTES

OCTOBER 22, 2014



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| Board Turnover | Staff can communicate with organizations making sure so they know there are vacancies open or that they are coming up. Checking in with reps on the board like Candace or board members themselves. Not out promoting, suggesting, recruiting individual board members. |
| Stakeholder Alignment | Staff to act as a resource on issues (questions about cost, factual data resource) but not to help with alignment outside of board meeting process. |
| Benefit Improvement | No change in short term strategic focus with promoting benefit improvements that are either no cost or low cost. Time to go back and revisit history, update the numbers on extensive benefit improvements to help with future discussions on benefit improvements. |
| Funding Ratio | Maintain current policy of funding at the expected long-term cost of the plan. |

Director Nelsen addressed board members to thank them for the clear expectations they provide for staff and for the engagement and participation during discussions and workshops.

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| 2015 Proposed Meeting Dates | No action. Dates are included in the meeting materials and will be discussed at the November board meeting. |
| Meeting Feedback Form | Director Nelsen asked that board members complete the evaluation form before the adjournment of meeting. |

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:00pm.

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| NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 19 th , 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502. |
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BOARD MEETING MINUTES

NOVEMBER 19, 2014 – 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	Representative 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
Absent	Senator Sharon Brown – WA State Senator
Absent	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
Absent	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal – 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 November 19, 2014. A quorum of the members was present at this meeting.

OPENING | Chair Kelly Fox called the meeting to order at 9:36am, requesting those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. APPROVAL OF SEPTEMBER AND OCTOBER MINUTES

SEPTEMBER MINUTES	It was moved to approve the Board meeting minutes from September 24, 2014. Motion seconded. The Board approved the minutes without objection.
OCTOBER MINUTES	It was moved to approve the Board meeting minutes from October 22, 2014. Motion seconded. The Board approved the minutes without objection.

2. SOCIAL SECURITY BRIDGE OPTION – Initial Consideration

Research Analyst, Ryan Frost, presented an overview for the Social Security Bridge Option which would allow retirees to take an increased retirement benefit from the LEOFF 2 Trust Fund until the member reaches the Social Security Full Retirement Age (SSFRA).

MOTION | It was moved that this issue be added to the 2015 interim work plan. Motion was seconded and carried.

BOARD MEETING MINUTES

NOVEMBER 19, 2014 – FINAL



3. FINAL AVERAGE SALARY PROTECTION – Comprehensive Report

Research Analyst, Ryan Frost, provided a comprehensive report on the issue of Final Average Salary (FAS) protection. Members' retirement benefits will be reduced if "temporary salary reductions" after July 1, 2013 occur during their Final Average Salary (FAS) period.

MOTION | It was moved that the board take no further action on the issue at this time.
The motion was seconded and carried.

4. CAREER EXTENSION – Comprehensive Follow-up Report

Senior Research and Policy Manager, Paul Neal provided a comprehensive follow-up presentation of options for amending the 2013 Career Change bill (HB 2479). These options would balance the policies of maintaining public confidence that LEOFF Plan 2 is well designed and professionally managed; and facilitating smaller jurisdictions' access to highly trained and experienced LEOFF Plan 2 retirees.

MOTION | It was moved to keep this issue on the 2015 interim work plan. Motion seconded and carried.

5. REMARRIAGE PROHIBITION – Comprehensive Report Follow-up

Death and Disability Ombudsman, Tammy Harman and Research Analyst, Ryan Frost provided a joint follow-up presentation on the policy inconsistency existing between Workers' Compensation benefits and retirement benefits for surviving spouses and remarriage. The Washington state administered retirement plans do not contain a prohibition on remarriage for a survivor receiving pension benefits. If a survivor remarries, their survivor pension benefits continue. However, Workers' Compensation benefits provided by the Department of Labor and Industries (LNI) to a survivor of a line of duty death can cease if the survivor remarries.

MOTION | It was moved that staff will provide updated information and a bill draft as a final proposal at the December Board meeting. The motion was seconded and carried unanimously.

6. ADMINISTRATIVE UPDATE

Executive Director, Steve Nelsen updated the board with outreach activities made by staff, a quarterly budget update and activity from the Select Committee Pension Policy meetings during the months of September, October and November.

7. REPORT ON DRS CONTRACT REVIEW

Following a series of articles highlighting questionable reemployment practices, the Department of Retirement Systems (DRS) reviewed local employer contracts for the services of retirees. Director Nelsen provided a report on the summary of their findings.

BOARD MEETING MINUTES

NOVEMBER 19, 2014 – FINAL



8. FINAL ACTUARIAL VALUATION AND AUDIT REPORT

Executive Director, Steve Nelsen reviewed the 2013 Actuarial Valuation Report of the LEOFF Retirement System Plan 2 conducted by the Office of the State Actuary. An Actuarial Audit of June 30, 2013 Actuarial Valuation and a 2007-2012 Demographic Experience Study done by Milliman was also reviewed.

ACTION | Director Nelsen to explore further with OSA about the funding ratio method and what to consider long term as well as their availability to present at the December meeting.

9. ADOPTION OF 2015 MEETING DATES

Executive Director, Steve Nelsen reviewed the proposed board meeting dates for 2015.

MOTION | It was moved to adopt the proposed board meeting dates.
Motion was seconded and carried unanimously.

10. AGENDA ITEMS FOR FUTURE MEETINGS

Executive Director, Steve Nelsen reviewed items for the December meeting including new items discussed to be added.

AGENDA ITEMS FOR DECEMBER |

- Staff to provide a final proposal of the Remarriage Prohibition issue for the December meeting
- Director Nelsen to inquire about availability of OSA for the December meeting

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:40pm.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 17, 2014 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.

BOARD MEETING MINUTES

FINAL - DECEMBER 17, 2014



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	Representative 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
Absent	Senator Sharon Brown – WA State Senator
In Attendance	Representative Kevin Van De Wege – WA State Representative
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
Absent	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal – 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 December 17, 2014. A quorum of the members was present at this meeting.

OPENING	Vice Chair, Jack Simington called the meeting to order at 9:37am 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 17, 2014. Motion seconded. The Board approved the minutes without objection.
MINUTES APPROVED	Staff discovered a correction to the minutes for the July 23, 2014 board meeting. It was moved to approve the corrected minutes and the motion was seconded. The Board approved the minutes without objection.

2. FUNDING POLICY DISCUSSION

Senior Actuary, Lisa Won, provided a follow-up presentation on funding ratio corridors to the board, as requested by during the November meeting. This educational briefing provided background on the current funding policy, actuarial valuation and audit results, expected future contribution rates and funded status ratios

BOARD MEETING MINUTES

FINAL - DECEMBER 17, 2014



were reviewed. Ms. Won reviewed considerations to the funding policy and possible new funding policy options were discussed along with their pros and cons.

3. REMARRIAGE PROHIBITION

Research Analyst, Ryan Frost, presented the final proposal to the board on the Remarriage Prohibition issue with two options for the board to consider.

MOTION

It was moved to pursue Legislation on the issue, with included Bill Language. The motion was seconded and carried without objection.

4. PLAN DESIGN OUTCOMES

Senior Research and Policy Manager, Paul Neal and Research Analyst, Ryan Frost provided an educational briefing on plan design outcomes, reviewing current research that compares outcomes between defined benefits and defined contribution plans.

5. REVIEW OF BENEFIT IMPROVEMENT STUDIES

In 2005-2006 the LEOFF Plan 2 Retirement Board studied a number of benefit improvements that the membership was most interested in and determined the costs of those improvements. During the October 22, 2014 meeting the Board requested a review of these earlier benefit improvement studies.

Executive Director, Steve Nelsen presented an overview of this study, providing a look at the most frequently requested benefit improvements and their costs as determined at the time of study. The board requested that staff provide further research on updated costs for the issues of: Multiplier, Final Average Salary and Survivor Benefits.

6. ADMINISTRATIVE UPDATE

Select Committee on Pension Policy

Executive Director, Steve Nelsen provided an update to the board on the December 16th SCPP meeting. They have decided to move forward with legislature on annuity for WSPRS.

Outreach Activities

Director Nelsen attended the WSCFF Executive board meeting on December 8, 2014. Deputy Director, Tim Valencia, attended and provided outreach at the Association of WA Counties' 2014 Annual Conference, November 18-20th.

2015 Meetings During Legislative Session

During legislative session board meetings will be held electronically, using technology to provide video and teleconferencing flexibility for board members. Public meetings will still occur in the WSIB Boardroom location.

BOARD MEETING MINUTES

FINAL - DECEMBER 17, 2014



Director Nelsen discussed that the next demographic study will occur on a non-rate setting year. No statute is required for this change.

MOTION | It was moved that Director Nelsen provide outreach to legislators during session and interim regarding LEOFF Plan 2. The motion was seconded and carried without objection.

7. BOARD GOVERNANCE/EVALUATION

Deputy Director, Tim Valencia, presented an overview of board self-evaluation as a best practice for governance, as well as plans for a 2015 board self-evaluation. Deputy Valencia asked for direction from the board regarding additional criteria being added to the upcoming evaluation. Possible additions discussed included a peer evaluation, an evaluation on the Executive Director, a 360' evaluation with stakeholders, an external governance review and individual board meeting evaluations.

Feedback provided from board members reflected interest in moving forward with an external governance review, and the possibility of additional criteria to be evaluated in individual assessments.

8. AGENDA ITEMS FOR FUTURE MEETINGS

Director Nelsen reviewed upcoming board meetings dates in 2015. During legislative session meetings will be held electronically. A legislative update will be provided at the January 28th meeting by Director Nelsen.

Chair Fox discussed the NCPERS Life Plan, a supplementary survivor's benefit and life insurance program, sponsored by NCPERS and provided through Prudential Life Insurance Company.

MOTION | Chair Fox asked the Board for approval to offer LEOFF Plan 2 members the NCPERS Life Plan. The motion was seconded and carried without objection.
Staff will work with NCPERS on implementing the program.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:13PM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 28th, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW, Olympia, WA 98502.