

BOARD MEETING MINUTES

JANUARY 28, 2015 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	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
Teleconference	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	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 January 28, 2015. A quorum of members was not available at this meeting.

OPENING | Executive Director Steve Nelsen called the meeting to order at 9:38am.

1. LEGISLATIVE UPDATE

Executive Director Steve Nelsen provided a review of the LEOFF Plan 2 Board recommended bills and other bills of interest.

BOARD BILLS

The board has chosen to endorse the *HCA Technical Corrections* bill. It has been introduced by the Senate as **SB 5466**. A hearing has not yet been scheduled. It is unknown if there will be a House companion bill.

The board has moved to pursue legislation on the *Remarriage Prohibition Bill*. The bill has been introduced in both the House as **HB 1194** and in the Senate as **SB 5246**. The Senate sponsor is Senator Roach and the House sponsor is Representative Kirby who has been a sponsor of this bill in the past.

On Tuesday January 27th a hearing was held in the House Commerce and Labor on **HB 1194**. Director Nelsen testified in support of the bill. There was testimony from surviving spouses in support of the bill. There was also testimony regarding concerns over the bill

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BILLS OF INTEREST

from the WA Self- Insurers Association, the Association of WA Cities and the WA State Association of Counties. After the hearing Director Nelsen met with the Association of Cities and the Association of Counties to discuss the bill. The Fiscal note was not available at the time of their testimony and there were concerns to the cost of the bill.

Two other bills have been introduced that could potentially affect LEOFF 2 members.

SB 5435 *Mandatory Offering of WA DCP*

The bill is currently in the Senate Ways and Means Committee. A House companion will be introduced shortly.

SB 5214 *Employer pick up contributions for PERS & PSERS*

Senator Roach is the sponsor of this bill that affects Public Safety Officers. There is no impact on LEOFF members. If this bill passes there will be further discussion at the first full board meeting after session.

2. ADMINISTRATIVE UPDATE

Director Nelsen provided an administrative update on the agency's budget and outreach activities.

BUDGET UPDATE

A 4th quarter budget update was provided to the board. The agency currently remains \$100,000 under budget for the biennium.

OUTREACH ACTIVITIES

The *WACOPS Winter Membership Meeting* occurred on January 14-15. Director Nelsen was asked to speak about bills the board would be proposing and informed them about the Remarriage Prohibition. He also spoke about the state budget and the Governor's proposed budget. The Governor's proposed budget included the board's contribution rates, as well as the payment of the alternate revenue payment from last biennium. Staff attended and provided outreach at a table during the event.

WSCFF will hold their Legislative Conference February 2nd-3rd. Director Nelsen will provide a legislative update and staff will provide outreach at a table at the event.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:59am.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for February 25, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502. This meeting will be held via WebEx video and teleconference.

BOARD MEETING MINUTES

FEBRUARY 25, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Teleconference	Representative Jeff Holy – Spokane Police Department (Retired)
Teleconference	Mr. Wally Loucks – Spokane County Sheriff’s Office
Teleconference	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
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 in the Washington State Investment conference room in Olympia, Washington on February 25, 2015. A quorum of the members was present during this meeting via teleconference.

OPENING | Chair Kelly Fox called the meeting to order at 9:36am.

1. LEGISLATIVE UPDATE

Executive Director Steve Nelsen provided a legislative update on LEOFF 2 board bills and other bills of interest.

BOARD BILL
UPDATES

SHB 1194 *Remarriage Prohibition for Survivors*

The Remarriage Prohibition bill was amended to create **SHB 1194**. The amendment provides that a surviving spouse be paid out of the LEOFF 2 fund instead of the Worker’s Compensation fund if they remarry.

MOTION

It was moved that the board support the amended bill. The motion was seconded. A roll call vote was requested by Vice Chair Simington. The board voted unanimously in favor of the motion.

Chair Fox requested that Director Nelsen obtain further information on the total cost that LEOFF members contribute to LNI as a whole.

BOARD MEETING MINUTES

FEBRUARY 25, 2015 - FINAL



BILL OF INTEREST
UPDATE

SB 5435 Mandatory Offering of the WA State Deferred Compensation Program by Public Employers has been introduced in the Senate.

2. ADMINISTRATIVE UPDATE

Director Nelsen provided an administrative update to the board on outreach activities attended by staff.

OUTREACH
ACTIVITIES

Director Nelsen provided a summary of the **SHB 1194** Remarriage Prohibition and answered Q&A at the WSCFF Legislative Conference held on February 2nd-4th.

Senior Research and Policy Manager Paul Neal attended the 2015 NAPPA Winter Seminar February 10th-13th. He provided a presentation on Salary Spiking at the conference.

The WSCFF Educational Conference will be held in April. Staff will attend and provide outreach at a table at the event.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:07am.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for March 25th, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

MARCH 25, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Teleconference	Representative Jeff Holy – Spokane Police Department (Retired)
Teleconference	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
In Attendance	Mr. David Cline – City of Tukwila
Absent	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 March 25th, 2015. A quorum of the members was not present at this meeting via teleconference.

OPENING | In the absence of Chair Fox and Vice Chair Simington, Tukwila City Administrator David Cline called the meeting to order at 9:32am.

1. LEGISLATIVE UPDATE

Executive Director Steve Nelsen provided a legislative update on LEOFF 2 board bills and other bills of interest.

BOARD BILL UPDATES | **SHB 1194** *Remarriage Prohibition for Survivors*
The bill is scheduled for a hearing today in the Senate Commerce Committee. It is tentatively on the agenda for Executive Action on Friday morning.

| **SB 5466** *HCA PEBB Technical Corrections*
The bill was heard in the House Appropriations Committee and is scheduled for Executive Action this afternoon in the House Appropriations Committee.

BILLS OF INTEREST | **SB 5435** *Mandatory Offering of WA DCP*
No legislative action this session.

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SB 6076 *Garnishing Pensions to Pay for Public Employee Felony Incarcerations*

SB 6077 *Forfeiture of Pension for a Public Employee Convicted of a Felony While in Service*

These bills were both heard in the Senate Committee on Ways & Means yesterday.

Director Nelsen attended and testified at the hearings. He requested that the Committee give the board and the Select Committee on Pension Policy be given an interim to study these issues and bring back a recommendation if appropriate next session.

SB 5982 *Increasing the Retirement Age for all Retirement Plans*

This bill was heard in the Senate Committee on Ways & Means yesterday.

HB 1105/SB 5076 *Governor's Supplement Budget*

HB 1106/SB 6077 *Governor's 2015-2017 Budget*

The House is expected to release their budget on Friday. Staff to send out an email to board members with updates on action that was taken with regard to the LEOFF 2 rates and what action, if any, was taken with regard to making an appropriation to the benefit improvement account.

It is unknown when the Senate's budget will be released. Director Nelsen will be working with staff and legislators to find updates.

2. ADMINISTRATIVE UPDATE

Director Nelsen provided an administrative update to the board on outreach activities attended by staff.

OUTREACH ACTIVITIES

On February 17th Ombudsman Tammy Harman was invited to speak at a local union in Federal Way on the role of the Ombudsman position. Director Nelsen accompanied her to this meeting. Board members are encouraged to offer up this same presentation to their locals if interested.

Ombudsman Tammy Harman has been invited to speak on an Ombudsman panel at the WSCFF Education Conference happening April 21-23. Director Nelsen will attend and speak in her place as she will out of state attending the International Ombudsman Association conference during this same time.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:11am.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 22nd, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

APRIL 22, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
Teleconference	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	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	Representative Kevin Van De Wege – WA State Representative
Teleconference	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
Absent	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal – Senior Research and Policy Manager
Absent	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 April 22, 2015. A quorum of the members was not present at this meeting.

OPENING

Vice Chair Jack Simington called the meeting to order at 9:31am and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. LEGISLATIVE UPDATE

Executive Director Steve Nelsen provided a legislative update to the board via tele and web conference.

BOARD BILLS

SB 5466 *HCA PEBB Technical Corrections*

The bill has passed out of the House and the Senate. It was delivered to the Governor on Monday. He will have to sign it before the end of session. Staff to update board when the bill signing is scheduled to occur.

HB 1194 *Remarriage Prohibition*

The bill has passed out of the House and the Senate. It has not yet been delivered to the Governor for signing. Staff to update board when the bill signing is scheduled to occur.

OTHER BILLS

SB 5435 *Mandatory Offering of WA DCP*

This bill did not pass.

SB 6076 *Garnishing Pensions to Pay for Public Employee Felony Incarcerations*

BOARD MEETING MINUTES

APRIL 22, 2015 - FINAL



This bill did not pass.

SB 6077 *Forfeiture of Pension for a Public Employee Convicted of a Felony While in Service*

This bill did not pass.

Session is scheduled to end this Saturday and the budget will not be finished. The LEOFF 2 rates were fully funded in the Governor's budget as well as both the House and Senate budgets. Payments to the benefit improvement account from September 2013 and for September 2015 are not in the House or Senate budgets.

2. ADMINISTRATIVE UPDATE

Director Nelsen provided an administrative update to the board that included the agency budget and the outreach activities of the staff.

BUDGET UPDATE | Agency is still under budget, we will finish out the biennium under budget as well.

OUTREACH ACTIVITIES | Director Nelsen is currently attending the WSCFF educational seminar and has provided a presentation on the Ombudsman position.

Director Nelsen will present at the NCPERS conference in May.

WASPC Spring Expo is in May and staff will attend with an outreach table at this event.

3. AGENDA ITEMS FOR FUTURE MEETINGS

Director Nelsen previewed agenda items for the next full meeting in May.

MAY MEETING | The next board meeting is May 27th and we will proceed with a full meeting. A legislative update will be on the agenda, as well as items for interim planning. If available we will review the preliminary results from the actuarial audit on the fiscal note for the Remarriage Bill. The board may take action at the June meeting to adopt these rates.

Staff will send a website link with the audio files of meetings to the board members each month.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:00am.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for May 27, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

MAY 27, 2015 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jack Simington, Vice Chair – Kennewick Police Department
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
Teleconference	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
Absent	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	Tsering Cornell – 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 27, 2015. A quorum of the members was present at this meeting.

OPENING

Chair Kelly Fox called the meeting to order at 9:32AM 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 MEETING MINUTES

Chair Fox reviewed the meeting minutes for the months of January, February, March and April of 2015.

MINUTES APPROVED

It was moved to approve the January Board meeting minutes from January 28, 2015. The motion was seconded. The Board approved the minutes without objection.

It was moved to approve the February Board meeting minutes from February 25, 2015. The motion was seconded. The Board approved the minutes without objection.

It was moved to approve the March Board meeting minutes from March 25, 2015. The motion was seconded. The Board approved the minutes without objection.

It was moved to approve the April Board meeting minutes from April 22, 2015. The motion was seconded. The Board approved the minutes without objection.

BOARD MEETING MINUTES

MAY 27, 2015 - FINAL



Research Analyst, Ryan Frost, presented the 2015 Interim Planning items to the board. Topics for the interim include Benefit issues, Actuarial issues and Organizational/Administrative items. The following issues will have presentations scheduled for initial consideration during the interim.

BENEFITS ISSUES:

1. Social Security Bridge

- i. The Social Security Bridge option would allow retirees to take an increased retirement benefit from the LEOFF 2 Trust until the member reaches the Social Security Full Retirement Age.

2. Retiree Annuity Purchase

- i. Allowing retired members of LEOFF 2 a one-time option to purchase an annuity out of the LEOFF Plan 2 fund.

3. Individual Healthcare Savings Accounts (SB 6071)

- i. Requires employers to set up tax appropriate flexible spending accounts or voluntary employee benefit accounts that allow employees to contribute and accrue savings for retiree medical premiums.

4. Pension Garnishment (SB 6076)

- i. For felonies committed after July 1, 2015, if the felony was the result of misconduct associated with the person's service as a public employee, up to 50 percent of the monthly retirement benefit can be garnished for the costs of incarceration, probation, parole, or restitution resulting from the crime.

5. Pension Forfeiture (SB 6077/2015)

- i. If a felony crime is committed in the course of public employment by a public official or employee after the effective date of the act, the person's membership in a state retirement plan is terminated and any retirement benefit is forfeited.

6. Increasing Retirement Age (SB 5982)

- i. The normal retirement ages for PERS 2 & 3, TRS 2 & 3, SERS 2 & 3, PSERS 2, LEOFF 2, and WSPRS members are each increased by two years for persons who first become members of the retirement plan on or after July 1, 2015.

7. Military Reserve/National Guard Response to Disasters

- i. Members who are called up in either the Reserves or National Guard to respond to natural disasters, such as the Oso mudslide or the Chelan wild fires, are not eligible for the same death and disability benefits as National Guardsman or Reservists who are called up for military service in a time of war.

8. Career Extension (Tabled in 2014)

- i. The Board proposed curtailing the ability of a LEOFF Plan 2 retiree to draw a pension and work in a historically LEOFF position.
- ii. The Board's proposal was introduced in 2014 as HB 2479.
- iii. The Legislative debate revealed tension between the Board's original policy goal and the goal of allowing smaller jurisdictions to compete for law enforcement officers and fire fighters they would not otherwise be able to afford.

ACTUARIAL ISSUES:

1. Experience Study Timing

- i. Every 6 years, the demographic experience study and economic experience study are presented during the same interim. This presentation from OSA will look at moving the demographic experience to an off year cycle so that the two studies no longer overlap.

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2. MP 2014 Mortality/Life Expectancy

- i. A presentation from OSA on the new mortality tables, and what this could mean for future contribution rates.

3. Funding Ratio Corridor/Funding Method Options

4. Economic Experience Study

ORGANIZATIONAL/ADMINISTRATIVE:

1. Board Officer Elections
2. Board Expectation Review
3. 2015 Off-site Work Session
4. DRS/CEM Benchmarking
5. DRS Administrative Update
6. WSIB Update
7. Annual Attorney General training

Director Nelsen further reviewed the administrative items due this interim.

1. Board Officer Elections - Nominations in July, election in August or September
2. Board Expectation Review – Director Nelsen to meet with board members to review expectations of staff
3. 2015 Off-site Work Session - October
4. Annual Attorney General training – May take place at June meeting

The board will have several new members joining. Councilmember Upthegrove has been appointed to the board in the vacant employer spot. The Senate spot has also been filled. There will be three Trustee spots that are ending in June, as the new term begins in July. Information has been sent out if these trustees would like to reapply.

Staff will move forward with placing these issues on our agenda items calendar for initial review presentations.

3. SUPPLEMENTAL RATE ADOPTION

Director Nelsen introduced the topic of Supplemental Rate Adoption. The Board must decide whether it is necessary to increase contribution rates due to the passage of Substitute House Bill 1194, providing surviving spouses of members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) and Washington State Patrol Retirement System (WSPRS) monthly survivor benefits regardless of remarriage. Research Analyst, Ryan Frost presented an overview of the issue with three options the board may choose for the 15-17 biennium.

Option 1: Adopt no supplemental rate

Under this option, the Board would recommend no increase in contribution rates. This would leave rates at:

Member	8.41%
Employer	5.05%
State	3.36%

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Option 2: Adopt OSA’s recommended supplemental rates

Under this option, the Board would recommend to adopt an increase in contribution rates of 0.07% for members, 0.04% for employers, and 0.03% for the state. This would increase rates to:

Member	8.48%
Employer	5.09%
State	3.39%

Option 3: Adopt the full normal cost

Under the option, the Board would adopt the full normal cost of the plan as presented by OSA last interim, with the addition of the cost of the new benefit. This would increase rates to:

Member	8.92%
Employer	5.35%
State	3.57%

Last year the board decided to leave the contribution rates at their current levels for the upcoming biennium. With the addition of this new bill, there is potentially a larger gap between actual rates and what the normal cost of the plan is projected to be.

MOTION

It was moved that these three options be moved forward to the June meeting for further discussion. The motion was seconded and carried unanimously.

4. 2015 LEGISLATIVE REVIEW

Senior Research and Policy Manager, Paul Neal, presented a review of the 2015 legislative session thus far. A final budget has not yet passed at this time. The Governor, House and Senate each have proposed budgets.

PLAN FUNDING

Contribution Rates – Board’s Rates Fully Funded In All Three Proposed Budgets

The LEOFF Plan 2 Board voted to maintain the existing contribution rates, 8.41% members, 5.05% employer, and 3.36% state, through the 2015-2017 biennium. Although the Legislature has not yet passed a budget, the Board’s rates were included in each of the budgets proposed by the Governor, House, and Senate.

Benefit Improvement Account – Not Fully Funded

The 2008 Legislature promised to provide additional revenue for LEOFF Plan 2 benefit improvements and local government public safety purposes when the State economy grew by more than 5% from one fiscal biennium to the next.

The 5% revenue growth trigger was not met in 2011. The trigger was met for 2013, however, the Legislature declined to pay it, instead striking the \$10 million payment from the statute. The statutory trigger was met again for 2015.

- Governor Inslee's proposed budget appropriates \$10 million to cover the 2013 amount, but does not include the \$20 million disbursement required for 2015.
- The House's proposed budget does not fund the payment, instead amending the statute to strike the language requiring payment in 2015.

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- The Senate's proposed budget makes the same change as the House, but then goes on to strike further statutory payments until 2019.

**LEGISLATION
PASSED
AFFECTING LEOFF
PLAN 2**

L&I Remarriage Penalty for Surviving Spouses Rescinded – HB 1194

Surviving spouses of LEOFF Plan 2 members killed in the line of duty receive a monthly benefit from Labor and Industries (L&I). Under prior law, this benefit ended upon remarriage.

HB 1194 requires LEOFF Plan 2 to assume the L&I survivor benefit if the surviving spouse of a LEOFF 2 member remarries. LEOFF Plan 2 will also pay a benefit to surviving spouses whose benefits were previously suspended due to remarriage. The bill extends the same benefit to survivors of WSPRS members killed in the line of duty.

**LEGISLATION NOT
PASSED THAT
WOULD HAVE
AFFECTED LEOFF
PLAN 2 MEMBERS**

Garnishing Public Pensions to Pay for Public Employee Incarceration – SB 6076

Public employee pensions are exempt from garnishment except in statutorily specified situations, such as a property division order related to divorce. SB 6076 proposed authorizing garnishment of public pensions to pay for the cost of incarcerating public employees serving time for a felony connected to the person's public service. Heard in the Senate, not passed out of committee.

Forfeiture of Public Pensions for Felons – SB 6077

Public employee pensions are protected from forfeiture unless the retiree is receiving a disability pension and was injured in the commission of a felony. SB 6077 proposed authorizing forfeiture of public pension if the person were convicted of a felony connected to the person's public service. Heard in the Senate, not passed out of committee.

Increasing Retirement Age – SB 5982

Proposed increasing retirement age in Washington's public retirement plans, including raising normal retirement age in LEOFF Plan 2 from 53 to 55 for new hires. Heard in Senate, not passed out of committee.

Health Care Benefit Accounts – SB 6071

Proposed authorizing tax qualified benefit accounts that LEOFF Plan 2 members could contribute to prior to retirement to pre-fund medical expenses. Introduced in Senate, not heard.

Requiring Local Governments to Offer State Deferred Compensation Program – SB 5434

Proposed requiring all DRS covered employers to offer the State Deferred Compensation Program (DCP). Also included automatic enrollment in DCP with voluntary opt out. Passed Senate Ways and Means, died in rules.

**LEGISLATION
PASSED
AFFECTING OTHER
PLANS**

PEBB Technical Corrections Bill – SB 5466 (Endorsed by LEOFF Plan 2 Board)

The Health Care Authority has repeatedly requested the Legislature to pass their clean-up bill. This year, with the Board's endorsement and assistance, they met their goal.

The bill's provisions include:

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- Clean-up of Domestic Partner Eligibility: Two bills enacted in 2009 addressed the benefit rights of domestic partners of emergency service personnel killed in the line of duty. Both bills amended 41.05.080 in different ways. SB 5466 reconciles those amendments.
- Alignment of child dependent coverage with the Patient Protection and Affordable Care Act (PPACA) by allowing coverage of children and dependents up to age 26.

Retiree Return to Work – SCPP request (HB 1168)

Corrects drafting error in 2011 return to work bill. Allows all PERS retirees to work 867 hours in eligible position without reducing pension.

WSPRS Annuity Purchase – SCPP request (SB 5210)

The 2014 Legislature passed the LEOFF Plan 2 Board’s request bill authorizing members to purchase an annuity from the LEOFF Plan 2 trust fund at the time of retirement. SB 5210 extends that same ability to members of Washington State Patrol Retirement System.

Director Nelsen spoke in regards to testifying at the hearings for SB 6076 and SB 6077.

5. ADMINISTRATIVE UPDATE

Director Nelsen gave a summary of outreach activities that staff attended and provided outreach at since the previous board meeting. An update of administrative items was also provided.

OUTREACH ACTIVITIES

Staff members attended the WSCFF Educational Conference on April 20th-23rd. Director Nelsen was part of a panel presentation on the roles and responsibilities of the Ombudsman position. Staff provided an outreach table at the conference where they answered questions and provided informational handouts to attendees.

Staff provided an outreach table at the WASPC Spring Expo May 19-20th in Spokane.

Upcoming events staff will attend include:

WACOPS Spring Membership meeting will be on July 10th. Director Nelsen to be on panel with DRS about retirement readiness.

Association of Washington Cities will have their Annual Conference June 23rd-25th. Staff has been asked to provide materials (handouts and brochures) for members that will attend.

WSCFF will have their Annual Conference at the end of June/July. Staff will attend and provide an outreach table there.

ADMINISTRATIVE ITEMS

The Dual Response newsletter will be going out in mid-July. This newsletter will announce the board action of last year regarding the NCPERS Life Insurance policy and will kick off the open enrollment period of August/September.

Staff will be looking into and clarifying whether rulemaking or potential legislation may be necessary in regards to confidentiality of information that members provide and share with the Ombudsman when discussing their claim or asking for assistance.

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Staff will be reaching out to board members to set up expectation interviews. Staff would also like to reach out to long term board members for possible video interviews to be posted to the LEOFF website. More information to follow.

6. AGENDA ITEMS FOR FUTURE MEETINGS

Director Nelsen reviewed upcoming items for the June 24th meeting agenda.

The following items are currently scheduled for June:
Auditing actuaries report of the fiscal note for SHB 1194
Full presentation on the Supplemental Rate Adoption

Other items tentatively scheduled for June:
End of the legislative session recap
Contingency planning if budget is not reached

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:20AM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 24th, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JUNE 24, 2015 – 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	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
Absent	Mr. David Cline – City of Tukwila
Absent	Representative Kevin Van De Wege – WA State Representative
Absent	Councilmember Dave Upthegrove – King County Council District 5
Teleconference	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
In Attendance	Jessie Jackson – Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
Absent	Tammy Harman – Death and Disability Ombudsman
Absent	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 June 24, 2015. A quorum of the members was present at this meeting.

OPENING | Chair Kelly Fox called the meeting to order at 9:34am 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 May 27, 2015. Motion seconded. The Board approved the minutes without objection.

2. SUPPLEMENTAL RATE ADOPTION

Ryan Frost, Research Policy Manager, presented additional information to the board on the topic of Supplemental Rate Adoption and the policy options that could be taken due to the passage of Substitute House Bill 1194. Because the State Actuary’s fiscal note and assumptions are currently under audit by an outside actuary, the results of that audit will be reviewed by the board at a later date. No action was taken by the board at this time.

BOARD MEETING MINUTES

JUNE 24, 2015 – FINAL



3. EXPERIENCE TIMING STUDY

Lisa Won, Deputy State Actuary, presented an overview of the board's adoption for key actuarial processes, including the timing considerations for demographic assumptions. Economic assumptions are adopted every odd year and contribution rates are adopted every even year. The State Actuary is scheduled to conduct a demographic experience study in the same year as contribution rates are to be adopted. A one-time adjustment to the current six year cycle is proposed so that assumption changes be reviewed and adopted in a separate year from rate setting. No amendment is required to the current statutes. This proposal will receive further consideration when presented to the Department of Retirement Systems and the Pension Funding Council. No action was taken by the board at this time.

4. RETIREE PURCHASE OF ANNUITY

Ryan Frost, Research Policy Manager, presented on the topic of allowing retired LEOFF 2 members to purchase an annuity. The Legislature enacted the Board's 2013 proposal allowing retiring LEOFF Plan 2 members to roll over tax deferred savings into LEOFF Plan 2 to purchase an annuity, RCW 41.26.463. Current state law limits roll overs to the time of retirement. Staff has determined retiree annuity purchase is permissible under the internal revenue code if the LEOFF Plan 2 act were amended to allow it.

MOTION | It was moved that staff continue to research and report on this issue. The motion was seconded and carried unanimously.

5. INCOME LEVELING OPTION

Ryan Frost, Research Policy Manager, presented on the topic of income leveling, overviewing two options of Social Security Leveling and Medicare Leveling and there advantages and disadvantages. These option are designed to give members who retire between ages 53 and 67 a consistent total income before and after receiving either Medicare or Social Security benefits.

MOTION | It was moved that staff continue to research and report on this issue. The motion was seconded but failed to carry. Vice Chair Simington and Mark Johnston voted not to move this issue forward at this time.

6. INCREASING RETIREMENT AGE

Ryan Frost, Research Policy Manager, presented on the topic of increasing the retirement age of LEOFF 2 members. The sponsor of a bill introduced in the 2015 session as SB 5982, believed that due to the increase in life expectancy, the retirement age of members should increase to reflect that extra cost. Mr. Frost spoke to the impacts this would have on members as well as impacts on the state and on employers.

BOARD MEETING MINUTES

JUNE 24, 2015 – FINAL



MOTION

It was moved to dismiss this issue. The motion was seconded and carried unanimously. Staff was asked to provide the board with information on the years of service for the average retirement ages of Law Enforcement Officers and Fire Fighters.

7. DISASTER RESPONSE COVERAGE

Ryan Frost, Research Policy Manager, presented on the topic of disaster response coverage. LEOFF 2 members who are called up to federal service to respond to natural disasters such as the Chelan wildfires or the Oso mudslide have different, and often less, pension protections than those called into service for military reserves or the National Guard. Mr. Frost explained the current state benefits and a history of the legislation affecting these benefits. Currently, no special considerations are made for members who are called to military service to respond to natural disasters, and are killed during that service. A primary policy question is whether survivors of members who become disabled or die while called to respond to natural disasters should receive the same benefits as members who become disabled or die while serving in the military during a period of war.

MOTION

It was moved that staff continue to research and report on this issue. The motion was seconded and carried unanimously.

8. FINAL LEGISLATIVE UPDATE

Ryan Frost, Research Policy Manager, provided an overview of the most recent legislative changes as they pertain to contribution rates and the Benefit Improvement Account.

BUDGET BILL

The final budget is not yet passed. The Governor, House, and Senate each have proposed budgets and the Contribution Rates are fully funded in all three budgets.

BENEFIT IMPROVEMENT ACCOUNT

Governor proposes a \$10 million payment to the account. The House proposes cancelling the 2015 payment. The Senate also proposes cancelling the 2015 payment and has the intent of suspending the payment in 2017 to investigate whether this benefit should continue, be modified, or be terminated.

9. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director, provided an administrative update to the board with outreach activities done by staff since the last board meeting as well and upcoming items and information for the board.

BOARD MEETING MINUTES

JUNE 24, 2015 – FINAL



The Washington State Fire Fighters Association held their Annual Conference on June 5th. Senior Research Policy Manager Paul Neal and Research Policy Manager Ryan Frost attended and provided outreach with a table at this event.

WACOPS Spring Meeting was held on June 10th. Executive Director Steve Nelsen and Deputy Director Tim Valencia attended and provided outreach with a table at this event. Director Nelsen gave two presentations including a legislative update and also participated on a panel discussing financial preparedness

Washington State Council of Fire Fighters will hold their Annual Convention June 30 – July 2. Director Nelsen and Research Policy Manager Ryan Frost will attend and provide outreach with a table at the event.

Staff has sent out an email request to board members to schedule their annual expectation interviews with Director Nelsen. Deputy Director Valencia has also sent out a survey to be answered by each board member and used as reference during these expectation interviews.

Director Nelsen spoke to the state budget not yet being passed and informed the board that the LEOFF Plan 2 Retirement Board agency will not have to move forward with a contingency plan or shut down on July 1st.

Staff members were given recognition. Executive Assistant Jessie Jackson celebrated a one year anniversary of employment. Ryan Frost was promoted to Research Policy Manager as of June 1st.

Two board members were recognized for the completion of their terms on the board by Director Nelsen and Chair Fox. Vice Chair Jack Simington and Pat Hepler have been with the LEOFF 2 Board since its founding in 2003 and they spoke of their gratitude to the board and staff. Staff will schedule exit interviews with each of these board members.

Chair Fox informed the board of three board members that have been appointed to the board as of July 1st. Current board member Paul Golnik will return for another term as an Employer Representative. Senator Judy Warnick will join the board July 1st in the Legislative seat and Michael White will join filling the Fire Fighter seat.

10. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director spoke of agenda items for upcoming meetings. Items moving forward today will return as comprehensive reports to the board at future meetings. At the July meeting it will be decided if the board will meet in August or if they will chose to cancel and return in September. October's meeting will be offsite and is scheduled as a strategic planning meeting.

BOARD MEETING MINUTES

JUNE 24, 2015 – FINAL



ADJOURNMENT

There being no further business, the meeting was adjourned at 11:16AM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 22nd, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JULY 22, 2015 – FINAL



TRUSTEE AND STAFF ATTENDANCE

Teleconference	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Vice Chair – Vacant
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Mr. Wally Loucks – Spokane County Sheriff’s Office
Teleconference	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Michael White – Valley Regional Fire Authority
Absent	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
Absent	Representative Kevin Van De Wege – WA State Representative
Absent	Councilmember Dave Upthegrove – King County Council District 5
Teleconference	Senator Judy Warnick – WA State Senator
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
Absent	Tammy Harman – Death and Disability Ombudsman
In Attendance	Paul Neal – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Kathryn Wyatt – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment Board conference room in Olympia, Washington on July 22, 2015. A quorum of the members was not present at the start of this meeting but later became available.

OPENING | David Cline called the meeting to order at 9:35AM 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

Approval of December 17, 2014 meeting minutes and June 22, 2015 minutes.

MOTION | It was moved to approve the Board meeting minutes from December 17, 2014. Motion seconded. The Board approved the minutes without objection.

MOTION | It was moved to approve the Board meeting minutes from June 24, 2015. Motion seconded. The Board approved the minutes without objection.

2. Individual Health Savings Accounts

Ryan Frost, Research and Policy Manager spoke to the board regarding a gap in healthcare coverage for public safety employees from the time of retirement to when Medicare coverage begins. Senator Steve Hobbs spoke to the board regarding Senate Bill 6071, a bill he introduced this legislative session,

BOARD MEETING MINUTES

JULY 22, 2015 – FINAL



authorizing benefit funding accounts for members of the Law Enforcement Officers' and Firefighters' Retirement System Plan 2. Thoughts and feedback were requested by Senator Hobbs so that the bill may be improved before the 2016 legislative session. No action was taken at this time as a quorum was not available.

3. PEBB Access

Mary Fliss, Deputy Division Director for Public Employees Benefit Board (PEBB), spoke to the board regarding eligibility and coverage of PEBB Employer Group Participation.

4. DRS Update and CEM Benchmarking

Mark Feldhausen, Budget and Performance Management Director for the Department of Retirement Systems, presented the Public Pension Administration Benchmarking Analysis summary from fiscal year 2014.

5. Economic Experience Study Overview

Lisa Won, Deputy State Actuary from the Office of the State Actuary presented an overview of their Economic Experience Study which is performed every two years. The last demographic experience study was presented to the board last year on years 2007-2012.

6. Administrative Factors Preview

Lisa Won, Deputy State Actuary from the Office of the State Actuary, presented a preview of the administrative factors, their purpose and the board's role in taking action in updating future factors. OSA will calculate new factors based on updated assumptions and share the results with the LEOFF 2 Board at the September board meeting.

7. Pension Garnishment

Paul Neal, Senior Research and Policy Manager reviewed the current Washington law governing garnishment of LEOFF Plan 2 pensions.

MOTION

Chair Fox moved to continue discussion of this topic at a future board meeting. The motion was seconded and carried unanimously.

8. Public Testimony by Renee Mahr and Jolin Lowry

Renee Mahr and Jolin Lowry spoke to the board to give thanks for the board's involvement and work during the last ten years resulting in the passage of SHB 1194 during the 2015 legislative session. They presented a plaque to the board to show their appreciation.

9. Administrative Update

Steve Nelsen, Executive Director provided his administrative update to the board.

BOARD MEETING MINUTES

JULY 22, 2015 – FINAL



SCPP UPDATE	SCPP held their first meeting of the year on July 21 st . The committee does not have a plan for this interim yet. They are skipping the August meeting and will be meeting in September next. Director Nelsen was asked to speak during the Executive session meeting and will be speaking again at the September meeting.
OUTREACH ACTIVITIES	Director Nelsen and Ryan Frost attended the WSCFF Annual Convention, providing outreach and resources with a table at the event. Tammy Harman is currently providing an Ombudsman presentation at the Disability Employment Governor’s Task Force.
STAFF NEWS	Paul Neal celebrated his 20 year anniversary of state service this past month.

10. Final Legislative Update

Ryan Frost, Research and Policy Manager provided a final legislative update to the board. Contribution rates were fully funded in the Legislature’s final budget. A \$15,776,000 payment was made into the Benefit Improvement Account from the LEOFF Plan 2 Trust.

ACTION	Representative Holy requested that staff provide a briefing to provide board members with further information at a future board meeting.
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11. Agenda Items for Future Meetings

MOTION	It was moved to cancel the August 26, 2015 meeting. The motion was seconded and passed unanimously.
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ADJOURNMENT

There being no further business, the meeting was adjourned at 12:07 PM. The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 23rd at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Vice Chair – Vacant
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Kevin Van De Wege – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
Teleconference	Councilmember Dave Upthegrove – King County Council District 5
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Jason Granneman – Clark County Sheriff’s Office
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 and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on September 23, 2015. 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

MOTION | It was moved to approve the Board meeting minutes from July 22, 2015. Motion seconded. The Board approved the minutes without objection.

2. LEOFF AUDIT RESULTS FY 2015

Steve Davis, from Davis Accounting, Tax & Audit Service presented the outcomes of the FY 2015 Independent Audit Results. No official audit findings were reported.

3. SUPPLEMENTAL CONTRIBUTION RATE ADOPTION

The Board must decide whether it is necessary to increase contribution rates due to the passage of Substitute House Bill 1194, providing surviving spouses of members of the Law Enforcement

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement System and Washington State Patrol Retirement System (WSPRS) monthly survivor benefits regardless of remarriage. Ryan Frost, Research & Policy Manager provided an overview of this issue and three options for the Board to consider.

Option 1: Do not adopt a supplemental rate.

The Board would leave rates at:

Member	8.41%
Employer	5.05%
State	3.36%

Option 2: Adopt OSA's recommended supplemental rates.

The Board would adopt an increase in contribution rates of 0.05% for members, 0.03% for employers, and 0.02% for the state. Rates would increase to:

Member	8.46%
Employer	5.08%
State	3.38%

Option 3: Adopt the full normal cost.

The Board would adopt the full normal cost of the plan as presented by OSA last interim, including the cost of the new benefit. This would increase rates to:

Member	8.90%
Employer	5.34%
State	3.56%

MOTION

It was moved to approve Option 1, no increase in contribution rates. Motion seconded and passed unanimously. The Board moved to leave the current rates as is without objection.

4. ECONOMIC EXPERIENCE STUDY

Lisa Won, Deputy State Actuary and Graham Dyer, Actuarial Analyst presented the results from the Economic Experience Study performed by the Office of the State Actuary.

NO ACTION

The economic assumptions are reviewed every two years during odd years. The Office of the State Actuary recommends maintaining the current assumptions for total inflation, general salary growth, and annual investment return. The table below summarizes the current and recommended long-term economic assumptions that apply to LEOFF 2. They find all current economic assumptions reasonable and recommend no changes.

Assumption	Current	Recommended
Inflation	3.00%	3.00%
General Salary Growth	3.75%	3.75%
Annual Investment Return	7.50%	7.50%

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



5. ADMINISTRATIVE FACTORS ADOPTION

The Office of the State Actuary (OSA) completed their update of several administrative factors for use in the Washington Administrative Code (WAC). These were amended as a result of the changes to the demographic assumptions adopted by the Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) Retirement Board (Board) during the 2014 Interim. The Board has the statutory responsibility to adopt administrative factors for the plan. The Department of Retirement Systems communicates factor changes to members and implements new factors effective October 2016.

Lisa Won, Deputy State Actuary, provided information to the board on the new factors below with a recommendation for adoption.

	Current	New	Change
Early Retirement Factor	0.497	0.512	3.02%
Joint & Survivor Factor	0.859	0.872	1.51%
Annuity Factor	0.0053643	0.0049520	7.69%
Service Credit Restoration Factor 1	0.2358	0.2630	11.54%
Service Credit Restoration Factor 2	0.2325	0.2601	11.87%

MOTION | It was moved that the board adopt the new administrative factors as recommended. Motion seconded and passed unanimously.

6. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director provided his administrative update to the board.

SCPP UPDATE | Director Nelsen spoke to the Select Committee on Pension Policy at the September meeting.

OUTREACH ACTIVITIES | *Stand with Those Who Serve* – Tammy Harman and Tim Valencia attended and provided outreach at this event held at JBLM on August 30th.

WSCFF Executive Board Meeting – Director Nelsen spoke to the Public Hospital Districts appeal and the verbal decision from the Department of Retirement Systems.

7. CAREER EXTENSION

Paul Neal, Senior Research and Policy Manager, provided a high level overview as a follow up to the November 2014 Board discussion to review options changing standards governing when LEOFF Plan 2 retirees can return to public safety work and retain their pension. Three options were provided to the board.

Option 1 - Maintain original position – support reintroduction and passage of HB 2479 Maintain original position – support reintroduction and passage of HB 2479.

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



Option 2 - Redraft HB 2479 to allow LEOFF Plan 2 retiree to hold a LEOFF position without losing pension in defined circumstances:

- Require change of employer
- Limit to Chief positions
- Require 25 or more years of service credit
- Limit combined pension and salary to percentage of FAS
- Limit pension eligibility to 867 hours per year

Option 3 - Take no further action

MOTION

It was moved to approve Option 1 and maintain original position. Motion seconded. The Board voted 6 yes, 4 no.
The Board asked to move this issue to an offsite workshop for discussion with a representative from the Department of Retirement Systems available for any questions.

8. DISASTER RESPONSE COVERAGE

Ryan Frost, Research and Policy Manager, provided an overview on the topic of LEOFF Plan 2 members who are called up to federal service and the benefit information for first responders to natural disasters and wildfires. They have different, and often less, pension protections than federal military members who respond to these disasters. LEOFF Plan 2 members killed while providing military service to respond to natural disasters receive only non-duty death benefits, i.e. refund of contributions. Two options were presented to the board for consideration.

Option 1 – Provide full death and disability benefits under LEOFF Plan 2 for members who are called up to military service to respond to natural disasters and wildfires.

Option 2 – Take no further action.

MOTION

It was moved to approve Option 1 and have staff continue to research the issue, providing a follow up at a future board meeting. Motion seconded and carried unanimously.

9. RETIRE ANNUITY PURCHASE

Paul Neal, Senior Research and Policy Manager presented an overview of current state law which does not allow retirees to roll over tax deferred savings into LEOFF Plan 2 to purchase an annuity. Three options were presented to the board for consideration.

Option 1 – Propose legislation allowing retirees a one-time window to roll over money from their deferred compensation account into the LEOFF Plan 2 annuity

Option 2 – Include LEOFF plan 1 and Washington State patrol retirees in proposed legislation

Option 3 – Take no further action

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



Dick Warbrouck, President of the Retired Fire Fighters of Washington, asked to speak to the board regarding consideration of LEOFF 1 and 2 retirees to be included in legislation.

MOTION | A motion to pursue Option 2 was moved. It was then moved to pursue Option 1. Motion for Option 2 was withdrawn. Motion for Option 1 was seconded. Motion carried unanimously.

10. ALTERNATE REVENUE

Steve Nelsen, Executive Director provided an educational briefing and the legislative actions related to Alternate Revenue. The legislature did not appropriate the Alternate Revenue payment for 2015 as prescribed in statute. The biennial operating budget passed by the legislature for 2015-2017 included a provision to transfer \$15,776,000 from the LEOFF Plan 2 Trust Fund assets to the LEOFF Plan 2 Benefit Improvement Account.

11. BOARD & ADMINISTRATIVE COMMITTEE ELECTIONS

The LEOFF 2 Board elects the Chair, Vice-Chair, and Administrative Committee representatives every two years at the September meeting. Board Elections are effective immediately following this meeting.

MOTION | It was moved to conduct elections today. The motion was seconded and carried unanimously.

MOTION | It was nominated that Kelly Fox be named Chair. The motion was seconded and carried unanimously.

MOTION | It was nominated that Jason Granneman be Vice Chair. The motion was seconded and carried unanimously.

MOTION | It was nominated that David Cline be the Employer Representative for the Admin Committee. The motion was seconded and carried unanimously.

12. 2015 MEETING DATES

Steve Nelsen, Executive Director discussed the remaining board meeting dates for 2015 and scheduling conflicts that exist for the months of October, November and December.

MOTION | A motion was made for the cancellation of the October 28th date. Motion seconded and carried. The offsite meeting was changed to October 15th instead.

13. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director addressed topics that will be discussed at the October meeting.

BOARD MEETING MINUTES

SEPTEMBER 23, 2015 - FINAL



ADJOURNMENT

There being no further business, the meeting was adjourned at 1:44pm.

NEXT MEETING	The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 15 th , 2015 at the Middleton Auditorium located at 2421 Heritage Ct SW, Olympia, WA 98502.
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BOARD MEETING MINUTES

OCTOBER 15, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
Absent	Mr. Jason Granneman – Clark County Sheriff’s Office
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Kevin Van De Wege – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Councilmember Dave Upthegrove – King County Council District 5
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Michael White – Valley Regional Fire Authority
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 and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Middleton Auditorium in Olympia, Washington on October 15, 2015. A quorum of the members was present at this meeting.

OPENING | Director Steve Nelsen welcomed the Board and gave an overview of the day’s agenda, including the three work session topics to be discussed during this meeting.

1. WORK SESSION 1 – LEOFF PLAN 2 FUNDING METHOD

Issue Summary: *The Board’s current policy of having both a “temporary” and “long term” actuarial funding method creates confusion in fiscal notes and actuarial valuation reports.*

The following points were discussed:

- The differences between the aggregate funding method and the entry age normal cost funding method.
- The paradox of having a “positive unfunded liability”, and what issues or benefits having that creates.
- Continuing to have internal checks to keep track of funding status as they relate to contribution rate levels.
- Employer representatives on the Board discussed the benefits of having stable rates as it relates to their budgeting process.
- Employee representatives on the Board attributed the positive status the plan is currently in to the partnership between members and employers.

BOARD MEETING MINUTES

OCTOBER 15, 2015 - FINAL



2. WORK SESSION 2 – RETIREE RETURN TO WORK

Issue Summary: *Employment arrangements that allow LEOFF Plan 2 retirees to continue drawing their pension when they return to work in LEOFF management positions undermines public confidence that the plan is well-designed and professionally managed. However, these same arrangements facilitate employers hiring desired personnel.*

Director Nelsen opened discussion by providing background of the issue and a historical account of previous Board action.

The following points were discussed:

- Under current law where the employer is fully responsible for any overpayment. The obligation could be split between the employer and the employee so that employees had some “skin in the game”.
- Concern over public perception of retirees and employers gaming the system could have on the overall negative impact on the system.
- Support for reintroducing original bill, who would work it and how to resolve the lack of unanimity between stakeholder groups.
- The Board requested a follow-up report on the issue at the November meeting.

3. WORK SESSION 3 – DISASTER RESPONSE COVERAGE

Issue Summary: *LEOFF Plan 2 members who are called up to federal service to respond to natural disasters receive reduced non-duty death and disability benefits from LEOFF Plan 2 if they are killed or disabled in the course of that service.*

The following points were discussed:

- What federal benefits are available to these members, and whether they provide enough protection for members killed or disabled in the course of federal service.
- Making it a priority to take care of families if members are killed or disabled in the course of federal service by stabilizing their pension if at all possible.
- The cost impacts of providing an unreduced survivor annuity to responders to natural disasters.
- Benefits gained by members receiving federal training.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:30PM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 18, 2015 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

NOVEMBER 18, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jason Granneman – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Representative Kevin Van De Wege – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
Absent	Councilmember Dave Upthegrove – King County Council District 5
In Attendance	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
Absent	Mr. David Cline – City of Tukwila
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Steve Nelsen – Executive Director
Absent	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 and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment Board conference room in Olympia, Washington on November 18, 2015. 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 as well as those suffering from the attacks in France.

1. APPROVAL OF MINUTES

MOTION

It was moved to approve the Board meeting minutes from September 23 and October 15, 2015. Motion seconded. The Board approved the minutes without objection.

2. DISASTER RESPONSE COVERAGE

Ryan Frost, Research and Policy Manager, provided an overview on the topic of LEOFF Plan 2 members who are called up to federal service and the benefit information for first responders to natural disasters and wildfires. They have different, and often less, pension protections than federal military members who respond to these disasters. LEOFF Plan 2 members killed while providing military service to respond to natural disasters receive only non-duty death benefits.

Two options were presented to the Board for consideration.

BOARD MEETING MINUTES

NOVEMBER 18, 2015 - FINAL



Option 1 – Direct staff to present a Final Proposal.

- Provide the unreduced survivor annuity and ability to purchase up to 5 years of service credit to members who are called up to federal service to respond to natural disasters; and are disabled or killed during that service.

Option 2 – Take no further action.

Guest speaker Colonel Kevin McMahan, Director of Manpower and Personnel (J-1) for the Washington National Guard, presented to the Board giving an overview of the Washington National Guard. He reviewed the Federal and State Authority, the differences between the Army National Guard and the Army Reserve and Duty Status Entitlements.

MOTION | It was moved to adopt Option 1 and have staff present a Final Proposal at the December 16 board meeting. The motion was seconded and passed unanimously.

3. WASHINGTON STATE INVESTMENT BOARD ANNUAL UPDATE

Theresa Whitmarsh, Executive Director of the Washington State Investment Board, presented an annual update to the Board.

4. DEPARTMENT OF RETIREMENT SYSTEMS ANNUAL UPDATE

Marcie Frost, Executive Director at the Department of Retirement Systems (DRS) presented an annual update to the Board.

5. LEOFF PLAN 2 ACTUARIAL VALUATION RESULTS

Lisa Won, Deputy State Actuary at the Office of the State Actuary (OSA) presented results and highlights of the 2014 Actuarial Valuation to the Board. This is an off-cycle valuation, not used for contribution rate setting as the current rates are adopted through the 2015-2017 biennium. This presentation was informational only, with no action required by the Board.

Lisa Won reviewed changes in participant data from the last valuation specific to LEOFF 2 members. In the period of July 1, 2013 – June 30, 2014 there were 387 active members who retired. Their average age at time of retirement was 58. They had an average service time of 27 years, and average monthly benefit of \$4400.

A summary of the 2014 Actuarial Valuation included the following information:

- Calculated contribution rates below current adopted rates, both rates remain reasonable
- Current funded status exceeds 100 percent and is considered healthy. This actuarial valuation is a snap-shot in time.
- Actuarial Value of Assets now recognizing asset gains
- Accrued liability and funded status results now use Entry Age Normal actuarial cost method, same measure used for financial reporting

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OSA has moved some elements from the actuarial valuation report to their website, providing interactive web reports. These provide the ability to use different inputs to see how the results change. Current reports include Funded Status and Future Value and Present Value of Benefit Payments. Reports for Contribution rates and Age/Service Distributions are currently in the queue.

6. REVISED ADMINISTRATIVE FACTORS

Lisa Won, Deputy State Actuary at the Office of the State Actuary (OSA) presented a background on administrative factors. The Board adopted administrative factors at the September 2015 meeting. OSA discovered corrections/improvements after these factors were adopted and recommends the following three revisions:

- 1) Correct the application of future mortality improvements. Prior factors presented in September incorrectly applied mortality improvements in the valuation model.
- 2) Use generational mortality improvements instead of estimating an equivalent static year.
- 3) Add return of contributions death benefit to “Monthly Benefit per \$1.00 of Accumulation Factors” (aka annuity purchase factors). If member purchases additional annuity at retirement and dies before receiving monthly benefits at least equal to the cost of the purchase, the excess is paid in a lump sum.

OSA recommends that the Board adopt the final revised administrative factors in the table below. The Department of Retirement System would then communicate the factor changes to members and implement new factors to be effective October 2016.

	Factors Adopted 9/2015	Revised Factors
Early Retirement Factor	0.512	0.506
Joint & Survivor Factor	0.872	0.855
Annuity Factor	0.0049520	0.0050474
Service Credit Restoration Factor 1	0.2630	0.2559
Service Credit Restoration Factor 2	0.2601	0.2530

MOTION | It was moved to suspend the normal operating procedure. Motion seconded and passed unanimously.

MOTION | It was moved to adopt the revised factors as recommended. Motion seconded and passed unanimously.

7. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director provided his administrative update to the Board. This included a quarterly budget update, SCPP update, and outreach activities done by staff and the Director since the last board meeting.

The Board received the ‘Recognition Award for Funding 2015’ from the Public Pension Coordinating Council. A copy of the award will be given to the Office of the State Actuary for their contribution to the Board to achieve this.

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8. RETIREE RETURN TO WORK – COMPREHENSIVE REPORT FOLLOW-UP

Paul Neal, Senior Research and Policy Manager, provided a comprehensive follow-up report on the issue of career change and its history in past interims.

Two options were provided to the Board.

Option 1 – Direct staff to present a Final Proposal. Reintroduction of House Bill 2479. Draft legislation with fiscal note.

Option 2 - Take no further action

MOTION | It was moved to approve Option 1 and have staff present a Final Proposal. Motion seconded and carried unanimously.

9. RETIRE ANNUITY PURCHASE

Paul Neal, Senior Research and Policy Manager presented a comprehensive follow-up report on the issue of the purchase of an annuity by retirees. Current state law does not allow retirees to roll over tax deferred savings into LEOFF Plan 2 to purchase an annuity. LEOFF Plan 1 and WSPRS retirees have asked to be included in future legislation.

Three options were presented to the Board for consideration.

Option 1 – Propose legislation allowing retirees a one-time window to roll over money from their deferred compensation account into the LEOFF Plan 2 annuity

Option 2 – Include LEOFF Plan 1 and Washington State Patrol retirees in proposed legislation

Option 3 – Take no further action

MOTION | A motion to pursue Option 1 was moved. Motion was seconded and carried unanimously.

10. 2016 MEETING CALENDAR ADOPTION

Chair Fox spoke to the Board regarding the adoption of 2016 meeting dates. Staff was directed to send out an email asking board members for their preference regarding a specific day of the week to schedule future meetings. Calendar adoption will take place at the December meeting.

11. AGENDA ITEMS FOR FUTURE MEETINGS

Staff will present Final Proposals for the issues of Disaster Response Coverage, Retiree Return to Work and Retiree Annuity Purchase at the December meeting. 2016 Calendar Adoption will also take place in December.

BOARD MEETING MINUTES

NOVEMBER 18, 2015 - FINAL



ADJOURNMENT

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

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for December 16, 2015 at the Washington State Investment Board, 2100 Evergreen Park Drive SW Suite 100, Olympia, WA 98502.

BOARD MEETING MINUTES

DECEMBER 16, 2015 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Mr. Kelly Fox, Chair – Olympia Fire District
In Attendance	Mr. Jason Granneman – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Teleconference	Representative Kevin Van De Wege – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
Absent	Councilmember Dave Upthegrove – King County Council District 5
Teleconference	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Paul Golnik – WA Fire Commissioners Association
In Attendance	Mr. David Cline – City of Tukwila
In Attendance	Mr. Michael White – Valley Regional Fire Authority
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 and Policy Manager
In Attendance	Dawn Cortez – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met in the Washington State Investment conference room in Olympia, Washington on December 16, 2015. A quorum of the members was present at this meeting.

OPENING	Vice Chair Jason Granneman called the meeting to order at 9:30AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board.
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1. APPROVAL OF MINUTES

MOTION	It was moved to approve the Board meeting minutes from November 18, 2015. Motion was seconded. The Board approved the minutes without objection.
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2. DISASTER RESPONSE COVERAGE - FINAL PROPOSAL

Ryan Frost, Research and Policy Manager, provided a Final Proposal on the topic of Disaster Response Coverage. A summary of this proposal provides LEOFF Plan 2 members who are called up into eligible federal service to respond to natural disasters (Oso, wildfires) or other federal emergencies (WTO riots) with similar benefit protections provided to members of the National Guard or Military Reserves who are called up during a time of war. Two options were presented to the board for consideration.

Option 1 – Vote to submit bill draft to Legislature for passage.

Option 2 – Take no further action.

BOARD MEETING MINUTES

DECEMBER 16, 2015 - FINAL



MOTION

It was moved to adopt Option 1 and submit a bill draft to Legislature for passage. Motion was seconded. After discussion Vice Chair Granneman called for votes. Two objections were received from David Cline and Wally Loucks. Motion was passed.

3. RETIREE RETURN TO WORK – FINAL PROPOSAL

Paul Neal, Senior Research and Policy Manager, provided a final proposal on the issue of Retiree Return to Work. This proposal would reintroduce 2014 Legislation, (HB 2479), preventing LEOFF Plan 2 retirees from drawing their pension while working in positions eligible for LEOFF even if the position is:

- Less than full time
- Less than fully compensated
- Not fully commissioned
- Includes additional non-LEOFF duties
- filled by an independent contractor

Two options were provided to the board.

Option 1 – Vote to submit bill draft to Legislature for passage.

Option 2 – Take no further action.

MOTION

It was moved to approve Option 2 and explore this issue further next interim. Motion was seconded. Vice Chair Granneman asked for a call of votes. Motion was carried unanimously.

4. RETIRE ANNUITY PURCHASE - FINAL PROPOSAL

Paul Neal, Senior Research and Policy Manager presented a Final Proposal on the issue of the purchase of an annuity by LEOFF 2 retirees. Current state law does not allow retirees to roll over tax deferred savings into LEOFF Plan 2 to purchase an annuity. This final proposal would allow LEOFF Plan 2 retirees who retired before October 1, 2014, a six month window to purchase an annuity through LEOFF. The annuity would be offered under the same terms as the current option. Two options were presented to the board for consideration.

Option 1 – Vote to submit bill draft to Legislature for passage.

Option 2 – Take no further action.

MOTION

It was moved to adopt Option 1 and submit a bill draft to Legislature for passage. Motion was seconded. Motion was carried unanimously.

5. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director provided an administrative update to the board. Assistant Attorney General Dawn Cortez will no longer will be working with the LEOFF 2 Board due to changes and restructuring at the Office of the Attorney General. The new attorney is to be announced shortly via a letter to Director Nelsen and will be introduced at the next regular board meeting.

BOARD MEETING MINUTES

DECEMBER 16, 2015 - FINAL



OUTREACH ACTIVITIES

Deputy Director, Tim Valencia attended a WASPC meeting.
Ombudsman, Tammy Harman presented at the WSCFF Executive Board meeting.
There are 14 confirmed outreach activities on the calendar for 2016.

6. 2016 MEETING CALENDAR ADOPTION

Director Nelsen reviewed the proposed schedule for the 2016 meeting calendar. A survey was sent by staff to the board to inquire the board's preference for scheduling. Two conflicts with the proposed dates were discussed and alternative dates were reviewed. The proposed alternative dates are September 21st (instead of September 28th) and December 7th (instead of December 28th).

MOTION

A motion to adopt the 2016 meeting dates with the amendments of September 21st and December 7th was moved. The motion was seconded and passed unanimously.

7. AGENDA ITEMS FOR FUTURE MEETINGS

Director Nelsen reviewed items for the upcoming interim. The action taken at today's meeting will place the issue of Retiree Return to Work on the 2016 interim work plan. Staff will lay out an interim work plan to be discussed with the board at the first regular meeting after session. Rates have been set by the board for the 2017-2019 biennium and a discussion to review and adopt or change these rates will likely occur at the July meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:20AM.

NEXT MEETING

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 27th, 2016 at the Washington State Investment Board, 2100 Evergreen Park Drive SW Suite 100, Olympia, WA 98502.