

BOARD MEETING MINUTES

JANUARY 17, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Teleconference	Mr. Dennis Lawson, Chair – Central Pierce Fire and Rescue
Teleconference	Mr. Jason Granneman, Vice Chair – Clark County Sheriff's Office
Absent	Representative Steve Bergquist – WA State Representative
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Senator Judy Warnick – WA State Senator
Teleconference	Mr. Adé Ariwoola – City of Federal Way
Teleconference	Mr. Dwight Dively – King County
Teleconference	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Wally Loucks – Spokane County Sheriff's Office
Absent	Mr. Pat McElligott – Pierce County Fire and Rescue
Teleconference	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
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 and Policy Manager
Teleconference	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Washington State Investment Board Olympia, Washington on January 17, 2018. A quorum of the members was attending by teleconference at this meeting.

OPENING

Executive Director Steve Nelsen 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 meeting. A special mention was made for Pierce County Deputy Daniel McCartney who was killed in the line of duty on January 8th.

1. 2018 LEGISLATIVE UPDATE

Executive Director Steve Nelsen gave a legislative update to the Board. Legislature commenced Monday, January 8th.

LEOFF 2 Board Bill

- Interruptive Military Service Credit (HB 2701 / SB 6377) - Corrects the current definition of "Veteran". This bill is sponsored by Senator Warnick and Representative Bergquist. No hearing is scheduled yet.

Bills Impacting LEOFF 2

- PTSD
- Presumptive Benefits for duty related illness/diseases
- McNeil Island Firefighters into LEOFF
- House and Senate Budget Bills
- LEOFF Plan 2 Board's Executive Director Salary

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2. ADMINISTRATIVE UPDATE

OUTREACH	<p>WSCFF had their legislative meeting and Director Nelsen spoke at this.</p> <p>WACOPS will have their winter meeting next week. Director Nelsen will be speaking. Tammy Harman will attend. A presentation for how members can find information on our website was requested.</p>
DRS RULEMAKING	<p>We have concluded the work on WACS regarding duty related disabilities in LEOFF 2. The draft rules are under review at DRS.</p> <p>DRS has moved forward with the hospital district EMTS into LEOFF. The initial letter has gone out to all the active employees, inactive employees and retirees.</p>
QUARTERLY BUDGET UPDATE	<p>The agency budget overall for the first 6 months of biennium is overspent, though this was expected with the transition period of new trustees to the Board. Training and professional development costs have increased, however we will account for this in the second year of the biennium.</p>

3. NEXT MEETING

The next LEOFF 2 Board meeting is February 28th. It will be the same format and agenda as this meeting, with legislative and administrative updates.

ADJOURNMENT

NEXT MEETING	<p>The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for February 28, 2018 at the Washington State Investment Board in Olympia, located at 2100 Evergreen Park Drive SW Olympia, WA 98502.</p>
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BOARD MEETING MINUTES

FEBRUARY 28, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Mr. Dennis Lawson, Chair – Central Pierce Fire and Rescue
Teleconference	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
Absent	Representative Steve Bergquist – WA State Representative
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
Absent	Senator Judy Warnick – WA State Senator
Teleconference	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
Teleconference	Mr. Mark Johnston – Vancouver Fire Department
Teleconference	Mr. Wally Loucks – Spokane County Sheriff’s Office
In Attendance	Mr. Pat McElligott – Pierce County Fire and Rescue
Teleconference	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
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 and Policy Manager
Teleconference	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Washington State Investment Board Olympia, Washington on February 28, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Dennis Lawson 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 meeting.

1. 2018 LEGISLATIVE UPDATE

Executive Director Steve Nelsen gave a legislative update reviewing the following LEOFF 2 Board Bill and bills impacting LEOFF 2. Today is day 52 of a 60 day session.

LEOFF 2 Board Bill

- Interruptive Military Service Credit (ESHB 2701/SB 6377)

This bill passed out of the house and into the Senate. It is currently in Senate Rules. It was amended in the House for technical corrections. Sponsored by Senator Warnick and Representative Bergquist. No hearing is scheduled yet.

Bills Impacting LEOFF 2

- Presumptive Benefits (SHB 2633/ESB 6213) - did not pass out of Appropriations prior to cutoff
- PTSD (SHB 1655/SSB 6214) - passed out of the House prior to cutoff
- McNeil Island FFs into LEOFF (SHB 2786) - Bill has passed out of House and Committee and is currently in Senate Rules

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FEBRUARY 28, 2018 - FINAL



- House and Senate Budget Bills - Neither includes the payment to the Benefit Improvement Account. Staff will continue to track issue closely.
- LEOFF Plan 2 Board's Executive Director Salary (HB 2709) - This bill would authorize the LEOFF 2 Board to set the salary for the Exec Director. Passed out of the House and Senate Fiscal Committee with amendments.

MOTION | Mr. White made a motion that the Board endorse HB 2709. Mr. Ariwoola seconded the motion. Discussion followed. Motion was passed unanimously.

2. ADMINISTRATIVE UPDATE

DRS RULEMAKING | DRS has been working on finalizing draft rules. Public hearing on adoption of these rules will be scheduled soon. Interagency meetings have not been occurring during legislative session.

OUTREACH | WACOPS had their Winter Meeting January 24-26 and Director Nelsen attended. A presentation overviewing the LEOFF website was given to show what information and resources are available on it.

Concerns for Police Survivors has their Spring Meeting on March 24, and Tammy Harman will be attending.

3. NEXT MEETING

The next LEOFF 2 Board meeting is March 28th. It will be a full meeting if session has ended. The first full meeting will have the interim preview to set the agendas for the remainder of the year.

ADJOURNMENT

MOTION | There being no further business the meeting was adjourned at 9:51AM.

NEXT MEETING | The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for March 28th, 2018 at the Washington State Investment Board in Olympia, located at 2100 Evergreen Park Drive SW Olympia, WA 98502.

BOARD MEETING MINUTES

MARCH 28, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
Absent	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Wally Loucks – Spokane County Sheriff’s Office
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
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Washington State Investment Board Olympia, Washington on March 28, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Dennis Lawson 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 MINUTES

MINUTES APPROVED

A motion to adopt the minutes from December 20th, 2017, January 17th and February 28th was made. Motion was seconded. Motion was passed unanimously.

2. 2018 LEGISLATIVE UPDATE

Ryan Frost, Research and Policy Manager, gave a legislative update to the Board.

2018 Supplemental Budget

Budget Provisions Affecting LEOFF Plan 2

- Contribution Rates
 - Continues to fully fund the LEOFF Plan 2 Retirement Board’s employer and state contribution rates.

Proposals Not Included in Final Budget

- Benefit Improvement Account
 - Governor Inslee’s supplemental budget proposed a payment of \$25 million into the benefit improvement account. That payment was not included in the final budget passed by the legislature.

Bills Affecting LEOFF 2 - Passed

Interruptive Military Service Credit (ESHB 2701)

- Corrects the current definition of “Veteran”
- LEOFF Plan 2 Board Request Legislation

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PTSD (SSB 6214)

- Allowing industrial insurance coverage for posttraumatic stress disorders affecting law enforcement officers and firefighters.

McNeil Island Firefighters (SHB 2786)

- Adds the Department of Social and Health Services and the Department of Corrections to the definition of "employer" for LEOFF Plan 2 when employing firefighters serving at a prison or civil commitment center on an island.

LEOFF Plan 2 Board's Executive Director Salary (HB 2709)

- The LEOFF 2 Board is authorized to fix the salary of the Executive Director, and the authority of the OFM to limit the salary of the Executive Director fixed by the LEOFF 2 Board is removed.

Bills Affecting LEOFF Plan 2 - Not Passed

Presumption of Occupational Diseases (ESB 6213)

- Makes the occupational disease presumptions for firefighters applicable to certain emergency medical technicians and public employee fire investigators and adds additional cancers to the cancer occupational disease presumption.
- Creates an occupational disease presumption for heart problems and infectious diseases for law enforcement officers.
- Requires the Department of Labor and Industries to convene a workgroup to recommend options for amending first responder occupations and diseases for application of a presumption.

Authorizing Community And Technical Colleges To Establish A Police Force On Their Campuses (SB 6119)

- Currently, only the State's four-year institutions have this authorization.

Creating A Property Tax Exemption For Spouses Of Military Members Or First Responders Killed In The Line Of Duty (SB 6300)

- Creates a lifetime property tax exemption for primary residences owned by persons whose spouses were killed in the line of duty, either in the military or as a first responder.
- Continues exemption even if surviving spouse remarries.

SCPP Bills

Providing A Benefit Increase To Certain Retirees Of The PERS 1 And TRS 1 Systems (SSB 6340)

- A one-time increase of 1.5 percent is provided to retirees of the PERS 1 and TRS 1 systems monthly benefits, up to a maximum increase of \$62.50 on July 1, 2018.

3. INTERIM PLANNING

Ryan Frost, Research and Policy Manager gave a presentation to the Board on potential topics that may be considered for the interim. Actuarial and administrative topics that occur annually were also discussed.

Actuarial Topics

1. Contribution Rate Adoption
2. Supplemental Rate Adoption - June/July Preliminary Rates
3. LEOFF 2 Actuarial Valuation
4. Update On Cost Of Benefit Improvements
5. Funding Policy Discussion

Potential Topics

1. PEBB Coverage For Catastrophic Retirees
2. Disabled Members Return To Work

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3. Retiree Return To Work
4. Standby Pay As Earnable Compensation
5. Definition Of Child
6. Presumption Of Occupational Diseases
7. Out Of State Duty

Administrative Topics

1. DRS Duty Disability Rulemaking Project – Waiting For Hearing
2. Financial Audit - Yearly
3. DRS/SIB Annual Presentations
4. October Offsite Planning Meeting
5. Annual AG Training
6. Alternate Revenue Update – Historical And Future

Pat McElligott suggested the Board consider a window bill for choosing retirement date. He also asked for a copy of the proposed bill that the state of California had for their topic of Out of State Duty.

Chair Lawson asked that staff forecast a calendar so Trustees will know in advance which topics will be addressed and if action or proposed action will be taken.

4. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director gave an administrative update to the Board.

STAFF NEWS	Paul Neal recently accepted a new position with the Joint Transportation Committee. Director Nelsen will be recruiting for his replacement.
BOARD VIDEOS	A new video, "LEOFF Plan 2 Disability Retirement Benefits" is now posted on www.leoff.wa.gov as well as YouTube: https://youtu.be/f0nJJ_2E9GA
DRS RULEMAKING	DRS has been working on finalizing draft rules. The public hearing on adoption of these rules will be scheduled soon. Interagency meetings have not been occurring during legislative session.
OUTREACH	Tammy attended C.O.P.S Spring meeting on March 24 th . WSCFF Educational Seminar will take place April 17-19. Director Nelsen will attend and Tammy Harman will have an outreach table at the event.
QUARTERLY BUDGET UPDATE	Budget updates will continue on a quarterly basis, as well as an annual audit later this year.
EMAIL ADDRESS MIGRATION	Board member and staff email address migration will occur on April 1 st .

5. EXECUTIVE SESSION

At 10:15 AM the Board moved to executive session for no more than 30 minutes, for the purpose of evaluating results of the Executive Director performance evaluation. At 10:45 AM Trustee Pat McElligott returned to let the public know the Board would continue executive session for an additional 10 minutes. The Board returned from executive session at 10:59 AM.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:05 AM.

NEXT MEETING	The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 25 th , 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.
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BOARD MEETING MINUTES

APRIL 25, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
Teleconference	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
Teleconference	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Wally Loucks – Spokane County Sheriff’s Office
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
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Death and Disability Ombudsman
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – Assistant Attorney General

CALL TO ORDER

The LEOFF Plan 2 Retirement Board met at the Washington State Investment Board Olympia, Washington on April 25, 2018. A quorum of the members was present at this meeting.

OPENING

Vice Chair Jason Granneman called the meeting to order at 9:33AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. APPROVAL OF MINUTES

MINUTES APPROVED

A motion to adopt the minutes from April 25th was made. Motion was seconded. Motion was passed unanimously.

2. DEFINITION OF CHILD

Ryan Frost, Research and Policy Manager, gave a presentation to the Board for initial consideration. No action is required at this meeting. The LEOFF definition of “child” excludes children adopted after retirement from eligibility for benefits. LEOFF provides benefits to children of active and retired members. LEOFF Plan 1 and Plan 2 provide different benefits, though both use the same definition of child. While the definition includes children adopted before retirement, it excludes children adopted after retirement. An overview of the current state of the law and options for potential modification were discussed.

3. OUT OF DUTY JURISDICTION

Ryan Frost, Research and Policy Manager, gave a presentation to the Board for initial consideration. No action is required at this meeting.

BOARD MEETING MINUTES

APRIL 25, 2018 - FINAL



Members who are injured while responding to an emergency out of their jurisdiction are not entitled to LEOFF 2 duty disability or duty death benefits. An off-duty member who becomes disabled or is killed while responding to a mass casualty incident has the same level of benefits as a member who becomes disabled or is killed from any other type of non-duty occurrence. There has been a recent push across the west coast (in response to last year's Las Vegas terrorist attack) to ensure first responders receive duty related benefits when responding to an incident no matter where it takes place. The following policy considerations are before the Board:

- Does the Board want to expand duty disability coverage for out of jurisdiction events?
- Should benefits rise for line of duty disability & death providing full earned benefits?
- If catastrophically disabled, should benefits rise to the catastrophic duty disability benefit?
- If a member dies while performing this type of service, should his survivor be entitled to full survivor benefits?

4. PEBB COVERAGE FOR CATASTROPHIC RETIREES

Ryan Frost, Research and Policy Manager, gave a presentation to the Board for initial consideration. No action is required at this meeting.

LEOFF Plan 2 catastrophic disability retirees and their survivors have different medical insurance access than survivors of members killed in the line of duty. Information on what health insurance benefits/reimbursements are currently available to survivors of members who are killed in the line of duty and to members who are retired for catastrophic disability were reviewed. The history of the health insurance premium reimbursement benefit was provided. Policy considerations before the Board discussed:

- Should PEBB coverage be extended to catastrophic retirees and survivors?
- Should covered benefits include reimbursement for Medicare C and D?

5. STANDBY PAY AS BASIC SALARY

Ryan Frost, Research and Policy Manager, gave a presentation to the Board for initial consideration. No action is required at this meeting. Standby pay is not part of basic salary (reportable compensation) used in computing LEOFF Plan 2 contributions and pensions. Rules regarding standby pay and reportable compensation were discussed. A majority of law enforcement officers and fire fighters do not receive standby pay. Instead, they are generally subject to call-up if an emergency requires more resources than available from on-duty staff. However, some LEOFF Plan 2 members receive standby pay while off-duty in exchange for being prepared to report to work on short notice. This payment is not considered compensation for services rendered and generally is not reportable compensation for LEOFF Plan 2.

6. PTSD BENEFITS

Steve Nelsen, Executive Director gave an educational briefing presentation to the Board. Legislation enacted in 2018 changed eligibility for workers' compensation and LEOFF Plan 2 benefits related to Posttraumatic Stress Disorder (PTSD). The criteria now matches the DSM-5 definition of PTSD which states a series of exposures to traumatic events can now be the basis for a worker's compensation claim. Information on what LEOFF Plan 2 benefits are available to members suffering from PTSD, how eligibility for those benefits has changed due to the new legislation and the processes for establishing eligibility were provided.

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APRIL 25, 2018 - FINAL



7. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director gave an administrative update to the Board.

STAFF NEWS	Wally Loucks, Trustee, gave his resignation to the Board this month. The vacant staff position of Research and Policy Manager has been filled. Jacob White has accepted the position and will start on May 16 th .
Pension Funding Council Workgroup	Meets during years when it is a rate setting year for the PFC and LEOFF 2 Board. Coordinates the outside actuarial audits for the valuations. Milliman will be doing the audit again this year and presenting results later in the interim.
SCPP	Met earlier this month and general discussion about topics and possible coordination. DRS may be introducing legislation next session, purchase of annuity and
DRS RULEMAKING	DRS has been working on finalizing draft rules. The public hearing on adoption of these rules will be scheduled soon. Interagency meetings have not been occurring during legislative session.
OUTREACH	Tammy Harman is currently attending the International Ombudsman Conference in Richmond, VA. Tim Valencia presented to the Shoreline Fire Local 1760 on April 4 th . Director Nelsen presented at the Local 27 Financial Wellness Seminar on April 6 th . WSCFF had their Educational Seminar last week. Tammy Harman and Director Nelsen gave a presentation, as well as had an outreach table at the event.
QUARTERLY BUDGET UPDATE	Overall agency budget has been increased from \$2.447 million to \$2.46 million to reflect pending 2018 supplemental allotments (OSA, Central Services). Allotments haven't been updated in the financial systems yet, so some items will show as being overspent pending the allotment approval from OFM (not reflected in totals yet). End of biennium projections including vacancy savings (March 16-April 31) and supplemental allotments reduce projected overspend to \$2,656.

8. 2018 AGENDA ITEMS CALENDAR

Steve Nelsen, Executive Director reviewed the 2018 agenda items calendar and the upcoming items for future months. Michael White asked for the addition of Executive Session to the agenda for June 20th.

ADJOURNMENT

NEXT MEETING	There being no further business the meeting was adjourned at 11:45AM. The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for May 23 rd , 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.
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BOARD MEETING MINUTES

MAY 23, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Pat McElligott – Pierce County Fire and Rescue
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – 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 23, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Dennis Lawson 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 MINUTES

MINUTES APPROVED

It was moved to approve the Board meeting minutes from April 25, 2018. Motion was seconded. The Board approved the minutes without objection.

2. LAVR PREVIEW

Mitch DeCamp, Actuarial Analyst from the Office of the State Actuary, presented the preliminary results from the LEOFF 2 Actuarial Valuation.

3. FUNDING METHOD

Executive Director Steve Nelsen presented an overview of funding policy to the Board. Deputy State Actuary Lisa Won joined Director Nelsen during the presentation to answer questions and clarify information provided. The current framework for funding LEOFF Plan 2 is a result of several decisions such

BOARD MEETING MINUTES

MAY 23, 2018 - FINAL



as choosing the aggregate funding method, adopting long-term economic assumptions, setting member behavior assumptions, and modifying the funding method to provide contribution rate stability.

4. CONTRIBUTION RATE SETTING INTRODUCTION

Deputy Director Tim Valencia provided an introduction to the Board on contribution rate setting. Deputy State Actuary Lisa Won joined Deputy Valencia during the presentation to answer questions and clarify actuarial information that was provided. Information about the rate setting cycle, current and historical contribution rates, a review of the Board's strategy and policies related to contribution rates, along with other concepts that impact rate setting were discussed.

5. SUPPLEMENTAL RATE INTRODUCTION

Deputy Director Tim Valencia presented an introduction to the Board on supplemental rate setting. A supplemental rate may be necessary due to the passage of Senate Bill 6214 which added Post-traumatic Stress Disorder (PTSD) to the list of presumptive occupational diseases for Workers' Compensation. The adoption of a supplemental contribution rate would prefund this benefit improvement passed by the legislature. Deputy Valencia provided information about supplemental contribution rates including the purpose of the supplemental rate, supplemental rate development, supplemental rate history, and the PTSD legislation from the 2018 session.

6. BENEFIT IMPROVEMENT ACCOUNT

Executive Director Steve Nelsen provided an educational briefing to the Board providing background on the history and purpose of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Benefit Improvement Account. The payment to the LEOFF Plan 2 Benefit Improvement Account (BIA) originally scheduled for September 2016 has not been made. The payment originally scheduled for September 2018 was not included in the State Operating Budget.

7. ADMINISTRATIVE UPDATE

Executive Director Steve Nelsen gave his administrative update to the Board.

CONSTITUENT CORRESPONDENCE

Two pieces of correspondence have been received since the last board meeting.

Senator Van De Wege sent an email asking the Board to explore a retire/rehire LEOFF 2 program for rural departments.

The Department of Retirement Systems sent a letter to the Board requesting the LEOFF 2 Board consider two issues and endorse them for legislative action. 1) Remove spousal consent for requirements for certain survivorship selections and 2) Eliminate proration of month of death benefit payment. The next step would be for staff to contact and schedule DRS to come speak on these bills at a future meeting.

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MAY 23, 2018 - FINAL



MOTION	Pat McElligott discussed the process of a person choosing their retirement options when applying with DRS. Currently the options chosen at the time of applying for retirement are irrevocable. Mr. McElligott made a motion that the Board research this issue and possibly provide a window of time where a person can make changes before their retirement options become final. Motion was seconded. Motion passed unanimously. Staff will provide an initial presentation at the June or July meeting.
EXPECTATION INTERVIEWS	Executive Assistant, Jessie Jackson will be contacting trustees to schedule an annual expectation interview with Executive Director Nelsen. Results from these interviews will be shared at the October offsite meeting.
OUTREACH ACTIVITIES	Tammy Harman is currently providing outreach at the WASPC conference in Spokane. Tim Valencia will be presenting to Fire Fighter groups in Snohomish on May 24 th .

8. EXECUTIVE SESSION

Chair Lawson moved the Board to Executive Session for 30 minutes. An additional 10 minutes was requested by the Board. At 12:45PM the Board returned.

MOTION	A motion was made to increase the Executive Director's salary by 4% on July 1, 2018, with an additional increase on January 1, 2019 of a minimum of 4%, in accordance to the most current salary information in the NASRA database for like positions. Motion was seconded. Motion passed unanimously.
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9. AGENDA ITEMS FOR FUTURE MEETINGS

Executive Director Steve Nelsen reviewed the agenda items for the next meeting including two additional items requested today. The motion made regarding a window when choosing final retirement options will be added to the interim plan for June or July. Executive session to discuss past legal advice on the Benefit Improvement Account from the Attorney General's Office will be added to the July agenda.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:50 PM.

MOTION	Motion was made to adjourn. Motion was seconded. Motion passed unanimously. The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for June 20 th , 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW Olympia, WA 98502.
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BOARD MEETING MINUTES

JUNE 20, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

Absent	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
In Attendance	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Pat McElligott – Pierce County Fire and Rescue
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – 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 20, 2018. A quorum of the members was present at this meeting.

OPENING

Vice Chair Jason Granneman called the meeting to order at 9:33AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. APPROVAL OF MINUTES

MINUTES
APPROVED

It was moved to approve the Board meeting minutes from May 25, 2018. Motion seconded. The Board approved the minutes without objection.

2. DRS REQUEST LEGISLATION

Retirement Services Manager Seth Miller from the Department of Retirement Systems, presented an overview of two issues before the Board that DRS has proposed to the Select Committee on Pension Policy for potential legislation. The proposed issues are Month-of-Death Payment Overview and Written Spousal Consent Overview. No action was taken at this time.

3. CAREER CHANGE ALTERNATIVES

Senior Research and Policy Manager Jacob White presented an overview of the current career change law to the Board. Since the passage of the Board’s 2005 career change law, multiple issues have surfaced related to

BOARD MEETING MINUTES

JUNE 20, 2018 - FINAL



employers' interest in hiring LEOFF retirees into LEOFF positions. Concerns have been brought to the Board in the past where employers narrowly crafted positions with the alleged intent of avoiding membership in LEOFF 2, so they could hire a LEOFF 2 retiree. No action was taken at this time.

4. SURVIVOR OPTION ELECTION

Senior Research and Policy Manager Jacob White presented an overview of what the survivor option elections currently are for a person's retirement election. It may be considered unfair to have a member make their irrevocable retirement election for a survivor option without all the information that is important to them. No action was taken at this time.

5. MEDICAL CONDITIONS PRESUMED TO BE DUTY-RELATED

Executive Director Steve Nelsen presented an educational briefing to the Board on medical conditions that are presumed to be duty-related. Certain medical conditions are presumed to be duty-related for Worker's Compensation and LEOFF Plan 2 pension purposes. Legislation was proposed in the 2018 session that sought to expand coverage of duty-related presumption, though this bill did not pass. No action was taken at this time.

6. FUNDING METHOD OPTIONS

Senior Research and Policy Manager Ryan Frost provided a comprehensive report on funding policy background and funding method options to the Board. There are a variety of funding methods used to estimate the cost of future benefits, therefore it is up to the Board to decide which method aligns best with their funding goals. No action is needed at this time. The Board will take any action at the next meeting, considering the following policy options before the Board:

1. Continue to use 2 funding methods
 - Short term: Aggregate with 100% EANC floor
 - Long term: Aggregate with 90% EANC floor 2

2. Change long term method to Aggregate with 100% EANC floor
 - How to manage UAAL?
 - Amortization
 - Funding ratio corridor

7. ADMINISTRATIVE UPDATE

Executive Director Steve Nelsen gave his administrative update to the Board.

OUTREACH ACTIVITIES

WSCFF is holding their annual convention in Kennewick next week. Staff will attend and provide an outreach table.

PENSION FUNDING COUNCIL

The Pension Funding Council met yesterday and are working on their proposals for rates and funding ratios. No action was taken in June. They plan to take action in July.

BOARD MEETING MINUTES

JUNE 20, 2018 - FINAL



SCPP

SCPP met yesterday. They will be having presentation in July for the smoothing method. All plans were set in 1977

L2 TECHNOLOGY UPDATE

We are moving from the Novus platform to a web based log in for meeting materials. Trustees will see this change when they receive an email regarding materials for the next meeting.

EXPECTATION INTERVIEWS

Executive Assistant Jessie Jackson will be contacting trustees to schedule an annual expectation interview with Executive Director Nelsen. Results from these interviews will be shared at the October offsite meeting.

8. CONTRIBUTION RATE SETTING OPTIONS

Senior Research and Policy Manager Ryan Frost provided an introduction to contribution rate setting, including information about the rate setting cycle and current and historical contribution rates. Setting the basic and supplemental contribution rates for the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 retirement system is one of the key responsibilities of the Board. Setting appropriate contribution rates is important to maintain the financial integrity of LEOFF Plan 2 and provides stability for employers, members, and the state with respect to amounts that must be budgeted and paid into the plan. Mr. Frost reviewed the Board's strategy and policies related to contribution rates, along with other concepts that impact rate setting.

9. SUPPLEMENTAL RATE OPTIONS

Senior Research and Policy Manager Ryan Frost provided a comprehensive report about supplemental contribution rates including the purpose of the supplemental rate; supplemental rate development; supplemental rate history; and the PTSD legislation from the 2018 session.

The following options are before the Board, with any action to be taken at the July 25th meeting:

1. Adopt supplemental rate increase of 0.05% member, 0.03% employer, 0.02% state effective September 1, 2018
2. Adopt recommended supplemental rate increase, along with any other contribution rate changes, effective July 1, 2019
3. Do not adopt supplemental rate

The Board requested that staff include the financial dollar amounts of these percentages for the July presentation.

10. AGENDA ITEMS FOR FUTURE MEETINGS

Executive Director Steve Nelsen reviewed upcoming agenda items for the July meeting. Decisions on preliminary reports from this interim will be reviewed for potential action if trustees choose to move forward any issues for potential legislation. Adoption of contribution and supplemental rates will occur at the July meeting. The valuation audit results from Milliman will occur as well as an annual update to the Board from the Department of Retirement Systems.

BOARD MEETING MINUTES

JUNE 20, 2018 - FINAL



ADJOURNMENT

There being no further business, the meeting was adjourned at 12:14 PM.

MOTION

Motion was made to adjourn. Motion was seconded. Motion passed unanimously.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for July 25th, 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

JULY 25, 2018 FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Pat McElligott – East Pierce County Fire and Rescue
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
Absent	Tor Jernudd – 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 25, 2018. A quorum of the members was present at this meeting.

OPENING

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

1. APPROVAL OF MINUTES

MINUTES APPROVED

It was moved to approve the Board meeting minutes from June 20, 2018. Motion was seconded. The Board approved the minutes without objection.

2. DRS ANNUAL UPDATE

Executive Director Tracy Guerin from the Department of Retirement Services presented an annual update from their agency.

3. VALUATION AUDIT RESULT

The Milliman team, Mark Olleman, Nick Collier and Daniel Wade, presented their results of their Valuation Audit results. They performed a full independent replication of the Office of the State Actuary’s June 30, 2017 actuarial valuation audit. They agree that OSA’s actuarial work is reasonable and appropriate. No changes are recommend to OSA’s 2017 valuation.

BOARD MEETING MINUTES

JULY 25, 2018 FINAL



4. FUNDING METHOD OPTIONS

Senior Research and Policy Manager Ryan Frost provided a final proposal on funding policy options. There are a variety of funding methods used to estimate the cost of future benefits, therefore it is up to the Board to decide which method aligns best with their funding goals.

The following policy options are before the Board:

1. Continue to use 2 funding methods
 - Short term: Aggregate with 100% Entry Age Normal Cost floor
 - Long term: Aggregate with rate floor of 90% EANC
2. Change long term method to Aggregate with 100% Entry Age Normal Cost floor
 - How to manage UAAL?
 - Amortization
 - Funding ratio corridor

Deputy State Actuary Lisa Won joined Mr. Frost to clarify actuarial questions from the Board.

MOTION

It was moved to adopt the Aggregate funding method with 100% of the EANC floor as the long term funding method for the Board. Motion was seconded. Motion passed unanimously.

5. CONTRIBUTION RATE SETTING OPTIONS

Senior Research and Policy Manager Ryan Frost presented an introduction to contribution rate setting. Information about the rate setting cycle, current and historical contribution rates, a review of the Board's strategy and policies related to contribution rates, along with other concepts that impact rate setting were discussed. The following policy options are before the Board:

1. **Continuing Current Rates**
 - The rates currently collected are sufficient to fund the cost of all benefits in LEOFF 2 during the 2019-21 biennium.
 - Current rates are based on the 2015 Actuarial Valuation, include subsequent temporary and supplemental rates prior to the 2018 legislative session, and were adopted by the Board through 2021.
2. **Adopt Aggregate Rate Based on 2017 Actuarial Valuation**
 - The Aggregate rate determines the normal cost and the actuarial accrued liability. Under this method, the unfunded actuarial present value of fully projected benefits is amortized over the future payroll of the active group. The entire contribution is considered normal cost and no UAAL exists.
3. **Adopt Rates Based on 100% EANC from 2017 Actuarial Valuation Results**
 - The preliminary contribution rate levels based on the 2017 Actuarial Valuation are lower than the rates currently collected, due in part to the lower economic assumptions and changes in plan experience.
 - 100 Percent EANC - Consistent with the plan's ACM and including minimum rates under the Board's funding policy since 2008.

BOARD MEETING MINUTES

JULY 25, 2018 FINAL



	1. Maintain Current Adopted Rates	2. Adopt Aggregate based on 2017 Actuarial Valuation*	3. Adopt 100% EANC based on 2017 Actuarial Valuation*
MEMBER	8.75%	6.44%	8.59%
EMPLOYER	5.25%	3.86%	5.15%
STATE	3.50%	2.58%	3.44%

MOTION

Motion was made to adopt option 3 for the next two biennium, 2019-2021 and 2021-2023. Motion was seconded. Motion passed unanimously.

6. ADMINISTRATIVE UPDATE

Executive Director Steve Nelsen gave his administrative update to the Board.

NEW TRUSTEE

Wally Loucks put in his resignation and the Governor’s Office has chosen his replacement as of July 24, 2018. Staff expects to be notified of the new appointee in the next few days.

EXPECTATION INTERVIEWS

Expectation interviews are continuing, with approximately half of them completed so far.

OUTREACH ACTIVITIES

WSCFF is holding their annual convention in Kennewick next week. Staff will attend and provide an outreach table.

BUDGET UPDATE

Budget update from the last quarter is in the meeting materials. Currently we are under budget for the first year.

SCPP

The Select Committee on Pension Policy met last week. They had presentations on the same two issues that Seth Miller from DRS spoke to the Board about in June: Month of Death Payment and Written Spousal Consent.

7. DECISION ON PRELIMINARY REPORTS

Senior Research and Policy Managers Ryan Frost and Jacob White reviewed the following issues as the Board must determine which initial report issues to move forward with and receive comprehensive reports on during the 2018 interim.

1. Definition of Child - The LEOFF definition of “child” excludes children adopted after retirement from eligibility for benefits.

2. Out of State Duty - Members who are injured while responding to an emergency out of their jurisdiction are not entitled to LEOFF 2 duty disability or duty death benefits.

3. Disabled Members Return to Work - Disability benefits for members who recover from their disabilities are ambiguous if their previous employer refuses to hire them back.

BOARD MEETING MINUTES

JULY 25, 2018 FINAL



- 4. PEBB Coverage for Catastrophic Retirees** - Catastrophic disability retirees and their survivors have different medical insurance access than survivors of members killed in the line of duty.
- 5. Standby Pay as Earnable Compensation** - Standby pay is not part of basic salary (reportable compensation) used in computing LEOFF Plan 2 contributions and pensions.
- 6. Career Change Alternatives** - Since the passage of the Board's 2005 career change law, multiple issues have surfaced related to employers' interest in hiring LEOFF retirees into LEOFF positions.
- 7. Survivor Option Election** - It may be considered unfair to have a member make their irrevocable retirement election for a survivor option without all the information that is important to them.
- 8. Occupational Disease Benefits** - Certain medical conditions are presumed to be duty related for Worker's Compensation and LEOFF Plan 2 pension purposes. Legislation was proposed in the 2018 session that sought to expand coverage of duty-related presumptions. This bill did not pass.
- 9. Spousal Consent Requirement** - Under current law, a member who is retiring under LEOFF Plan 2 must provide written consent from their spouse for any survivorship option the member selects - except in the case of a joint 50% survivorship option. This means that a spouse must provide written consent even when his or her survivor benefit would be greater than 50%.
- 10. Month-of-Death Retirement Payments** - In the month a retiree or survivor passes away, the Department of Retirement Systems prorates the last month benefit payment based on the number of days the person was alive in the month. Frequently this results in an invoice being sent to the family or estate to collect any amount that should have been prorated.

MOTION

A motion was made to move forward with issues #2, 6, 7, 9, 10. Motion was seconded. Motion passed unanimously.

8. AGENDA ITEMS FOR FUTURE MEETINGS

Executive Director Steve Nelsen reviewed upcoming agenda items for the remainder of the interim. At the September meeting we will have follow up presentations for the five issues that the Board has just moved forward.

MOTION

A motion was made to cancel the August 22nd meeting. Motion was seconded. Motion passed unanimously.

9. EXECUTIVE SESSION

The Board moved to Executive Session for 30 minutes for the purpose of reviewing the performance of a state employee and/or to discuss past legal advice on the Benefit Improvement Account from the Attorney General's Office.

ADJOURNMENT

MOTION

Motion was made to adjourn at 12:35PM. Motion seconded and passed unanimously.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for September 26th, 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

SEPTEMBER 26, 2018 FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Mr. Jason Granneman, Vice Chair – Clark County Sheriff's Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
Absent	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
Absent	Mr. Michael White – Valley Regional Fire Authority
In Attendance	Mr. Pat McElligott – East Pierce County Fire and Rescue
In Attendance	Ms. Tarina Rose-Watson – Spokane Intl Airport Police Department
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – 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 September 26, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Lawson 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 July 25, 2018. Motion was seconded. The Board approved the minutes without objection.

2. PUBLIC PENSION ADMINISTRATIVE BENCHMARKING

Mark Feldhausen, Budget and Performance Management Director from the Department of Retirement Services presented an annual update on to the Board on pension administration benchmarking using fiscal data from 2017.

BOARD MEETING MINUTES

SEPTEMBER 26, 2018 FINAL



3. ADMINISTRATIVE FACTORS

Corban Nemeth, Associate Policy and Data Analyst from the Office of the State Actuary gave an introduction presentation to the Board on Administrative Factors. No action was required by the Board today as factors will be adopted later this fall.

4. OUT OF JURISDICTION DUTY

Ryan Frost, Senior Research and Policy Manager provided a comprehensive report on Out of Jurisdiction Duty. Members who are injured while responding to an emergency out of their jurisdiction are not entitled to LEOFF 2 duty disability or duty death benefits.

Three policy options are before the Board for consideration:

- **Option 1** – Offer off duty members, who are injured or killed while responding to a public emergency, the same death and disability benefits as afforded to on duty members
- **Option 2** – Offer off duty members, who are injured or killed while responding to a public emergency, a lower level of benefits than granted to those injured or killed while on duty
- **Option 3** – Maintain current policy

No action was taken by the Board.

5. CAREER CHANGE ALTERNATIVES

Ryan Frost, Senior Research and Policy Manager presented a comprehensive report on career change alternatives. Since the passage of the Board's 2005 career change law, multiple issues have surfaced related to employers' interest in hiring LEOFF retirees into LEOFF positions.

The following policy options are before the Board:

- **Option 1** – Restrict the ability of LEOFF 2 Retiree to receive a pension and work in a historically LEOFF position
- **Option 2** – Create Limited Retiree Return to Work Option
- **Option 3** – Combination of Option 1 and 2

No action was taken by the Board.

6. SURVIVOR OPTION ELECTION

Jacob White, Senior Research and Policy Manager gave a comprehensive report on survivor option election. It may be considered unfair to have a member make their irrevocable retirement election for a survivor option without all the information that is important to them. Current law does not allow a member to change their survivor option after a recalculation.

BOARD MEETING MINUTES

SEPTEMBER 26, 2018 FINAL



The following policy options are before the Board for consideration:

- **Option 1** – Window for all L2 Members: All LEOFF 2 retirees have a 90 day window after the receipt of their first retirement payment to change their survivor election. If a member changes their survivor election they must pay or be refunded the difference in their pension payments that they have already received. The member must provide DRS with written spousal consent to change their survivor option, if the survivor option provides the spouse with a decreased survivor benefit
- **Option 2** – Qualifying Event Window: LEOFF 2 retirees may change their survivor election if a DRS recalculation of their benefit results in a change to the benefit amount of more than:
 - a) Any change in benefit amount
 - b) 5%
 - c) 10%

The retiree has 90 days from receipt of the first recalculated pension payment to elect a new survivor benefit. If a member changes their survivor election they must pay or be refunded the difference in their pension payments that they have already received. The member must provide DRS with written spousal consent to change their survivor option, if the survivor option provides the spouse with a decreased survivor benefit

- **Option 3** – Qualifying Event Window with Further Anti-Selection Risks Mitigation: The same as Option 2 except to further mitigate anti-selection risks a retiree’s ability to change their survivor option election is limited based on the impact of the recalculation
 - If a retiree’s benefit increases due to a recalculation they may only select a larger survivor option
 - If a retiree’s benefit decreases due to a recalculation they may only select a smaller survivor option
- **Option 4** – Both Option 1 and 2

MOTION

A motion was made to move forward this topic to a final presentation. Motion was seconded. Motion passed unanimously.

7. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director gave his administrative update to the Board.

WACOPS

Annual meeting in September. Director Nelsen spoke about what the LEOFF 2 Board is working on and answered questions.

OUTREACH ACTIVITIES

Tim Valencia presented at a financial wellness seminar for Local 27 in Puyallup.

PFC UPDATE

The Pension Funding Council met in July. They adopted contribution rates for the rest of the plans. DRS will adopt the administrative factors for the other plans. This is scheduled for board adoption in November, and will allow a coordinated roll out of this information by DRS to members.

SCPP

The Select Committee on Pension Policy took action on the two DRS issues of Month of Death Payment and Written Spousal Consent. Final action from the LEOFF 2 Board on these items will occur at the

BOARD MEETING MINUTES

SEPTEMBER 26, 2018 FINAL



DRS Rulemaking

November meeting. Further coordination between the SCPP and the LEOFF 2 Board can take place in December before session starts.

Coordination of rulemaking with DRS has begun.

8. SPOUSAL CONSENT REQUIREMENT

Jacob White, Senior Research and Policy Manager presented a comprehensive report to the Board on spousal consent requirement. Under current law, a member who is retiring under LEOFF Plan 2 must provide written consent from their spouse for any survivorship option the member selects – except in the case of a joint 50% survivorship option. This means that a spouse must provide written consent even when their survivor benefit would be greater than 50%. The Department of Retirement Systems (DRS) requested the LEOFF 2 Board consider endorsing legislative action to remove spousal consent requirements for certain survivorship selections. The Office of the State Actuary draft fiscal note stated this proposal is not expected to impact the pension systems.

The following policy options are before the Board for consideration:

- **Option 1** – Endorse DRS Proposal – No longer require written spousal consent for survivor options which leave the surviving spouse a benefit greater than 50%
- **Option 2** – Continue current practice

MOTION

A motion was made to move forward this topic to a final presentation.
Motion was seconded. Motion passed unanimously.

9. MONTH OF DEATH RETIREMENT PAYMENTS

Jacob White, Senior Research and Policy Manager presented a comprehensive report to the Board on month of death payment. In the month a retiree or survivor passes away, the Department of Retirement Systems (DRS) prorates the last month benefit payment based on the number of days the person was alive in the month. Frequently this results in an invoice being sent to the family or estate to collect any amount that should have been prorated.

The following policy options are before the Board for consideration:

- **Option 1** – Pay full month of death payment
- **Option 2** – Continue current practice

MOTION

A motion was made to move forward this topic to a final presentation in November. Motion was seconded. Motion passed unanimously.

BOARD MEETING MINUTES

SEPTEMBER 26, 2018 FINAL



10. COST OF SURVIVOR BENEFIT IMPROVEMENT PAYMENTS

Ryan Frost, Senior Research and Policy Manager presented an educational briefing on the cost of survivor benefit improvement. One of the goals of the LEOFF 2 Board's strategic plan is to keep the stakeholders informed. One of the ways of meeting that goal is for the Board to be briefed on the price of certain benefit improvements. No action was taken by the Board.

BOARD ACTION TAKEN

After staff presented on the five agenda topics Chair Lawson asked the Board to consider what issues they would like to move forward for final presentations. A motion was made to move forward agenda topics # 6, 8, and 9. Motion was seconded. Motion carried unanimously.

11. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director reviewed upcoming agenda items for the remainder of the interim.

The next meeting is October 24th and is the strategic planning meeting, to be held in the WSIB boardroom, rather than offsite as in the past. We will be discussing budget and the Board's involvement of the agency budget.

In November we will have preliminary follow up presentations on Survivor Option Election, including information on Oregon's experience as requested by the Board. Final presentations on Month of Death Retirement Payments and the Spousal Consent notarization issue from DRS will occur. Follow up presentations on Definition of Child, and an initial presentation on the topic of Law Enforcement Officer with no Pension (LEOFF/PERS Eligibility Gap). An update on pricing from OSA will be given in November or December.

12. EXECUTIVE SESSION

The Board moved to Executive Session for 20 minutes to discuss potential litigation to which the LEOFF 2 Board may become a party when public knowledge regarding the discussion is likely to result in an adverse legal and or financial consequence to the LEOFF 2 Board. The executive session is expected to last 20 minutes and the Board will reconvene in open session to consider possible Board action prior to adjournment. Chair Lawson called the meeting back to order at 12:57PM. There being no further business a motion was made to adjourn.

ADJOURNMENT

MOTION

Motion was made to adjourn at 12:35PM. Motion seconded and passed unanimously.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 24th, 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

OCTOBER 24, 2018 FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
Absent	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Teleconference	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat McElligott – East Pierce County Fire and Rescue
Absent	Ms. Tarina Rose Watson – Spokane Intl. Airport Police Department
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – 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 October 24, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Lawson called the meeting to order at 8:36 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. STRATEGIC PLAN REVIEW & DISCUSSION

Steve Nelsen, Executive Director reviewed the LEOFF 2 Board’s strategic plan for 2017-2019, discussing the goals and strategies to achieve these goals.

2. BUDGET WORKSESSION

Tor Jernudd, Assistant Attorney General reviewed the fiduciary responsibility for the budget and answered questions from the Board. Steve Nelsen, Executive Director reviewed potential budget cuts. Staff would bring a proposed supplemental budget for 2019 for board adoption at the November or December meeting.

3. FUNDING POLICY REVIEW & DISCUSSION

Steve Nelsen, Executive Director provided a history of the Boards strategic policies related to plan funding. Staff will bring options for managing the plans funded ratio to the November meeting.

BOARD MEETING MINUTES

OCTOBER 24, 2018 FINAL



4. BENEFIT IMPROVEMENTS WORKSESSION

Steve Nelsen, Executive Director spoke to the Board on Benefit Improvement Pricing, reviewing the most commonly asked benefit improvements pricings.

5. TRUSTEE EDUCATION POLICY REVIEW & DISCUSSION

Steve Nelsen, Executive Director spoke to the Board on Trustee Education. Representative Bergquist asked about best practices from out of state. The Board considered whether there should be expectations on attendance and a process for excusing absences.

6. VIDEO BROADCASTING BOARD MEETINGS

Steve Nelsen, Executive Director discussed a request from a plan member regarding video broadcasting of LEOFF 2 Board meetings. Pros and cons as well as other alternatives were discussed.

7. BOARD EXPECTATIONS RESULTS

Deputy Director Tim Valencia presented an overview of the Expectation Interviews which started in 2012 as well as results from the 2018 interviews. Next steps for improvement were discussed and comments from the Board were made confirming they like the current process of annual expectation interviews.

A video titled, "[LEOFF 2 Disability Retirement Benefits](#)" was shown to the Board. This was the last video created by former staff member Paul Neal, and is available for public viewing on the LEOFF 2 Board's [Youtube channel](#). Future videos will continue to be created by staff and shared with the Board and public.

8. 2019 PROPOSED MEETING CALENDAR

A proposed meeting calendar was given to Board members for consideration and adoption at the November or December next meeting.

9. WRAP UP

Steve asked Trustees to discuss this meeting with fellow trustees who were absent. Trustee Michael White has attended his final meeting as he is currently in law school. Items will be brought back to the November and December meetings as well as on the 2019 interim.

ADJOURNMENT

MOTION

Motion was made to adjourn at 1:07PM. Motion seconded and passed unanimously.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 28th, 2018 at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.

BOARD MEETING MINUTES

NOVEMBER 28, 2018 - FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
In Attendance	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Mr. Adé Ariwoola – City of Federal Way
Absent	Mr. Dwight Dively – King County
In Attendance	Mr. Mark Johnston – Vancouver Fire Department
In Attendance	Mr. Pat McElligott – East Pierce County Fire and Rescue
In Attendance	Ms. Tarina Rose-Watson – Spokane Intl Airport Police Department
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	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Research and Policy Manager
In Attendance	Tor Jernudd – 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 28, 2018. A quorum of the members was present at this meeting.

OPENING

Chair Lawson 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, including those involved in the multi-vehicle accident on Interstate 5 this morning.

1. APPROVAL OF MINUTES

MINUTES APPROVED

It was moved to approve the Board meeting minutes from September 26 and October 24, 2018. Motion was seconded. The Board approved the minutes without objection.

2. FINANCIAL AUDIT RESULTS

The team from the State Auditor’s Office provided the results of their financial statement audit of the LEOFF 2 Board’s schedule of expenditures. The schedule included expenditures that occurred for the fiscal year ending June 30, 2018. An unmodified (clean) opinion on the financial statement was given. The financial statement presented fairly, in all material respects, the budgeted and actual expenditures of the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board. Michael Hutchinson, CPA, Assistant Audit Manager performed the fieldwork for this engagement and Jim Brownell, Audit Manager supervised this engagement. Sadie Armijo, CFE, Director of State Audit and Troy Niemeyer, Assistant Director of State Audit were present at

BOARD MEETING MINUTES

NOVEMBER 28, 2018 - FINAL



the meeting as well. The report will be posted to the State Auditor’s website on Monday as well on www.LEOFF.wa.gov.

3. FUNDING POLICY

Steve Nelsen, Executive Director reviewed the Board’s responsibility and authority to adopt the actuarial cost method for funding LEOFF Plan 2 and all the associated funding policies. The current funding policy was reviewed as well as strategies for managing a positive funding ratio, reducing actuarial risk, use of a funded ratio corridor and tactics for managing the current funded ratio. No action was taken at this time.

4. COST OF SURVIVOR BENEFIT IMPROVEMENT

Ryan Frost, Senior Research and Policy Manager provided an educational briefing on the cost of survivor benefit improvements. One of the goals of the LEOFF 2 Board’s strategic plan is to keep the stakeholders informed. To meet this goal the Board is to be briefed on the price of certain benefit improvements. The Board expressed a desire to estimate the price of providing a free 100% Joint & Survivor to annuitants as well. The Office of the State Actuary estimated that extending the benefit improvement to current annuitants adds \$235 million to the 25-year total employer cost, which is approximately a 69 basis point increase to the total employer rate. Overall, OSA estimated the employee and total employer contribution rates would each increase by approximately 330 basis points under this proposal. Over a 25-year period, OSA expects a total employer cost of this proposal to be approximately \$1.6 billion. As a result of the increase in liabilities, the funded status would decline by approximately 10 percent. No action was taken by the Board at this time.

5. LEOFF/PERS ELIGIBILITY GAP

Jacob White, Senior Research and Policy Manager presented an initial presentation on LEOFF/PERS eligibility gap. Gaps in eligibility in Law Enforcement Officers and Fire Fighters Plan 1 (LEOFF 1), Public Employees Retirement System (PERS), and Law Enforcement Officers and Fire Fighters Plan 2 (LEOFF 2) may have resulted in some career law enforcement officers and fire fighters not receiving a pension.

PUBLIC TESTIMONY - James A Fossos, Vice President of the Retired Firefighters of Washington

MOTION

A motion was made to direct staff to bring forward options for the December meeting. Motion was seconded. Motion passed unanimously.

6. ADMINISTRATIVE UPDATE

Steve Nelsen, Executive Director gave his administrative update to the Board. *During this time the audio recording machine had technical difficulties and did not capture the audio for this portion of the meeting.*

OUTREACH ACTIVITIES

Tammy Harman presented at the WSCFF District 2 meeting in Pullman on October 25th.

BOARD MEETING MINUTES

NOVEMBER 28, 2018 - FINAL



7. 2019 PROPOSED CALENDAR DISCUSSION/ADOPTION

Potential board meeting dates for 2019 are before the Board for adoption. *Due to technical difficulties with the audio recording system we were unable to capture the introduction and discussion of 2019 calendar.*

MOTION

A motion was made to adopt the proposed calendar dates as follows:

1/23/18
2/27/18
3/27/18
4/24/18
5/15/18
6/26/18
7/24/18
8/14/18
9/25/18
10/16/18
11/20/18
12/18/18

Motion was seconded. Motion passed unanimously.

8. MONTH OF DEATH RETIREMENT PAYMENTS

Jacob White, Senior Research and Policy Manager presented a final proposal to the Board on month of death payment. In the month a retiree or survivor passes away, the Department of Retirement Systems (DRS) prorates the last month benefit payment based on the number of days the person was alive in the month. Frequently this results in an invoice being sent to the family or estate to collect any amount that should have been prorated.

The following policy options are before the Board for consideration:

- **Option 1** – Pay full month of death payment
 - A)** Do not include a Reservation of Rights clause
 - B)** Include a Reservation of Rights clause
- **Option 2** – Pay full month of death payment, with reservation of rights clause
- **Option 3** – Continue current practice

MOTION

A motion was made to adopt option 1 A, Pay the full month of death payment without a Reservation of Rights clause. Motion was seconded. Motion passed unanimously.

9. AGENDA ITEMS FOR FUTURE MEETINGS

Steve Nelsen, Executive Director reviewed upcoming agenda items for December's meeting which will include an annual update from the Executive Director of the Washington State Investment Board, and a preview of the next demographic experience study from the Office of the State Actuary.

BOARD MEETING MINUTES

NOVEMBER 28, 2018 - FINAL



ADJOURNMENT

MOTION

Motion was made to adjourn at 12:20PM. Motion seconded and passed unanimously.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for January 23rd, 2019 at the Washington State Investment Board located at 2100 Evergreen Park Drive SW, Olympia, WA 98502.

BOARD MEETING MINUTES

DECEMBER 19, 2018 – FINAL



TRUSTEE AND STAFF ATTENDANCE

In Attendance	Dennis Lawson, Chair – Central Pierce Fire and Rescue
Absent	Mr. Jason Granneman, Vice Chair – Clark County Sheriff’s Office
In Attendance	Representative Jeff Holy – Spokane Police Department (Retired)
In Attendance	Representative Steve Bergquist – WA State Representative
Absent	Senator Judy Warnick – WA State Senator
In Attendance	Adé Ariwoola – City of Federal Way
Absent	Dwight Dively – King County
In Attendance	Mark Johnston – Vancouver Fire Department
Teleconference	Pat McElligott – Pierce County Fire and Rescue
In Attendance	Tarina Rose-Watson – Spokane Int’l Airport Police Dept.
In Attendance	AJ Johnson – Snohomish County Fire District #1
In Attendance	Steve Nelsen – Executive Director
In Attendance	Tim Valencia – Deputy Director
Absent	Jessie Jackson – Executive Assistant
In Attendance	Jessica Burkhart – Administrative Services Manager
In Attendance	Tammy Harman – Benefits Ombudsman
In Attendance	Jacob White – Senior Research and Policy Manager
In Attendance	Ryan Frost – Senior Research and Policy Manager
In Attendance	Tor Jernudd – 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 19, 2018. A quorum of the members was present at this meeting.

Chair Dennis Lawson called the meeting to order at 9:31 AM and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

Director Nelsen introduced new a Board member, AJ Johnson with Snohomish Fire District #1 who replaces Michael White in position 6.

1. APPROVAL OF MINUTES

ACTION | It was moved to approve the Board meeting minutes from November 28, 2018. Motion seconded. The Board approved the minutes without objection.

2. WSIB ANNUAL UPDATE

Director Theresa Whitmarsh provided the Board with information on the Washington State Investment Board activities and the state of LEOFF 2 investments.

3. PLAN DEMOGRAPHICS

Senior Research and Policy Manager Ryan Frost presented this educational briefing to bring the Board up-to-date on LEOFF 2 demographics as well as retirement statistics and challenges.

BOARD MEETING MINUTES

DECEMBER 19, 2018 – FINAL



4. DEMOGRAPHIC EXPERIENCE STUDY PREVIEW

Deputy State Actuary Lisa Won provided the Board with a preliminary preview of the Demographic Experience Study their agency is conducting for LEOFF 2. This study assists OSA in developing recommendations on assumptions and contribution rates, as well as provide funded status calculations. Questions and answers followed.

5. SPOUSAL CONSENT REQUIREMENT

Senior Research and Policy Manager Jacob White presented a final report on this issue with policy options regarding written consent of survivorship options and how it impacts members. Discussion followed regarding staff resources in supporting such a bill.

ACTION | It was moved and seconded to approve Option 1 to endorse the Department of Retirement System's proposed bill. The Board approved the motion unanimously.

6. LEOFF/PERS ELIGIBILITY GAP

Senior Research and Policy Manager Jacob White presented a preliminary report on this issue that addresses some law enforcement officers and fire fighters who are not receiving a pension due to an eligibility gap. Discussion followed regarding how many employers and members are impacted. Director Nelsen stated no data is currently available, therefore the financial implications are unknown.

ACTION | It was moved and seconded to approve Option 1a. The motion was amended to include a one-year window for members to act. The motion was amended to include language to abort legislation if an administrative fix is reached. The Board approved unanimously to move forward with legislation on this issue as amended.

7. ADMINISTRATIVE UPDATE

Director Steve Nelsen updated the Board on the recent discussion at the Select Committee on Pension Policy (SCPP) meeting, specifically he talked about the *Dolan* case involving a member not being reported into PERS. The courts determined the employer was responsible for repaying costs to the plan. The Actuary's Office calculates the liability and determines if rate adjustments are needed. This is what would happen should a similar situation occur with a LEOFF member. He also reported no outreach activities since the last meeting.

8. FINAL AVERAGE SALARY BENEFIT IMPROVEMENT PRICING

Senior Research and Policy Manager Ryan Frost presented an educational briefing that provided the Board with information and pricing if the Board were to pass legislation lowering the final average salary (FAS) period for the purpose of LEOFF 2 benefit calculations.

9. SURVIVOR OPTION ELECTION

Senior Research and Policy Manager Jacob White provided additional information on how LEOFF members are impacted by irrevocable retirement elections in this comprehensive follow-up report. Discussion took place regarding pros and cons of the options and timing of legislation.

BOARD MEETING MINUTES

DECEMBER 19, 2018 – FINAL



10. BENEFIT IMPROVEMENT ACCOUNT

Senior Research and Policy Manager Ryan Frost presented this educational briefing to update the Board on legislative activities surrounding the LEOFF 2 Benefit Improvement Account.

11. FUNDING POLICY

Director Nelsen presented information on the Board's draft funding policy and best timing for adopting a new policy in this educational briefing. Discussion took place regarding the value of waiting for additional information.

12. 2017-2019 BUDGET ADOPTION

Deputy Director Tim Valencia provided the Board with a proposed budget for the remainder of the 2017-2019 biennium. He noted that projections suggest the Board will be over-budget for the first time in history and provided explanations as to why. Discussion took place regarding the authority of the Board to set its own budget independent from the Office of Financial Management.

ACTION | It was moved and seconded to adopt the budget as presented. The Board approved the motion unanimously.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:14 PM.

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

The Board was reminded that meetings during legislative session are designed to provide Trustees with information regarding legislative activities and will be held primarily through teleconference.