

BOARD MEETING AGENDA

APRIL 24, 2024 • 9:30AM



LOCATION - Hybrid Meeting

In-Person:

Washington State Investment Board
2100 Evergreen Park Drive SW, Suite 100
Olympia, WA 98502

Or Virtual Meeting Information at
www.leoff.wa.gov

TRUSTEES

DENNIS LAWSON, CHAIR
Central Pierce Fire and Rescue

JASON GRANNEMAN, VICE CHAIR
Clark County Sheriff's Office

MARK JOHNSTON
Vancouver Fire Department

AJ JOHNSON
Snohomish County Fire

SENATOR JEFF HOLY
Spokane Police Department (Ret)

TARINA ROSE-WATSON
Spokane Int'l Airport Police Dept

PAT MCELLIGOTT
East Pierce County Fire

JAY BURNEY
City of Olympia

WOLF OPITZ
Pierce County

REPRESENTATIVE STEVE BERGQUIST
WA State Representative

DARELL STIDHAM
Spokane County Sheriff's Office

STAFF

Steve Nelsen, Executive Director
Tim Valencia, Deputy Director
Chloe Drawsby, Executive Assistant
Jessie Jackson, Administrative Services Manager
Jacob White, Senior Research and Policy Manager
Karen Durant, Senior Research and Policy Manager
Tammy Sadler, Benefits Ombudsman
Jessica Burkhart, Benefits Ombudsman
Tor Jernudd, Assistant Attorney General

**THEY KEEP US SAFE,
WE KEEP THEM SECURE.**

1. **Approval of Minutes** **9:30 AM**
 - March 27, 2024
2. **2023-2025 Operating Budget Adoption** **9:35 AM**
Tim Valencia, Deputy Director
3. **2024 Interim Preview** **10:05 AM**
Jacob White, Sr Research and Policy Manager
4. **Administrative Update** **11:05 AM**
Steve Nelsen, Executive Director
5. **Public Comment** **11:25 AM**

*Public comment can be provided to the Board in writing 24 hours prior to the meeting via our reception mailbox: recep@leoff.wa.gov.

In accordance with RCW 42.30.110, the Board may call an Executive Session for the purpose of deliberating such matters as provided by law. Final actions contemplated by the Board in Executive Session will be taken in open session. The Board may elect to take action on any item appearing on this agenda.

BOARD MEETING MINUTES

MARCH 27, 2024 - DRAFT



TRUSTEE AND STAFF ATTENDANCE

| | |
|----------------|---|
| In Attendance | Dennis Lawson, Chair – Central Pierce Fire and Rescue |
| Absent | Jason Granneman, Vice Chair – Clark County Sheriff’s Office |
| Teleconference | Mark Johnston – Vancouver Fire Department |
| Teleconference | AJ Johnson – Snohomish County Fire District #1 |
| Teleconference | Senator Jeff Holy – Spokane Police Department (Retired) |
| Teleconference | Tarina Rose-Watson – Spokane Int’l Airport Police Dept |
| Teleconference | Wolf Opitz – Pierce County |
| In Attendance | Pat McElligott – East Pierce County Fire |
| In Attendance | Representative Steve Bergquist – WA State Representative |
| In Attendance | Darell Stidham – Spokane County Sheriff’s Office |
| In Attendance | Jay Burney – City of Olympia |
| In Attendance | Steve Nelsen – Executive Director |
| In Attendance | Tim Valencia – Deputy Director |
| In Attendance | Chloe Drawsby – Executive Assistant |
| In Attendance | Jessie Jackson – Administrative Services Manager |
| In Attendance | Tammy Sadler – Benefits Ombudsman |
| In Attendance | Jacob White – Senior Research and Policy Manager |
| In Attendance | Jessica Burkhart – Ombudsman Program Manager |
| In Attendance | Karen Durant – Senior Research and Policy Manager |
| Teleconference | 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 March 27, 2024. A quorum of the members was present at this meeting.

Chair Dennis Lawson called the meeting to order at 9:33 a.m. and requested those present to take a moment of silence to honor those who had fallen since the last the Board meeting.

1. Approval of Minutes

The minutes from December 2023 to February 2024 meetings are before the Board for consideration.

ACTION | It was moved to approve the Board meeting minutes from December 2023 to February 2024. Motion seconded. The Board approved the minutes without objection.

2. Legislative Session Review

Jacob White, Senior Research and Policy Manager gave a Legislative Session Review to the Board. Mr. White reported that Omnibus Bill SB 6197 passed through legislation. SB 6197 clarifies the definition of a firefighter, removes statute of limitations for applying for the Special Death Benefit, shifts the responsibility of overpayments back to the employer, converts certain PTSD non-duty disability retirees to duty disability, and gives the LEOFF 2 Board authority over policy staff salaries. Including the Deputy Director and the Senior Research and Policy Managers. LEOFF 2 legislation that did not pass, SB 6198. Employees of the LEOFF 2 Board and HB 2013 Month of Death. SB 6198 was partially amended into SB 6197.

BOARD MEETING MINUTES

MARCH 27, 2024 - DRAFT



The Supplemental Budget fully funds the LEOFF Plan 2 and appropriations reflect pension rates adopted by the Board.

The Board was advised of changes in the agency budget funding for Central Services (CTS).

3. 2024 Interim Planning

Jacob White, Senior Research and Policy Manger presented to the Board a suggested plan for the 2024 interim. Mr. White presented benefit, actuarial, and administrative topics for the Board to review. Trustee, Jay Burney would like to further discuss the staff salary bill during this year's interim. Darell Stidham is interested in the LEOFF Plan 2 releasing an Ombudsman video/newsletter to better help members understand the Ombudsman program.

The Board will take action on the topics presented today at the Board Meeting on April 24, 2024.

4. Administrative Update

Steve Nelsen, Executive Director gave the Board an administrative update regarding upcoming stakeholder outreach and recent agency updates. Tammy Sadler and Jessica Burkhart, Benefits Ombudsman attended the International Ombudsman Association (IOA) 19th Annual Conference in March. LEOFF 2 will be providing an outreach table at the WSCFF Educational Seminar in April. Tammy Sadler, Benefits Ombudsman will be presenting at the Seattle LOCAL 27 Firefighter's Union in April as well.

5. Public Comment

The Board received public comment from a LEOFF member regarding cost-of-living adjustments (COLA) and the effect inflation has had on those adjustments. The LEOFF 2 Board welcomes public comment in advance of all meetings and has posted instructions on its website for the submission of written comments.

Adjournment

There being no further business, the meeting was adjourned at 10:18 a.m.

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 24, 2024, at 9:30 a.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W. Olympia, WA 98502.



2023–2025 Operating Budget Adoption

April 24, 2024

Background

- LEOFF Plan 2 Expense Account (Fund 548) created in statute
- Board expenses funded from Trust Fund
- Board budget not “appropriated” but is “allotted”
- Allotment increased by Legislature in the 2024 Supplemental Budget
- Best practice for Board to be notified and approve of such changes (advised by the Auditors)

Budget Overview

- **Expenditures necessary to meet statutory/fiduciary responsibility**
 - Board meetings
 - Member/Stakeholder communications & outreach
 - Professional development
 - Contracts for Services
 - Agency Operations

2024 Supplemental Budget Changes

- **Board expenditure authority increased \$46,000**
 - CTS (WaTech) central services increase (+\$35,000)
 - OFM services increase (+\$10,000)
 - PEBB and PERS rate changes (+\$1,000)
- **Incorporated into spending plan**

2023-2025 LEOFF Expenditure Plan

| Expense Category | Initial 2023-2025 Allotment | Revised 2023-2025 Allotment | Change to Allotment |
|--|-----------------------------|-----------------------------|---------------------|
| Salary & Wages | \$2,031,876 | \$1,991,024 | (\$40,852) |
| Employee Benefits & Taxes | \$596,498 | \$587,298 | (\$9,200) |
| State Actuary Services | \$239,736 | \$257,088 | \$17,352 |
| Rent & Utilities | \$124,176 | \$124,176 | \$0 |
| State Central Services ¹ | \$456,704 | \$483,988 | \$27,284 |
| Staff & Trustee Development ² | \$209,186 | \$224,186 | \$15,000 |
| Communications & IT | \$73,884 | \$99,764 | \$25,880 |
| Contracts | \$57,600 | \$64,600 | \$7,000 |
| Other Operating Expenses | \$52,340 | \$55,876 | \$3,536 |
| Biennium 23-25 TOTALS | \$3,842,000 | \$3,888,000 | \$46,000 |

Board Action - Options

- 1. Adopt the revised allotment/plan**
- 2. Don't adopt the revised allotment/plan**



Thank You

Tim Valencia

Deputy Director

(360) 586-2326

tim.valencia@leoff.wa.gov



April 24, 2024

2024 Interim Preview

Actuarial Topics

1. Results of the Actuarial Valuation
2. Results of the Actuarial Valuation Audit
3. Contribution Rate Preview
4. Contribution Rate Adoption

Administrative Topics

1. Interim Planning
2. Salary Setting Responsibility (if passed)
3. 2025-2027 Budget (Biennial, Qtr. Updates)
4. Financial Expenditure Audit Results
5. Annual AGO Training
6. DRS/CEM Benchmarking
7. DRS Annual Update
8. WSIB Annual Update
9. Executive Director Evaluation
10. Strategic Planning
11. Board Expectations
12. 2025 Board Meeting Calendar Adoption

Possible Benefit Topics

1. Holiday Payments
2. Authorized Leave of Absence Service Credit Purchase at Retirement
3. Concurrent Employment
4. Month of Death
5. DRS Appeals Deadline
6. COLA/Inflation
7. Part-time Law Enforcement
8. WSP Fire Training Academy Training Staff - LEOFF Membership
9. Implementation of Board Legislation
10. Benchmarking (Peer Comparison) – Educational Briefing
11. Ombudsman Program Review – Educational Briefing



2024 Interim Preview

April 24, 2024

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Next Steps for Benefit Topics

1. The Board may take action today on some items, or
2. The Board can defer any action today and wait until May to adopt the complete interim plan

1. Holiday Payments

- **ISSUE:** The current administrative interpretation of when holiday pay is considered earnable compensation is found in an employer notice rather than WAC.
- **STATUS:** DRS doing rulemaking and L2 staff will keep board informed of status of rulemaking. Possible educational briefing.

2. Authorized Leave of Absence Service Credit Purchase at Retirement

- **ISSUE:** Members retiring immediately after being out on temporary non-duty disability are not eligible to purchase service credit unlike members who retire immediately after being out on duty disability.
- **STATUS:** Possible legislation.

3. Concurrent Employment

- **ISSUE:** Members who are working FT for one employer and part-time for another employer may not be eligible for benefits from their second employer, including line of duty death and disability benefits.
- **STATUS:** Educational Briefing presentation on membership requirements and disability/death benefits for LEOFF, PERS, BVFF regarding part-time or temporary fire fighters.

4. Month of Death

- **ISSUE:** In the month a retiree or survivor passes away, the last month benefit payment is prorated based on the number of days the person was alive in the month. This may result in an overpayment and an invoice being sent to the family or estate to collect any amount that should have been prorated.
- **STATUS:** Follow the lead of SCPP and/or DRS?

5. DRS Appeals Deadline

- **ISSUE:** Some LEOFF 2 members have missed their deadline to file an administrative appeal with DRS and expressed concerns regarding a lack of clarity on the deadline, particularly when the member is required to provide additional information.
- **STATUS:** Defer to next interim?

6. COLA/Inflation

- **ISSUE**: Recent inflation has greatly exceeded expectations which has created concerns for some retirees about how long it will take for the current COLA to catch up with lost earning power.
- **STATUS**: Educational briefing including size of the “bank”, stochastic modeling on when the bank will be exhausted. Board may identify an option for receiving pricing from OSA.

7. Part-time Law Enforcement

- **ISSUE**: Legislation passed during the 2024 session which makes part-time law enforcement officers eligible for LEOFF Plan 2.
- **STATUS**: Staff will keep the Board informed on DRS implementation of the bill, including any policy issues that may arise.

8. WSP Fire Training Academy Training Staff – LEOFF Membership

- **ISSUE**: The WSP reached out to DRS regarding possible LEOFF membership for their FTA Training Staff positions. WSP was referred to the LEOFF 2 Board.
- **STATUS**: LEOFF 2 Board does not recommend legislation on membership. Staff will meet with WSP to discuss.

9. Implementation of Board Legislation

- **ISSUE**: Legislature passed SB 6197 in the 2024 Session with four benefit improvements and granting the Board additional authority over salary setting for some positions.
- **STATUS**: Educational briefing on new Board authority; Staff will keep the Board informed on DRS implementation of the bill, including any policy issues that may arise.

10. Benchmarking (Peer Comparison)

- **ISSUE**: Board previously received presentations comparing benefits to other plans.
- **STATUS**: Should previous study be updated? Significant workload required to update.

11. Ombudsman Program Review

- **ISSUE**: Board members expressed interest in learning more about the Ombudsman program.
- **STATUS**: Educational briefing; Services provided by the program; Data regarding the program.

Next Steps

- No action required today
- Interim plan to be adopted at the May 29th Board meeting



Thank You

Jacob White

Senior Research and Policy Manager

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VICE PRESIDENT

Ben Jones

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POSITION 2 | West Side

Bob Lurry

POSITION 3 | East Side

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POSITION 4 | East Side

Stacy Roark

POSITION 5 | East Side

Kevin Richey

POSITION 6 | West Side

Chris Breault

POSITION 7 | Associate

Scott Peters

POSITION 8 | Retired

Lloyd Bird

EXECUTIVE DIRECTOR

Teresa Taylor

**EVERY OFFICER
EVERY DAY**

April 15, 2024

LEOFF 2 Board
PO Box 40918
Olympia, WA 98504

DELIVERED VIA EMAIL

Dear Chairman Lawson,

The Washington Council of Police and Sheriffs (WACOPS) respectfully requests the LEOFF 2 board research potential solutions to a problem we recently became aware of for members recuperating from a serious on the job injury.

On August 15, 2023, Officer Kevin Bereta, a Bellevue Police Department employee and WACOPS member, sustained critical injuries resulting from a motorcycle crash while performing a department-condoned escort. Bereta has worked for the department and has been a LEOFF 2 member since 2018.

After a three-week stay in the hospital, Bereta was unable to return to work and currently remains under restrictions from his physician while he works toward a full recovery. Under the current contract between the Bellevue Police Officer's Guild and the City of Bellevue, at 6 months post injury Bereta was scheduled to lose his benefits including his family's health insurance since his care team would not release him to work in any capacity.

While a temporary insurance solution has been arranged between Bereta and the City of Bellevue, this event has highlighted an inequity that needs rectification. It appears that RCW 41.04.515 may set a maximum disability leave supplement at 6 months regardless of the medical recovery plan set by the employee's doctors. It appears that individual unions can negotiate for a longer period. In Bellevue, for example, we understand that law enforcement has 6 months of covered benefits, but Bellevue Fire may have as much as 9. We wonder if there is a LEOFF 2 pension solution for members seriously injured, working toward a return to duty, without a separation from employment. LEOFF 2 members should not have to separate from employment as their only option when their recovery plan extends beyond the designated disability leave supplement.

WACOPS respectfully asks the LEOFF 2 board to accept our request to review this situation and assess whether there is a pension related short term solution for these rare, but serious, on the job injuries where the member remains employed while recuperating.

Thank you for your consideration. Please let us know if we can provide any additional information.

Respectfully,

Teresa C Taylor
Executive Director

Cc: Jason Granneman, Vice Chair