



STATE OF WASHINGTON

BOARD FOR VOLUNTEER FIREFIGHTERS & RESERVE OFFICERS

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October 15, 2010

The 225th regular meeting of the Board for Volunteer Firefighters and Reserve Officers was convened at 9:00 A.M. in Suite #112 in the James R. Larson Forum Building by Chair Ken Boad, with Board Member Jay Hughes, Board Member Mark Watenpugh, Board Member Miland Walling, Assistant Attorney General Kyle Crews, Actuarial Assistant Mike Harbor, Actuary Lisa Wan, Senior Investment Officer Diana Will, Pension and Payroll Specialist Irene Keiffer, Claims Analyst Julie Foreman, Confidential Secretary Danice Ragland, and Executive Secretary Brigitte Smith present. Board Member Martin Spani was excused from the meeting.

The Board reviewed the July 16, 2010 Regular Meeting Minutes. It was moved by Watenpugh, seconded by Hughes and carried that the minutes be approved.

The agenda was reviewed.

FIRST HEARING OF THE PUBLIC

No public was present.

OLD BUSINESS

Diana Will, from the Washington State Investment Board (SIB), provided some history about the SIB and updated the Board on Fund 614, the benefit fund. The Comingled Trust Fund that the BVFF is a part of was formed in 1992. There are 10 voting members of the SIB and five non-voting members. The five non-voting members are subject area experts that help to advise the SIB. The Comingled Trust Fund invests in Innovations, Cash, Fixed Income, Global Equity, Private Equity, Real Estate, and Tangibles. They try to maximize returns within a prudent level of risk. While they work with the legislature, they still try to do what is in the best interest of the fund for the citizens of WA State. They try to diversify their investments, and will often invest no more than 1% in any single global equity company. While they are still trying to capture data from last quarter, they believe they made a quarterly return of approximately 7.7%. Fund 614 currently has a balance of approximately \$122.9 million.

Lisa Wan and Mike Harbor, from the Actuary's Office, presented the Board with their estimation of the cost to cover Support Volunteers if a new RCW were signed into law allowing the BVFF & RO to provide relief coverage for them. Because there is no prior experience covering these members through the BVFF & RO, it was really difficult to try to narrow down a price. As a result, their best estimation is that it could cost anywhere between \$28 to \$139 per person to provide relief coverage. Actuaries usually do experience studies every six years, but they may have to do another one in two or three years instead so that they could determine a more accurate cost. As a result, the Board would probably have to charge the higher fee for the first couple years to build experience and then it could adjust the price after a new actuarial study.

Ms. Wan and Mr. Harbor further informed the Board that the Actuary's Office had hired outside actuaries to help complete the relief valuation. Eventually, they would like to present the Board with one annual valuation report that would include information for both the pension and relief. In the future, they would ask to meet with the Board to present some preliminary numbers so the Board could start making some policy decisions such as whether they should prefund the relief benefits or not, or do a combination of prefunding. The Board did ask whether the actuaries felt that the Nation Healthcare Bill would change the assumptions. While the actuaries were unsure, they told the Board they would consult with the outside actuaries to determine an answer.

The Board briefly discussed the Retire/Rehire Bill with Ms. Wan and Mr. Harbor. The Board questioned the Actuaries as to the Actuarial implication of changing the minimum age to be eligible for Retire/Rehire participation from age 65. If

the members between the ages of 60 and 65 were allowed to retire and be rehired, they felt that more people would be encouraged to retire, draw benefits, and re-enter service. That meant more people would draw more benefits longer, which would increase the future liabilities to the pension, which was probably why the legislature said that members had to be at least age 65 to participate. They also said that, without experience to draw from, they were estimating that about 90% of the members eligible for participation in the retire/rehire bill would participate.

After the Board looked through the 2009 Valuation, it was pointed out that the fund only lost 17% of its value during that time, where the CTF as a whole lost 23% of its value. The difference in losses was because the Board had a larger cash balance than the rest of the funds. Ms. Wan and Mr. Harbor pointed out that the Board is more than 100% funded, which is good. However, any retirement plan that is more than 80% funded is considered "healthy".

Diana Will, Lisa Wan, and Michael Harbor all left the meeting at 10:00 am.

A small recess was called between 10:10 and 10:20.

The Board discussed the Support Volunteer legislation that the committee had been working on. Secretary Smith was asked to call a meeting of the committee to review the results of the Actuarial pricing. The Board discussed the fee issue and wanted the committee to know that legislators would have to be aware that we'd probably have to charge the higher fee until we had built a couple of year's worth of experience, but that the Board would be willing to adjust it from there. In addition, the Board discussed the disability compensation amount. The way the legislation was currently drafted, the support volunteers' disability compensation amount would start at the flat fee amounts originally listed in the firefighter RCW. Therefore, there would be a difference because they would not have the benefit of the last several years' worth of COLA's. After some discussion, the Board decided to let the committee work through the issue and authorized Secretary Smith to modify the draft to follow the committee's recommendation since the Board supported either idea.

Chairman Boad called an executive session at 10:25 am until 10:40 am to discuss potential litigation. Upon return, the Board authorized Secretary Smith to enter into mediation, pursuant to contract terms, with Brewer Consulting, LLC.

NEW BUSINESS

The Board discussed the death of Chief Chet Bauermeister, Franklin Co. FPD #4. Secretary Smith stated that the staff reviewed all of the information from Chief Bauermeister's death. While there was no coroner's report, the death certificate clearly listed the cause of death and the fact that he was working a wild land fire with the fire department at the time of death. After reviewing all of the documentation, and consulting with AAG Crews and Chair Boad, the staff ruled that Mr. Bauermeister's death was, in fact, a line of duty death. All LODD benefits and payments were prepared in accordance with RCW 41.24, and Secretary Smith and Member Jay Hughes met with Chet's widow, Sandra, on August 27, 2010.

The Board reviewed a request for a permanent partial disability award settlement for Janice Hedman, Mason Co. FPD #13, for an injury sustained on April 2, 2010. It was moved by Hughes, seconded by Watenpaugh, and carried, that Ms. Hedman be granted an award of \$5,169.51 for a 5% impairment of the left upper extremity.

Secretary Smith informed the Board of an ongoing investigation into several members that were reported by Spokane #5 as having been active members of the department. She shared a September 20, 2010 report of the staff's findings to the district. The majority of the issues revolved around not reporting members immediately or not reporting when members left. The majority of the members of the department were accurately reported, though. There has been some confusion with a few members of the department, however, because they volunteered with Spokane #5, but worked as career staff in other departments. While not an issue for training (so long as Spokane #5 still monitored their drill attendance with the career department, there has been an issue with responses. Since Spokane #5 members receive a small stipend for responses, many of the dual members did not want to sign in when they responded to calls because they did not want to receive the stipend. As a result, there are either no records, or extremely limited records of any responses with Spokane #5. The Board asked Secretary Smith to continue to work with the district to try to establish some documentation of the responses for the members in this situation. The Board would be willing to consider notarized statements with specific details about calls from other department members. General statements without supporting information would not be considered.

The Board reviewed the Annual Survey results. In those results, 98% of the departments, retirees, and benefit recipients rated their over-all opinion of the BVFF & RO as above average to excellent. One of the respondents said "I work for another government agency and every other Washington State office should follow your office and employees' example when working with the public". The Board was happy with the comments and thanked the staff for all the hard work they do every year to see that we remain so highly thought of in the fire service community.

The Board reviewed the results of the Actuarial Survey and determined that the 2011 fees for EMSD's and Reserve Officers should be \$120 for the pension fee (\$30 member fee + \$90 municipality fee) and \$140 for the disability fee. In addition, they reviewed the cost of claims for members over the age of 65, and found no current increased liability to insure the Retire/Rehire members. As a result, it was moved by Watenpaugh, seconded by Hughes, and carried that there be no surcharge for Retire/Rehire members for 2011.

The Board discussed the meeting dates for 2010. After checking calendars, it was decided that the 2011 meeting dates be set for January 21, April 15, July 15, and October 21.

The Board also gave a special thanks to the staff for the way that they handled the last legislative session. It was hard on everyone, but the staff seemed to get the majority of the feedback and handled it well. Secretary Smith said she was particularly proud of the staff because their concerns centered around the firefighters, EMT's, and police officers and taking care of them.

The Board reviewed an interagency agreement entered into with the Department of Personnel (DOP). DOP will start to provide some Human Resource support to the Board beginning October 7, 2010.

The Board reviewed Secretary Smith's leave and pay records.

The Board reviewed and approved (Walling moved, Hughes seconded) the administrative expenditure vouchers numbered (2170 & 2195 through 2260) and various travel vouchers.

There was a motion by Hughes, seconded by Walling, and carried that the retirement pensions and lump-sum settlements listed below be approved effective on the listed dates:

		<u>Effective</u> <u>Date</u>		<u>Amount</u>
Anderson, Lynn	Snohomish #16	1/09/10		2,647.05 Lump
Angstrom, Bradley D.	Lincoln #7	7/16/10	J/S	155.52 @ age 60
Barrett, Herbert E.	Pierce Co. Sheriff	10/27/09		61.18 @ age 62
Bass, Jonathan E.	St. John	6/02/10		1,113.21 Lump
Bauermeister, Sandra (Chet)	Franklin #4	6/23/10	SURV	4,711.89 Lump
Beach, Kenneth W.	Kitsap #2	9/01/10		280.00
Boer, Ronald J.	King #2	8/09/10		228.00 @ age 62
Bowman, Gordon B.	Eatonville	9/18/10		112.50 @ age 60
Boyer, John	Oak Harbor	9/09/09		5,838.13 Lump
Bramstedt, Richard R.	Cosmopolis	5/12/10		300.00
Bryant, Leslie	Lincoln #7	10/2/10	J/S	147.24 @ age 60
Buchanan, Randolph E.	Skagit #16	5/02/10		2,713.22 Lump
Bulck, Carl M.	Chelan #1	9/11/10		246.90
Bullock, Glen S.	Cowlitz #2	11/30/10		54.73
Burton, Norline	Lewis #11	6/23/10		4,331.53 Lump
Burleson, David L.	Grays Harbor #2	2/17/10		252.00 @ age 63
Butler, Howard E.	King #26	7/23/10		58.52 @ age 62
Call, Richard	Grant #12	1/01/10		5,306.73 Lump
Clark, Alice	Skagit #14	10/1/10		300.00
Comstock, Donald D.	Pierce #22	12/18/10		187.50
Cottrill, Victor P.	Garfield	8/24/10		180.00 @ age 60
Daniel, Timothy	Eatonville	6/30/10		228.00 @ age 62
Davis, Bruce J.	Snohomish #11	8/01/10		3,609.62 Lump

Doumit, John	Wahkiakum #4	6/11/10	J/S	184.00 @ age 62
Duchow, Frank	Grant #5	8/15/10		121.60 @ age 62
Epp, Landis	Clark #3	7/26/10		3,368.97 Lump
Fairburn, Wayne A.	Kittitas Valley	10/17/10		187.50
Femling, Bonnie	Coulee Dam	8/01/10		300.00
Fern, Mark D.	Maple Valley	3/29/09		228.00 @ age 62
Fillo, Lonny F.	Grays Harbor #2	8/08/10	J/S	246.90
Fink, Betty G.	Klickitat #12	3/01/10		90.00
Fitting, Joseph O.	Grays Harbor #15	9/24/10		180.00 @ age 60
Frank, Michael S.	Skagit #10	8/10/10		300.00
Foster, Kenneth R.	Skamania #1	9/26/10		300.00
Gillespie, James A.	Pullman	5/10/10		210.00
Goade, Wally	Connell	4/01/10		121.50 @ age 60
Gore, Harold	Long Beach	8/21/10		4,090.89 Lump
Grant, Sr., Michael R.	Pierce #11	10/26/10	J/S	248.70
Harris, Don	Spokane #9	8/14/10	J/S	136.45
Hiles, Herbert	Grays Harbor #5	3/06/10		58.52 @ age 62
Hill, Vyrle L.	Raymond	6/13/10		180.00 @ age 60
Hodges, Byron E.	Palouse	8/11/10		187.50
Jeffries, Marvin J.	Chelan #5	8/07/10	J/S	111.90 @ age 62
Johnson, R. Eugene	Lincoln #5	7/13/10		228.00 @ age 62
Johnson, Terry	Clallam #2	8/16/10		180.00 @ age 60
Jones, Larry J.	Mason #4	5/31/10		4,090.89 Lump
Justice, John R.	Buckley	9/01/10		252.00 @ age 63
Kent, Irma (Alan)	Adams #6	7/29/10	J/S	166.87 @ age 61
Krahenbuhl, Sam A.	South Cle Elum	9/23/10		180.00 @ age 60
Lamb, John W.	Walla Walla #8	9/05/45		300.00
Langdon, Lon	Snohomish #21	1/01/10		300.00
Latham, Glen E.	Shelton	6/09/10		228.00 @ age 62
Laughead, Marie (Neil)	Grays Harbor #10	1/01/07	SURV	163.02
Leander, Luana	Skagit #5	2/25/10		252.00 @ age 63
Levy, Richard	Skagit #10	1/10/10	J/S	114.15 @ age 61
Lorton, Vernon	Pacific #6	6/08/10		176.40 @ age 63
Madan, Richard L.	San Juan #2	6/10/09		252.00 @ age 63
Malsbary, Richard	Whatcom #3	8/17/10		70.00
Malstrom, Frederick	Island #3	9/09/10		3,609.61 Lump
McDonald, Judy	Grant #10	7/05/10		52.92 @ age 63
McNeil, Terry	Skagit #13	9/24/10		4,331.53 Lump
Moon, Jack L.	Spokane #4	5/19/10		73.50
Moore, William C.	Yakima #5	2/10/10	J/S	230.10
Nacht, William L.	Lewis #6	4/26/10	J/S	106.21 @ age 62
Neff, Stephen G.	Thurston #9	5/30/10		77.28 @ age 64
Nelson, Gary L.	Clark Co. F&R	8/24/10		300.00
Pearsall, Richard	Thurston #4	6/09/10		5,586.03 Lump
Peters, Steven W.	Spokane #8	8/15/10		250.00
Peterson, Robert E.	Chelan #9	5/01/10		3,580.68 Lump
Reed, Sam	Morton	4/08/10		3,311.50 Lump
Richardson, Glenn E.	Okanogan #11	7/25/10		230.00
Roberts, Janice F.	Lincoln #4	7/01/10		150.00
Shelton, David N.	Elma	7/04/10		126.00 @ age 60
Shukle, Randy	Pend Oreille #4	8/02/10	J/S	243.60
Singleton, Carl E.	Thurston #6	9/14/10		290.00
Sitton, Jr., Charles	Skamania #6	1/01/09		3,229.59 Lump
Skow, John	Clallam #2	1/15/10		4,572.18 Lump
Smith, Kenneth A.	Franklin #1	9/09/10		144.40 @ age 62
Spahr, Lorraine	Lewis #2	11/12/09		153.90 @ age 62
Swanson, Ronald E.	South Whatcom	7/01/10	J/S	246.90

Thomas, Blaine D.	Whitman #8	9/22/10	J/S	231.30
Trauth-Thomas, Judy	Whatcom #11	10/16/10		187.50
Velle, Elizabeth A.	Clallam #2	9/20/10		210.00
Wallace, Ronald R.	San Juan #2	6/10/10		300.00
Walling, Miland A.	Klickitat #2	9/01/10		300.00
Weaver, Gary R.	Yakima #1	7/12/10		220.40 @ age 62
Weidner, Eileen A.	Pacific #1	9/08/10		3,690.84 Lump
White, Cynthia	Mason #5	8/15/09		2,661.44 Lump
Wick, Richard W.	Woodland	1/06/10		3,116.71 Lump
Yaw, Ralph	Walla Walla #8	9/01/10		300.00

SECOND HEARING OF THE PUBLIC

No public was present to speak.

There was a motion by Hughes, seconded by Walling, and carried that the meeting be adjourned at 11:36 a.m.



Brigette K. Smith, Executive Secretary