

BRIGETTE K. SMITH
Executive Secretary



JAY HUGHES
Board Chair

STATE OF WASHINGTON
BOARD FOR VOLUNTEER FIREFIGHTERS & RESERVE OFFICERS
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October 10, 2013

The 237th regular meeting of the Board for Volunteer Firefighters and Reserve Officers was convened at 9:00 A.M. in Suite #207 in the James R. Larson Forum Building by Chair Jay Hughes, with Board Member Mark Watenpaugh, Board Member Miland Walling, Board Member Martin Spani, Board Member Brian VanCamp, Assistant Attorney General Tsering Kheyap, Executive Secretary Brigette Smith, Actuarial Analyst Kyle Stineman, Actuarial Analyst Michael Harbour, Senior Actuary Lisa Won, and Senior Investment Officer Allyson Tucker present.

Secretary Smith asked that the Board add a presentation by Allyson Tucker and a review of a possible PPD award for Charles Fitzgerald, Okanogan Co. FPD #3, under new business. She also asked that the Board rearrange the agenda so that the presentations by the State Investment Board and the Office of the State Actuary move to the front of the agenda, and the executive session move to the end of the New Business to accommodate the visitor's schedules.

The Board reviewed the July 19, 2013 Regular Meeting Minutes. It was moved by Watenpaugh, seconded by Walling, and carried that the minutes be approved.

FIRST HEARING OF THE PUBLIC

Allyson Tucker, Senior Investment Officer from the State Investment Board (SIB), discussed the comingled trust fund and, specifically, the performance of the BVFF's Pension Fund over the past year. She stated that the Tangible Assets Team was still forming and that they were beginning to invest in that "new" market. The Public Equity portion of the investments is invested at a ratio of approximately 50% overseas investments, and 50% domestic investments. She also told the Board that the SIB recently spent a year reviewing the asset allocation. As a result of that review, it was recommended that the SIB increase their investments in real estate by 2%, and decrease their investments in private equity by 2%. Finally, she informed the Board that investments performed well so far for the fiscal year ending in June 2013. The rate of return was 12.4%, which means that the fund grew to a market value of approximately \$157 million. In comparison, the entire comingled trust fund has a market value of \$67.9 million, so the Board's fund represents only .2% of the total assets.

Lisa Won, Senior Actuary, and Michael Harbour, Actuarial Assistant, discussed the results of the 2012 Actuarial Valuation with the Board. They informed the Board that, in the last year, contribution rates have decreased a little, and there was a higher than normal turn-over rate. In addition, medical expenses were higher. These things, teamed up with the recent legislation to increase the line of duty death benefits, reduced the annual surplus about \$200,000. In the last year, they have spent time looking into some of the assumptions used by the Board. As a result of that review, they recommended to the Board that the CPI assumption change from 3.5% to 2.75%, and that the rate of return assumption remain at 7%. They also recommended that the Board try to keep about 10-12% of its assets in cash at the Treasury. Finally, they informed the Board that they would be starting the Demographic Experience Study this year, and they would be happy to provide some additional education regarding that and how the smoothing works next year.

It was moved by VanCamp, seconded by Spani, and carried that the CPI assumption be changed from 3.5% to 2.75%, and that the rate of return assumption remain at 7%.

The Board then reviewed the preliminary pricing request provided by the State Actuary's Office. The State Actuary was asked to provide costs for six different benefit enhancements, since the last time they were priced was in 2007. The actuaries stressed to the Board that the numbers were only preliminary and could change before they were finalized. That being said, they stated they would probably not change more than approximately 10%. The results changed quite a bit between 2007 and 2013, making the changes more affordable. There were a couple of unique anomalies in the data. First, the relief rates would be affected by the benefit enhancements because assets would have to be taken from the

relief to fund the pension. In addition, implementing the longevity bonus could create a small surplus because members would continue making contributions. The actuaries said that the next step would be to finalize the pricing and issue a final letter, in much the same form they would release a fiscal note.

The Board took a short recess from 10:25 through 10:35. Allyson Tucker, Lisa Won, Michael Harbour, and Kyle Stineman all left the meeting.

OLD BUSINESS

Secretary Smith updated the Board regarding the James Ballif case. There have been no major changes in the case, but the assailant in the case has started to pay restitution per his court order.

The Board reviewed a draft of an annual evaluation for the Executive Secretary. Chair Hughes worried that it may be too long, too cumbersome, and too detailed. Member VanCamp thought it was a really good starting point. After some discussion, the Board really liked the section concerning the "Board Relationship" and wanted it to remain intact. They thought that some of the other sections may take a level of knowledge about the day to day operations of the office that the Board may not be able to assess easily. Sections like "Financial Management & Legal Compliance" may go deeper into the day to day operations than the Board intended to go. Chair Hughes pointed out that things like the Annual Survey may be a much better gauge of how the Executive Secretary is doing than some of the drafted sections of the evaluation. It was decided that the Executive Secretary and Chair Hughes would pare down the evaluation further and present another version at the next meeting. It was also determined that it would be best if the Chair could complete the evaluation every year in time for the July meeting, and the results could be shared with the rest of the Board in an executive session.

The Executive Secretary informed the Board that she had had an informal meeting with state budget staff members, and the database project was discussed. She was informed that, because the upcoming legislative session was a short one, the legislature would be more focused on larger issues of funding and cutting back spending than spending money on an IT project. It was recommended that the BVFF wait at least one more year before proposing any spending increases. As a result, it was Secretary Smith's recommendation that the BVFF wait another year before submitting a decision package to request funding. The Board agreed and directed Secretary Smith to work on drafting a decision package so it can be ready to go for the 2015 Legislative Session.

Secretary Smith informed the Board that she and AAG Kheyup researched any potential legal issues that may arise if the fire departments elect to pay for the cost of the buy-backs rather than the member. Because the legislation specifically allowed the departments to bear that cost, it was determined that there should not be any problems with the legality of the department paying the costs.

NEW BUSINESS

The Board reviewed a request to cover treatment for Shane Wefer, South Whatcom Fire and Rescue. Mr. Wefer's doctor has requested a treatment for Firefighter Wefer that could be covered by Labor and Industries, using a medication that is not covered. The Board reviewed the applicable laws and regulations. It was noted that RCW 41.24.220 allows for the payment of medications. Although the Board has specific policies regarding the payment of narcotic prescriptions, the Board has not broadly disallowed other medications necessary to the recovery of the injured participants. Therefore, after reviewing the science behind the medication, the laws and regulations, and the unique nature of Mr. Wefer's case, it was moved by Walling, seconded by Spani, and carried, that the Board cover the cost of the medication and any medical procedures as allowed by Labor and Industries.

The Board reviewed a request for a PPD award for John VanPelt, Skagit Co. FPD #3 for an injury sustained on April 14, 2012. After reviewing the Independent Medical Examination results, it was moved by Watenpaugh, seconded by VanCamp, and carried that John VanPelt be granted a PPD Award of \$16,882.06 if he chooses to accept it. Secretary Smith informed the Board that the staff has the option to approve a second independent medical examination if it feels it could be helpful in settling his case. The second physician would need to be chosen from a list of Labor and Industries approved physicians.

The Board reviewed a request for a PPD award for Charles Fitzgerald, Okanogan Co. FPD #3 for an injury sustained on October 2, 2012. After reviewing the Independent Medical Examination results, it was moved by Watenpaugh, seconded by Spani, and carried that Charles Fitzgerald be granted a PPD Award of \$4,570.74.

The Board reviewed a request for additional service for the year 1976 from Charles Baunsgard, City of Redmond. After reviewing the documentation provided, it was moved by Spani, seconded by VanCamp, and carried that the documentation provided was insufficient to prove additional service. Secretary Smith was directed to request additional documentation from the department and verify that Frank Mellquest was, in fact, the chief of the department during 1976.

The Board took a short recess from 11:35 through 11:50.

Secretary Smith informed the Board that she had received three letters reporting possible frauds against the pension fund. After review, Secretary Smith was directed to begin investigations into Pacific #1 and Grays Harbor #14. In addition, she was directed to have Confidential Secretary Julie Foreman contact the City of Elma and speak with the fire chief regarding the concerns raised in the letter received by the Board.

The Board discussed a request for legislation regarding presumptive diseases. They also reviewed an email to the Washington Fire Chiefs (WFC) from Chief Leatzow, Cowlitz Co. FPD #5. Secretary Smith informed the Board that she had been working with the WFC to draft legislation. The current draft is modeled after the L&I law for career firefighters, and a bill that was proposed in the last session to cover police officers for heart attacks and strokes. The law enforcement bill did not pass, but Secretary Smith thought it would be a good idea to be pro-active. There was a lot of discussion regarding whether there was a difference in the level of possible exposure to carcinogens between career and volunteer firefighters. After much discussion, Secretary Smith was directed to research the matter further and report back to the Board at the next meeting. She was also directed to write to the Firefighter's Association, the Washington Fire Chiefs, and the Washington Fire Commissioners Association and inform them that the Board is researching the matter, and it is unable to take a position regarding any potential legislation at the current time.

The Board held an administrative hearing and took testimony in the case of Bruce Jarrett, City of Long Beach.

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The Board reviewed the 2013 Annual Survey Results. The results were positive, with ninety-four percent of the constituents rating their over-all opinion of the Board as above average to excellent. A few of the comments were:

- "Every time I call you are ALWAYS friendly, kind & helpful. I wish every agency was as easy to work with. You three are great. Thanks for making Chief's & my job easier."
- "What a great group you have assembled. I couldn't ask for a better group of people to work with. Keep up the exceptional work."
- "I appreciate the quality answers and excellent service provided. Please continue to provide this to all your clients. Thank you."
- "When my husband died at a fire I was so overwhelmed and so grief stricken. The compassion and kindness shown to me was a tremendous help. Please know you are so appreciated! Keep up the good work! Thank you!!"
- "You take the time to explain things to people and you make sure they have it right. Thank you all for being there for all of us."

There were a couple of suggestions for possible improvements. One department suggested that we improve the current website and another stated that they were having a difficult time recruiting new volunteers.

Chair Hughes thanked the staff and Secretary Smith for the jobs that they do. He felt that the survey results are a good gauge of how well the office is staffed and run. The Board agreed that they hear positive feedback throughout the fire service.

The Board reviewed the results of the Actuarial Survey and determined that the 2014 fees for EMSD's and Reserve Officers should be \$120 for the pension fee (\$30 member fee + \$90 municipality fee) and \$185 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 Spani, and carried that there be no surcharge for Retire/Rehire members for 2013, and that the 2013 RO and EMSD Fees be set at \$120 for the pension and \$185 for the relief.

The Board discussed the meeting dates for 2013. After checking calendars, it was decided that the 2014 meeting dates be set for January 17, April 18, June 20, and October 10.

The Board reviewed the following service level agreements and contracts:

- Washington State Board for Community & Technical Colleges for our required IT Security Compliance Audit
- Office of the State Actuary for actuarial services

The Board went into executive session at 3:30 pm for approximately half an hour to discuss litigation and personnel issues.

The Board returned to regular session at 4:00 pm.

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

The Board reviewed and approved (Watenpaugh moved, Spani seconded) the administrative expenditure vouchers numbered (00361 through 00391, with voucher #00225 being voided as a result of an AFRS error) and various travel vouchers.

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

		<u>Effective Date</u>		<u>Amount</u>
Alling, Benjamin J	Coulee Dam	9/10/2013	J/S	246.90
Bade, Richard	Stevens CO #1	1/8/1948		3609.61 Lump
Bain, James R	Jefferson CO #5	4/26/2011		6144.64 Lump
Barquest, Barry	Pierce CO #22	9/14/2013		3116.71 Lump
Bault, Luella (Reuben)	Spokane CO #4	2/17/2010	SURV	186.36
Beaudoin, Raymond	Central Mason F&R	3/22/2013		6144.64 Lump
Benson, Victor	Skagit CO #3	9/5/2013		300.00
Benzel, Bruce	Ritzville	8/30/2013		276.00 @ age 64
Berry, Robert C	Mason CO #17	10/1/2013		3985.78 Lump
Bowman, Kathleen W	Pomeroy	1/19/2013		4572.18 Lump
Brashears, Dale	Electric City	7/18/2013	J/S	181.39 @ age 62
Bridges, Jim	Lewis CO #5	9/1/2013		252.00 @ age 63
Brule, Donald	Cosmopolis	2/8/2013		4090.89 Lump
Bush, George W	Lewis CO #16	8/12/2013		228.00 @ age 64
Cernick, Robert M	Kittitas CO #7	7/16/2013		228.00 @ age 63
Cochran, Carleen	Okanogan CO #4	10/7/2013		157.50 @ age 63
Cribby, Paul	Ferry/ Okanog#14	3/2/2013	J/S	89.32
Crutchfield, Rich	Skagit CO #7	9/15/2013		73.50
Currie, Gilbert	Ridgefield	4/4/2012		2887.69 Lump
Damarjian, Christine	Skagit CO #17	3/6/2013		3128.33 Lump
Davis, Mike	Winlock	3/11/2013		3368.97 Lump
Dennis, John	Monroe	3/13/2013		3850.25 Lump
Devore, Douglas R	Chelan CO #3	4/30/2012		3762.24 Lump
Donovan, Vicki	Sultan	10/14/12		4090.89 Lump

Dunning, Ronald	Walla Walla #6	6/26/2012	150.00	
Flagg, Randall	Skagit CO #2	8/11/2013 J/S	187.64 @ age 62	
Fleming, JR, Leroy C	Bothell	8/18/2013	300.00	
Foss, Delores	San Juan CO #4	7/30/2013	4090.89 Lump	
Gaidos, JR, Delard m	Cle Elum	8/14/2013	180.00 @ age 60	
Goldstien, Arthur	Clallam CO #3	9/1/2013	2431.91 Lump	
Halloran, Tim	Spokane CO #13	9/19/2013	5474.58 Lump	
Halverson, Steve	Franklin CO #4	6/9/2013	4331.53 Lump	
Hannawalt, James J	Skagit CO #3	9/1/2013J/S	162.83	
Harder, Paul H	Adams CO #4	7/14/2013	300.00	
Hawkinson, Terry A	Spokane CO #4	7/27/2013	3311.50 Lump	
Haydock, James B	King CO #40	6/19/2013	180.00	
Hodges, Gloria	Palouse	4/2/2013	73.50	
Hoffman, Alyce K	Pierce CO #26	2/9/2012	4090.89 Lump	
Holbroock, Robert	Skagit CO #10	10/28/2013	228.00 @ age 62	
Honeysett, Richard C	Mason CO #17	1/1/2013	2371.20 Lump	
Humbyrd, Vicki A	Pacific CO #5	3/10/2013	4331.53 Lump	
Jones, Brian	Franklin CO #5	12/1/2012 J/S	232.80	
Keeling, Zena J	Okanogan CO #4	7/29/2012	6144.64 Lump	
Kelsay, Dennese	Cowlitz-Skamania #7	6/24/2013	4331.53 Lump	
Koidahl, Don	Lewis CO #13	1/1/2012	195.00	
Low, Karl A	Pomeroy	2/26/2013	260.00	
Maggs, Clifford	Kittitas CO #7	3/24/2013	4572.18 Lump	
Marll, Stephen L	Lincoln CO #4	8/5/2013J/S	242.10	
Maw, Edwin R	Douglas CO #5	8/2/2013	228.00 @ age 62	
McDonald, Steven A	Grant CO #10	6/17/13	66.50	
McLain, Jackie R	Selah	8/20/2013 J/S	149.22 @ age 60	
Mills, Terry	Klickitat CO #10	4/15/2013	3621.05 Lump	
Monroe, Richard	Pierce CO #14	5/10/2009	77.00	
Montoya, Tony	Chelan F&R	3/4/2013	4572.18 Lump	
Nightengale, Donald	Okanogan CO #6	1/29/2011	6277.99 Lump	
Odenrider, Daniel J	Lincoln CO #7	5/19/2013	228.00 @ age 62	
Odiaga, Pam (Carlos)	Cle Elum	2/21/2001 SURV	4575.69 Lump	
Olson, Phillip C	Klickitat CO #5	9/1/2013	300.00	
Price, Cindy L	King CO #28	10/9/2013	121.50 @ age 60	
Price, Ronald C	Yakima CO #5	11/1/2011 J/S	189.01 @ age 64	
Rice, William C	Thurston CO #3	9/4/2011	4090.89 Lump	
Ristrom, Dave	City of Westport	6/17/2013	4572.18 Lump	
Rousseau, Terry	Skagit CO #5	3/9/2012	3368.97	Lump
Saeger, Paul A	Mason CO #4	3/1/2012	5113.34 Lump	
Saimons, John	Snohomish CO #14	11/11/2012	4331.53 Lump	
Sallee, Ronald	Snohomish CO #8	3/23/2013	3850.25 Lump	
Schanzenbach, Kerry	Rosalia	10/12/2013	252.00 @ age 60	
Schmitt, Paul	Roslyn	4/15/2012	270.00	
Schurman, Douglas	Clarkston	7/10/2013 J/S	176.61	
Schwitzgoebel, Ty	Goldendale	3/27/2013	84.00	
Severe, Kristin (Tyson)	Snohomish CO #22	4/29/2013	720.00 Lump	
Sharkey, Maurice	Seattle Police	8/12/2013	3922.21 Lump	
Skeie, Randall D	Spokane CO #9	5/29/2013	5586.03 Lump	
Skinner, Don	Skagit CO #8	5/28/2013 J/S	189.01 @ age 62	
Smith, Douglas C	Asotin	8/25/2013	4572.18 Lump	
Smith, Jerry	King CO #45	9/28/2013	3850.25 Lump	
Snow, Robert	Stevens CO #1	9/11/2010	2490.85 Lump	
Spear, Joseph W	Yakima CO #12	6/1/2013	300.00	
Stanchfield, Dennis	Skagit CO #19	1/22/2013	66.50	
Strouf, Ray	Grant CO #12	1/1/2006	52.50	
Sutton, Kenneth C	Kittitas CO #6	10/7/2013 J/S	248.70	

Swartz, Robin L	Adams CO #5	10/1/2013	J/S	243.60
Tallmadge, Michael	Clallam CO #2	10/4/2013		300.00
Taylor, George F	Spokane CO #4	3/25/2013		3850.25 Lump
Uribe, William	Walla Walla CO #4	4/17/2013		148.20 @ age 62
Vanwey, Craig	Snohomish CO #4	5/5/2013		151.20 @ age 63
Verbeck, Kent	Kittitas CO #7	1/1/2013		300.00
Warner, Bernard	Clark CO #12	3/1/2013		3609.61 Lump
Whitson, Hugh	White Salmon	9/15/2013		228.00 @ age 62
Witchey, Tracy	Riverside FA	3/23/2013		3609.61 Lump
Worthy, Michael D	Snohomish CO #27	9/10/2013		300.00
Yann, Mary	Pend Oreille CO #4	5/6/2012		187.50
Zerby, Jonathan	San Juan CO #3	3/17/2013		3609.61 Lump

GOOD OF THE ORDER

Secretary Smith informed the Board that she had hired Kaylene Henniger as a full-time employee. She is in an 18 month in-training program to train her to become a Worker's Compensation Adjudicator I. Julie Foreman has been promoted into the Confidential Secretary position.

The Board recessed between 4:00 pm and 6:00 pm for a supper break.

The Board reconvened at 3506 Shincke Rd. NE, Olympia, WA 98506 to take public testimony regarding the proposed WAC, 491-04 WAC – Filing Appeals. The meeting was reconvened by Chair Jay Hughes, with Board Member Mark Watenpugh, Board Member Miland Walling, Board Member Martin Spani, Board Member Brian VanCamp, Assistant Attorney General Tsering Kheyap, Executive Secretary Brigette Smith, TJ Nedrow (President, Washington State Firefighter's Association), and Tamara Wanke (Lobbyist, Washington State Firefighter's Association) present.

SECOND HEARING OF THE PUBLIC

TJ Nedrow asked to read a letter (copy attached) into the record on behalf of the Washington State Firefighter's Association (WSFFA). In summary, the letter states that, although claims occur and it would be nice if appeals were unnecessary, there are times when they are. It is the belief of the WSFFA that appeals should be "consistent, clear and efficiently performed". As a result, they support the proposed WAC.

The Board discussed the WAC as written, and Secretary Smith was directed to work with AAG Kheyap to develop a brochure regarding hearings to put on the BVFF website. Secretary Smith stated that Mr. Nedrow also offered to put a link to the brochure on the WSFFA website, and to advertise it on their Facebook account.

Mr. Nedrow also invited any members of the Board to attend their next meeting on November 16, 2013 at the Lacey Fire Station 31 from 8:30 am through 4:00 pm.

There was a motion by VanCamp, seconded by Spani, and carried that the WAC be adopted as written. Secretary Smith was directed to file the appropriate paperwork to the Code Reviser's Office.

There was a motion by Spani, seconded by Watenpugh, and carried that the meeting be adjourned at 6:17 pm.

Brigette K. Smith, Executive Secretary