

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
April 20, 2006

The Administrative Committee met in open session at 8:32 a.m. at the Washington State Investment Board (WSIB) office at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Patrick McElligott, Chair
 Glenn Gorton, Vice Chair
 Mike Colleran
 George Masten
 Dave Scott

Others Present: Joe Dear, Executive Director
 Gary Bruebaker, Chief Investment Officer
 Diana Will, Senior Investment Officer – Asset Allocation
 Kristi Haines, Executive Assistant
 Paul Silver, Assistant Attorney General

[Names of other individuals attending the meeting are not included in the minutes, but are listed in the permanent record.]

Chair McElligott called the meeting to order and identified members present.

ADOPTION OF MINUTES – JANUARY 19, 2006

Vice Chair Gorton moved to adopt the January 19, 2006, Administrative Committee minutes. Mr. Scott seconded and the motion carried unanimously.

PENSION FUNDING STABILIZATION ACCOUNT POLICY 2.15.600 ADOPTION

Mr. Dear reported that the Legislature established a Pension Funding Stabilization Account, and assigned investment of the fund to the WSIB. The WSIB expects to receive funds on May 22. Distribution to the pension funds of the invested monies is expected during this and the next biennium. Staff drafted a Board policy for the Committee's consideration to address the shorter timeframe to invest the funds, which is distinct from the investment timeframes of the Commingled Trust Fund.

In response to Mr. Masten's question regarding timing of the disbursements, Mr. Dear said that disbursements would occur in September 2006 and in the next biennium. Mr. Colleran noted that Snohomish County Court issued an oral ruling regarding the legality of a similar fund transfer approved by the Legislature in 2005. The Attorney General's Office plans to appeal the oral ruling once it is formalized in writing.

Ms. Will said that the WSIB could get \$350 million in one lump sum, \$50 million which could be spent starting September 1, 2006, for pension needs. There is no specified spending schedule aside from a requirement for agencies to spend monies within a nine month period following

September 1. Further, agencies are limited to a percentage of the funds based on actual staff size.

With regard to the draft policy language for the asset allocation to be reviewed every three years or sooner, Ms. Will explained that staff attempted to build flexibility into the policy so there would not be a need to change it if the Legislature does something in the future. Mr. Silver noted that the account would stay on the longer term, but monies would come in and out.

Chair McElligott noted that the Board is putting the policy forward with the understanding that it may change. Mr. Masten said the policy would be null and void if the WSIB does not receive monies. Mr. Colleran said that the policy was appropriate.

Vice Chair Gorton moved that the Administrative Committee recommend that the Board adopt the Pension Funding Stabilization Account Policy 2.15.600. Mr. Colleran seconded and the motion carried unanimously.

OUTSIDE EMPLOYMENT

Chair McElligott called the Committee into executive session at 8:44 a.m. He said the purpose was to discuss the performance of a public employee. Mr. Colleran raised a point of order, objecting to discussion of the matter in executive session. Chair McElligott acknowledged Mr. Colleran's objection. The Committee proceeded into executive session. Chair McElligott said the executive session was expected to last until 9:00 a.m., at which time the Committee would reconvene in open public session.

[The executive session concluded at 9:26 a.m. and the open session reconvened immediately thereafter.]

OTHER ITEMS

There was no further business to come before the Committee. The meeting adjourned at 9:26 a.m.