

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
November 19, 2009

The Administrative Committee met in open session at 9:00 a.m. on November 19, 2009, in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Patrick McElligott, Chair
Treasurer Jim McIntire, Vice Chair
George Masten
Mason Petit
Mike Ragan

Other Members Present: John Magnuson

Also Present: Theresa Whitmarsh, Executive Director
Gary Bruebaker, Chief Investment Officer
Celina Verme, Finance and Administrative Services Director
Kristi Haines, Executive Assistant

Steve Dietrich, Assistant Attorney General
Judi Owens, Public School Employees of Washington

[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.

ADOPTION OF THE SEPTEMBER 17, 2009, MINUTES

Mr. Masten moved to adopt the September 17, 2009, Administrative Committee meeting minutes. Mr. Petit seconded, and the motion carried unanimously.

BUDGET REPORT

Ms. Verme introduced her report of the 2009-2011 appropriated budget allotment spending plan and state Fiscal Year (FY) 2010 financial status report as of September 30, 2009. She said the intent of her presentation is to provide a foundation in understanding the type of expenditures and adjustments used in preparing the quarterly budget report and end of fiscal year projections. She said the Office of Financial Management requires state agencies to submit a plan of expenditures and revenues per month, referred to as allotments. The WSIB 2009-2011 operating budget contains two provisos, which are conditions placed on the use of appropriations. One proviso relates to the risk management system, and the other concerns future funding requests for investment officer compensation increases. Ms. Verme said the WSIB is also affected by Engrossed Substitute Senate Bill 5460 which imposed a salary freeze on exempt and Washington Management Service positions until February 2010. Staff anticipates the salary freeze will be extended, given the current budget situation.

Ms. Verme reviewed allotments for salaries and benefits related to vacancies, contractual obligations, employee development, goods and services, equipment, and travel. Ms. Verme noted the Allotment Cost Distribution data summarizes allotments, funding sources, and provisos.

Ms. Verme said the WSIB is sensitive to the State's challenges in filling the approximate \$2.5 billion budget gap. Staff will begin building the 2011-2013 operating budget this Spring, and plans to conduct the biennial investment officer compensation survey despite the fact no increases are planned. Mr. Ragan credited staff for planning ahead. In response to Mr. Nakahara's questions, Ms. Verme said the WSIB budget is positioned well with ample resources moving forward. Ms. Whitmarsh noted a 9 percent savings was achieved in 2009 by holding staff vacancies longer, reducing travel for non-investment related activities, and due to the Board's decision not to implement an incentive compensation program.

Ms. Verme said the FY2010 Financial Status Report as of September 30, 2009, is provided in response to feedback received from the Committee in September. The report breaks out appropriated and non-appropriated expenses by current fiscal year allotments, actual expenditures, year-to-date balances, and by projected balances and budget expenditures through June 30, 2010. The report includes narratives detailing adjustment assumptions used for each budget category. Staff projects an appropriated balance of \$820,000 or 5.9 percent savings for FY2010.

ASSISTANT ATTORNEY GENERAL'S REPORT

Chair McElligott announced the Committee would go into executive session to discuss litigation or potential litigation with legal counsel since public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the WSIB. He said the executive session was expected to last until about ten minutes, at which time the Committee would reconvene in open session.

[The Committee went into executive session at 9:17 a.m. and reconvened in open session at 9:30 a.m.]

[Mr. Magnuson arrived at 9:17 a.m.]

[Treasurer McIntire arrived at 9:22 a.m.]

OTHER ITEMS

There was no further business to come before the Committee, and the meeting adjourned at 9:30 a.m.