

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
December 17, 2009

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

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

Committee Members Absent: Mason Petit

Other Members Present: Steve Hill
David Nierenberg
Judi Owens

Also Present: Theresa Whitmarsh, Executive Director
Gary Bruebaker, Chief Investment Officer
Liz Mendizabal, Public Affairs Director
Steve Lerch, Research Director
Kristi Haines, Executive Assistant

Steve Dietrich, 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.

ADOPTION OF THE NOVEMBER 19, 2009, MINUTES

Chair McElligott moved to adopt the November 19, 2009, Administrative Committee meeting minutes. Mr. Ragan seconded, and the motion carried unanimously.

SELECT COMMITTEE ON PENSION POLICY RISK STUDY

Ms. Whitmarsh announced staff anticipates a letter from Representative Steve Conway, Select Committee on Pension Policy (SCPP) Chair, requesting the WSIB's assistance with a risk study to be conducted by State Actuary Matt Smith. The final study will be presented to the SCPP next spring. Representative Conway expressed an interest in the WSIB providing comment on market volatility, capital markets assumptions, and Plan 1 investing options. Ms. Whitmarsh plans to bring the SCPP's request to the January Board meeting for discussion and staff direction.

Mr. Hill, SCPP member, supports WSIB staff participation within a defined capacity. Chair McElligott and Mr. Masten agreed the Board should help define staff's role.

[Ms. Owens arrived at 9:03 a.m.]

2010 LEGISLATIVE SESSION PREVIEW

Ms. Mendizabal announced the 2010 Legislative session begins January 11. She expects the main focus will be addressing the state's \$2.6 billion budget deficit.

The Governor's proposed supplemental budget released last week includes significant program cuts, but no affects for the WSIB. A second budget release, anticipated from the Governor in January, would consolidate some services, such as fiscal. This proposal could affect the WSIB in the next biennium.

Ms. Mendizabal said 120 bills have been pre-filed with the Legislature; none of which appear to affect the WSIB.

Ms. Mendizabal said she and Ms. Whitmarsh have met with a number of Legislators to discuss the WSIB performance. Legislators appear to have a good understanding of the issues faced with regard to steady contribution rates. A few Legislators have expressed interest in the WSIB's Economically Targeted Investments (ETI) program and will receive a copy of the annual report following today's Board presentation.

Staff will alert the Board on any legislative proposal impacting the WSIB, and include routine updates in the Executive Director's monthly report.

[Mr. Nierenberg arrived at 9:06 a.m.]

2010 RECOMMENDED CONFERENCES

Ms. Whitmarsh presented staff's proposal for 2010 Recommended Conferences. Staff closely examined previous years' lists, and retained only high quality conferences and educational opportunities for new members in the 2010 list. A number of conferences are recommended for elimination based on content quality and recognition of the current economic environment. She noted the Recommended List does not restrict members from requesting the Chair's approval to attend any training opportunity deemed worthwhile.

Chair McElligott asked members to be mindful of the \$2.6 billion budget shortfall and public perception when submitting conference requests.

Mr. Nierenberg said he plans to forego this year's KKR conference, although it is extremely worthwhile. He urged other Board members previously attending the conference to make this same consideration.

Chair McElligott moved the Administrative Committee recommend the Board approve the 2010 Recommended Conference listing. Mr. Ragan seconded, and the motion carried unanimously.

[Treasurer McIntire arrived at 9:13 a.m.]

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 about ten minutes, at which time the Committee would reconvene in open session.

[The Committee went into executive session at 9:11 a.m. and reconvened in open session at 9:16 a.m.]

OTHER ITEMS

There was no further business to come before the Committee, and the meeting adjourned at 9:16 a.m.