

## WASHINGTON STATE INVESTMENT BOARD

### Administrative Committee Meeting Minutes

May 17, 2012

The Administrative Committee met in open public session at 8:30 a.m. at the Washington State Investment Board (WSIB) boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Treasurer James McIntire, Chair (via teleconference)  
George Masten  
Judi Owens

Committee Members Absent: Mike Ragan, Vice Chair  
Steve Hill

Other Members Present: Bill Longbrake  
Pat McElligott  
Richard Muhlebach  
Bob Nakahara

Others Present: Theresa Whitmarsh, Executive Director  
Victor Moore, Chief Operating Officer  
Gary Bruebaker, Chief Investment Officer  
Celina Verme, Finance and Administrative Services Director  
Patty Davis, Administrative Assistant  
Steve Dietrich, Assistant Attorney General

[Names of other individuals attending the meeting are listed in the permanent record.]

Mr. Masten called the meeting to order at 8:35 a.m. and took roll call.

#### **ADOPTION OF THE APRIL 19, 2012, MINUTES**

Mr. Masten advised that adoption of the April 19, 2012, minutes would be tabled until the next meeting due to a lack of quorum.

#### **QUARTERLY BUDGET REPORT**

Ms. Verme presented the quarterly financial status report and end of fiscal year projection. Ms. Verme reported the appropriated budget has a projected balance of \$610,000 which represents a 4.3 percent savings. The balance increased \$29,000 from last quarter's projections. Estimated balances are due to savings on goods and services, ongoing investment officer vacancies, and associated savings for salaries, benefits, and travel. The non-appropriated budget has a projected balance of \$27.2 million, which represents an 8 percent savings. This is a \$3.4 million decrease from last quarter, due mainly to market changes. The balance may vary due to market volatility, asset values, distribution pace, and consulting needs.

## **BOARD POLICY REVIEW**

### **Introduction**

Mr. Moore described the three categories included in the three-year policy review. They are rescinded policies, substantive changes, and technical changes.

[Treasurer McIntire arrived via teleconference at 8:40 a.m.]

### **Rescinded Policies**

Mr. Moore explained the rescission of the following policies:

- 2.05.200, Proxy Voting Addendum, as the pertinent aspects have been incorporated into the Proxy Voting policy and the Addendum is now redundant.
- 2.05.700, Directed Brokerage, was discontinued at the expiration of the contract.
- 2.15.600, Pension Funding Stabilization Account and Budget Stabilization Account, have been moved to the Office of the State Treasurer's effective June 7, 2012.

**Ms. Owens moved that the Administrative Committee recommend the Board approve the proposed rescission of policies 2.05.200 Addendum, 2.05.700, 2.15.600, and 2.35.300. Mr. Masten seconded, and the motion carried unanimously.**

### **Substantive Policy Revisions**

Mr. Moore explained the substantive revisions of the following policies:

- 1.10.100, Role of Consultants, adds risk and compliance and research consultants to the list of consultant contracts approved by the Executive Director. Deal log reporting and investment referral references are deleted as they are handled at the staff level.
- 2.01.100, Investment Officer Compensation Levels, limits automatic cost-of-living adjustments of Investment Officers pay ranges to statutory upper limits.

**Ms. Owens moved that the Administrative Committee recommend the Board approve the proposed substantive revisions to policies 1.10.100 and 2.01.100. Mr. Masten seconded, and the motion carried unanimously.**

### **Technical Policy Revisions**

Mr. Moore explained the technical revisions of the following policies:

- 1.00.170, Board Vice-Chair Charter, changes the words "shall delegate" to "designates."
- 1.00.180, Executive Director Charter, adds an appropriate RCW reference and deletes a Session Law reference.
- 1.05.100, Delegation of Authority, strikes reference to a specific public equities contract termination policy and applies the same emergency contract termination authority language to all asset classes.
- 1.10.200, Role of Investment Manager, adds Tangible Assets as an asset class and includes a reference to the investment referral policy.
- 2.00.175, Communications, changes "Public Affairs" to "Institutional Relations."
- 2.00.210, Board Operations, adds "legislative" and "stakeholder" to scope of communications strategies.
- 2.00.240, Board Monitoring and Reporting, updates performance reporting practices.
- 2.00.250, Public Records, updates language from Public Disclosure to Public Records and clarifies the response requirement.

- 2.00.260, Travel and Expense Reimbursement, clarifies the WSIB's reimbursement authority for certain Board-related travel expenses for legislative members.
- 2.01.000, Human Resources, updates discrimination language to current statutes.
- 2.01.050, Cost-of-Living Increases, limits cost-of-living adjustments for Investment Officers to the limits of RCW 43.33A.100 (average of peers).
- 2.01.150, Equal Employment Opportunity/Affirmative Action, updates protected-class language and corrects RCW references.

**Ms. Owens moved that the Administrative Committee recommend the Board adopt the proposed technical policy revisions to 1.00.170, 1.00.180, 1.05.100, 1.10.200, 2.00.175, 2.00.210, 2.00.240, 2.00.250, 2.00.260, 2.01.000, 2.01.050, and 2.01.150. Mr. Masten seconded, and the motion carried unanimously.**

### **EXECUTIVE DIRECTOR REAPPOINTMENT**

Treasurer McIntire explained to members that the incumbent Executive Director's initial three-year term is set to expire on September 30, 2012. The Board Chair would like to initiate the reappointment process at the May meeting in order to schedule confirmation before the State Finance Committee prior to the term's expiration.

**Ms. Owens moved that the Administrative Committee recommend the Board reappoint Ms. Theresa Whitmarsh to a new three-year term from October 1, 2012, until September 30, 2015, and forward its action to the State Finance Committee. Mr. Masten seconded, and the motion carried unanimously.**

### **ASSISTANT ATTORNEY GENERAL'S REPORT**

Mr. Dietrich advised there was no report.

There was no further business to come before the Committee and the meeting adjourned at 8:57 a.m.