

**WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
September 20, 2012**

The Administrative Committee met in open public session at 8:45 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
 Steve Hill
 George Masten
 Judi Owens
 Mike Ragan

Other Members Present: Pat McElligott
 Richard Muhlebach
 Representative Sharon Tomiko Santos

Others Present: Theresa Whitmarsh, Executive Director
 Victor Moore, Chief Operating Officer
 Patty Davis, Administrative Assistant

 Steve Dietrich, Assistant Attorney General

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

Chair McIntire called the meeting to order at 8:47 a.m. and took roll call.

ADOPTION OF THE JUNE 21, 2012, MINUTES

Mr. Ragan moved to approve the June 21, 2012, Administrative Committee meeting minutes. Mr. Hill seconded, and the motion carried unanimously.

2013 MEETING SCHEDULE

Mr. Moore presented the proposed 2013 meeting dates. He noted that the April 18 meeting may be moved to April 25 to avoid a conflict for members.

Treasurer McIntire moved that the Administrative Committee adopt the 2013 meeting dates as discussed. Mr. Ragan seconded, and the motion carried unanimously.

QUARTERLY BUDGET UPDATE

Mr. Moore reported the appropriated budget has a projected balance of \$669,000 (4.7 percent savings), primarily due to Investment Officer vacancies, while the non-appropriated budget has a projected balance of \$38.3 million (11.3 percent savings). This was associated with lower asset growth due to market conditions, management fees, and slower development of Tangible Assets and Innovation Portfolio programs.

2013-2015 BUDGET SUBMITTAL UPDATE

Mr. Moore informed members that some changes were made to the 2013-2015 budget as submitted to the Office of Financial Management (OFM). There were a few technical adjustments including the restoration of the 3 percent salary adjustment and various agency charges recalculated by OFM. Staff also combined the request for additional support staff with the request for new Investment Officers. This did not increase the overall budget proposal. There was another adjustment made due to an error in calculating the cost of bringing

Investment Officer salaries to within 10 percent of peer compensation. The recalculation increased the budget proposal submitted to OFM by \$1 million.

NON-VOTING BOARD MEMBER TERM/EXPIRATIONS/APPOINTMENT PROCESS

Ms. Whitmarsh explained the non-voting member term expiration and appointment process. The discussion will be continued at the Board meeting later today. Chair McIntire stated that Messrs. Longbrake and Muhlebach are at the end of their first term, and are willing to continue in their roles.

ASSISTANT ATTORNEY GENERAL'S REPORT

Mr. Dietrich advised that the custodian has a potential claim against Olympus Corporation for securities fraud with the Tokyo exchange. The suit would seek to recover losses of \$3-4 million in Japan. The WSIB would join a consortium of other funds for the Japanese lawsuit. The lawsuit would be contingent on the WSIB having no out-of-pocket fees or expenses.

EXECUTIVE SESSION

Chair Hill stated that the Committee would now go into executive session to discuss the performance of a public employee. He stated the executive session was expected to last for approximately 5 minutes at which time the Committee would reconvene in open session.

[The Committee went into executive session at 9:05 a.m., and reconvened in open session at 9:17 a.m.]

[Representative Santos arrived at 9:07 a.m.]

There was no further business to come before the Committee and the meeting adjourned at 9:20 a.m.