

**WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
September 19, 2013**

The Administrative Committee met in open public session at 8:31 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
Marcie Frost
George Masten
Mike Ragan
Natasha Williams

Other Board Members Present: Bill Longbrake
Bob Nakahara
David Nierenberg

Others Present: Theresa Whitmarsh, Executive Director
Victor Moore, Chief Operating Officer
Gary Bruebaker, Chief Investment Officer
Liz Mendizabal, Institutional Relations Director

Mary Hougan, Administrative Assistant
Mary Lobdell, Attorney General's Office

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

Vice Chair Ragan called the meeting to order and took roll call.

ADOPTION OF THE JUNE 20, 2013, MINUTES

Mr. Masten moved to approve the June 20, 2013, Administrative Committee meeting minutes. Ms. Williams seconded, and the motion carried unanimously.

BUDGET UPDATE

Quarterly Budget Update

Mr. Moore reviewed the final expenditure report for Fiscal Year (FY) 2013. The appropriated budget closed the biennium with a 7.8 percent, or a \$ 1.1 million surplus. This was primarily due to the investment officer vacancies, creating savings in salaries, benefits, and travel. Some of the savings was used to purchase copy machines and audio equipment for the Boardroom. An additional savings of over \$100,000 was related to a delayed payment to the State Treasurer for information technology equipment.

The non-appropriated budget closed FY13 with a 7.4 percent, or \$26 million below estimated expenditures. The majority of savings are tied to asset class valuations. The other larger under expenditure is from less activity than we estimated from securities lending.

2013-2015 Budget Update

Mr. Moore presented the spending plan WSIB submitted to the Office of Financial Management for the current biennium. The Legislature approved WSIB's request for six new investment officers and six additional middle and back office staff. This will bring WSIB staffing levels to 95.6 FTE's by the end of the biennium.

[Chair McIntire arrived at 8:40 a.m.]

Space Planning

During the September Audit Committee it was noted in a compliance report the Committee should approve the suitability of office locations, per Administrative Charter Policy 1.00.120.

Mr. Ragan moved that the Administrative Committee recommend the Board approve the Seattle office as a suitable additional location for conducting WSIB business. Ms. Williams seconded, and the motion carried unanimously.

2014 MEETING SCHEDULE

Mr. Moore presented the proposed 2014 meeting dates.

Mr. Ragan moved that the Administrative Committee approve the proposed meeting schedule for 2014. Ms. Williams seconded, and the motion carried unanimously.

POLICY REVIEW

Mr. Moore reviewed housekeeping changes to the following policies: Board Charter 1.00.110; Administrative Committee Charter 1.00.120; and Executive Director Performance Evaluation 2.00.220. These Board policies are reviewed every three years.

Mr. Ragan moved that the Administrative Committee recommend the Board approve policies 1.00.110, 1.00.120, and 2.00.220 with proposed housekeeping changes. Mr. Masten seconded, and the motion carried unanimously.

NON-VOTING BOARD MEMBER TERM EXPIRATIONS/APPOINTMENT PROCESS

Chair McIntire informed the Committee there are two non-voting Board member terms expiring this year. Ms. Whitmarsh stated WSIB has the information on the website and maintains a list of interested candidates. Ms. Frost recommended updating the website to include there are two terms expiring this year. Ms. Williams suggested touching base with candidates currently on the list and remove individuals who are no longer interested.

ASSISTANT ATTORNEY GENERAL'S REPORT

Ms. Lobdell had nothing to report.

EXECUTIVE SESSION

Chair McIntire announced the Committee would go into executive session to discuss

the performance of a public employee. He said the executive session was expected to last until about 9:05 a.m., at which time the Committee would reconvene in open session.

[The Committee went into executive session at 8:52 a.m.]

**Annual Succession Planning
Executive Director and Executive Assistant Compensation**

[Mr. Nierenberg arrived at 8:55 a.m. and Mr. Nakahara arrived at 8:58 a.m.]

[The Committee reconvened in open session at 9:28 a.m.]

[Mr. Longbrake arrived at 9:28 a.m.]

Chair McIntire moved that the Administrative Committee recommend the Board approve compensation levels for the Executive Director and Executive Assistant, as discussed. Mr. Ragan seconded, and the motion carried unanimously.

There was no further business to come before the Committee, and the meeting adjourned at 9:29 a.m.