WASHINGTON STATE INVESTMENT BOARD

Administrative Committee Meeting Minutes

September 17, 2015

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:	Marcie Frost, Chair Kelly Fox George Masten Joel Sacks
Committee Members Absent:	Treasurer Jim McIntire
Other Members Present:	Arlista Holman Judy Kuschel Steve Miller Representative Timm Ormsby
Others Present:	Theresa Whitmarsh, Executive Director Gary Bruebaker, Chief Investment Officer Liz Mendizabal, Institutional Relations Director Celina Verme, Finance and Administrative Services Director Kate Sandboe, Corporate Governance Officer John Lynch, Contracts and Public Records Manager Cathy Nielsen, Administrative Assistant Tor Jernudd, Attorney General's Office

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

Chair Frost called the meeting to order and took roll call.

ADOPTION OF THE JUNE 18, 2015, MEETING MINUTES

> **Mr. Fox moved to adopt the June 18, 2015, Administrative Committee minutes. Mr. Sacks seconded, and the motion carried unanimously.**

[Ms. Holman arrived at 8:50 a.m.]

PUBLIC RECORDS POLICY EXEMPTION

Ms. Whitmarsh relayed that, during the July off-site, she advised members the cities of Seattle, Tacoma, and Spokane had an interest in using the exemption language the WSIB has in place for public records. Ms. Whitmarsh had conversations with Judge Schwab, who chairs the Sunshine Committee, and he requested the WSIB to testify before the Committee and explain their position. Ms. Whitmarsh, and Messrs. Masten and Fox testified to the Sunshine Committee about the WSIB's desire to keep the

exemption the same. A member of the Committee commented that WSIB's policy on how it applies the exemption was not absolutely clear that it covered public markets and other types of data, stating she thought it only covered private markets. Ms. Whitmarsh agreed to review the Public Records Policy and edit for clarity. Ms. Whitmarsh said Mr. Lynch and Ms. Sandboe spent significant time on the policy and will present their changes. She added that, if the Board does approve it, the group will go back to the Sunshine on October 18 to present the updated policy.

Mr. Sacks asked if the feedback was on clarity or a concern that WSIB's policy is inconsistent with their vision of public disclosure. Ms. Whitmarsh said it was a little of both, and said three members of the Sunshine Committee, including Mr. Rowland Thompson, would like us to have a narrower exemption.

Mr. Lynch stated that language was removed from the proposed policy revision that seemed to imply that all the WSIB was concerned about was existing private market investments, which is not the case. Mr. Lynch said the policy language was broadened to include language specifically under the financial, commercial, and proprietary information exemption that delineated with greater detail the types of things the WSIB would want to protect. Language was also added to specifically address public market investments, which was not addressed in the prior version.

Mr. Lynch stated language was added to the effect that institutional investing is a dynamic, evolving industry, and no statement in a policy can capture what future trust funds the WSIB might manage or other financial instruments that might come into being in the future. Mr. Lynch added language that the policy is intended to guide staff, and does not commit the WSIB to any particular course of action. At the suggestion of the Attorney General's Office, Open Public Meetings Act language was removed from the policy to avoid confusion, because this policy refers to public records and not public meetings. Mr. Lynch added that clarification was added to how third parties, who might be affected by the information sought by a public records requestor, are notified.

Mr. Masten stated Mr. Lynch and Ms. Sandboe did a good job.

Mr. Sacks requested a walk-through of WSIB's notification process. Mr. Lynch said that when a request is received pertaining to private equity, the general partners are notified right away, as allowed by law. It has been over four years since a private equity fund has sought an injunction against a request.

Mr. Sacks said there may be some value in doing research around this part of the process, saying there have been some court decisions about waiting for someone to get an injunction, versus getting an injunction. Mr. Lynch stated if an agreement cannot be reached with a general partner, the WSIB will set a time and date to release documents. Ms. Whitmarsh added that Mr. Lynch is a lawyer and works very closely with the Attorney General's Office on any requests that have interpretation concerns.

Ms. Frost stated she assumed this is something that general partners are concerned about, and if the WSIB were to release information that general partners consider proprietary, it could impact their willingness to do deals with the WSIB.

Mr. Lynch agreed and stated the policy now addresses the possible chilling effect on their willingness to partner with the WSIB. He added that policy language was changed to explain that current and prospective investments are covered.

> **Mr. Fox moved that the Administrative Committee Recommend the Board adopt the substantive changes to Public Records Policy 2.00.250. Mr. Masten seconded the motion, and the motion carried unanimously.**

NON-VOTING BOARD MEMBER UPDATE
Chair Frost reported that both non-voting Board members Messrs. Longbrake and Muhlebach's terms expire at the end of this year. According to the WSIB's non-voting Board member procedures, after two consecutive terms the WSIB will do an open recruitment to see if there are other candidates who may be interested in serving in those positions. Ms. Frost said the Committee will discuss the performance of the two members in executive session and report out at the full Board meeting.

BUDGET UPDATE
Ms. Verme reported the appropriated budget closed the fiscal year with a balance of $3.1 million (14.9 percent savings), and the non-appropriated closed the fiscal year with a balance of $32.6 million (9.4 percent savings).

[Representative Ormsby and Mr. Miller arrived at 9:20 a.m.]

MEETING SCHEDULE
Ms. Whitmarsh presented the 2016 meeting schedule, stating the Administrative Committee meets in conjunction with the Board on the third Thursday of most months. Ms. Whitmarsh added the WSIB does not typically hold an Administrative Committee meeting in conjunction with the July Board planning session.

> **Mr. Fox moved that the Administrative Committee approve the proposed meeting schedule for 2016. Mr. Sacks seconded, and the motion carried unanimously.**

ASSISTANT ATTORNEY GENERAL'S REPORT
Mr. Jernudd stated there was nothing to report.

EXECUTIVE SESSION
Ms. Frost announced the Committee would go into executive session to review the performance of a public employee and non-voting Board members. She said the executive session is expected to last about 25 minutes, at which time the Committee would reconvene in open session.

[The Committee went into executive session at 8:45 a.m.]

Confidential Secretary's Compensation
Executive Director's Compensation
Non-Voting Board Member Evaluation Discussion

[Ms. Kuschel arrived at 9:22 a.m.]

[The Committee reconvened in open session at 9:25 a.m.]

OTHER ITEMS

There was no further business to come before the Committee and the meeting adjourned at 9:25 a.m.