WASHINGTON STATE INVESTMENT BOARD
Board Meeting Minutes
July 19-21, 2016

The Washington State Investment Board met in open session at 1:37 p.m. in the Lewis Room, 6 West Rose Street, Walla Walla, Washington.

Present:	Marcie Frost, Chair Kelly Fox, Vice Chair Senator Mike Hewitt Arlista Holman Bill Longbrake George Masten Treasurer Jim McIntire Stephen Miller Richard Muhlebach Bob Nakahara Representative Timm Ormsby David Nierenberg Joel Sacks
Absent:	Judy Kuschel Jeff Seely
Also Present:	Theresa Whitmarsh, Executive Director Gary Bruebaker, Chief Investment Officer Ian Cameron, Chief Operating Officer Chris Phillips, Institutional Relations Director Tammy Wood, Human Resources Director Steve Draper, Senior Investment Officer – Real Estate Bill Kennett, Senior Investment Officer – Fixed Income Phil Paroian, Senior Investment Officer – Public Equity Tom Ruggels, Senior Investment Officer – Private Equity Allyson Tucker, Senior Investment Officer – Risk Management and Asset Allocation Diana Will, Senior Investment Officer – Tangible Assets Kate Sandboe, Corporate Governance Officer Marie Steffen, Audit Director Stephen Backholm, Director of Technology and Innovation Kristi Haines, Confidential Secretary Stacy Conway, Administrative Assistant Mary Lobdell, Attorney General's Office Robert Antablin, Kohlberg Kravis Roberts Rakhi Kumar, State Street Global Advisors Josh Lerner, Harvard Business School Henry McVey, Kohlberg Kravis Roberts Luis M. Viceira, Harvard Business School

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

July 19

Acting Chair Fox called the meeting to order and took roll call.

ADOPTION OF MINUTES – JUNE 16, 2016

Representative Ormsby moved to adopt the June 16, 2016, meeting minutes. Treasurer McIntire seconded, and the motion carried unanimously.

BUSINESS

Monthly Report to the Board

Ms. Whitmarsh reported there are no Board or Committee meetings in August. The Private Markets Committee will meet on September 1, and the Audit and Public Markets Committees will meet on September 13, with the Public Markets Committee meeting starting at 1:30 p.m. (30 minutes later than its routine start time). The Board will meet on September 15. Ms. Whitmarsh said she recently presented before a group of about 200 Washington State Federation Employees Policy Committee members at the request of Ms. Kuschel, discussing what the WSIB does on their behalf. The presentation was well received. Ms. Whitmarsh also reported on presentations to the GET Board in June recommending the WSIB not be selected as the investment manager for the College Savings Program and, similarly, she and Ms. Tucker presented to the Legislative advisory committee on the same issue. Both presentations were well received, reflecting the good advice the Board provided to staff last winter. Finally, Ms. Whitmarsh reported the U.S. House Financial Services Committee introduced a bill which she feels is onerous to proxy advisory firms and which the Council of Institutional Investors, the WSIB and the Office of the State Treasurer (OST) have opposed. The bill passed the house, but it is uncertain what will happen in the Senate.

Strategic Plan Update

Ms. Whitmarsh said the same research and conclusions relating to the WSIB's management of the GET College Savings Program will apply to the Achieving a Better Life Expectation (ABLE) legislation. Staff has concluded it does not have a competitive advantage to offer ABLE and is notifying ABLE stakeholders and legislators of WSIB conclusions to not to become the investment manager of these funds. Those supporting the ABLE bill were understanding and supportive of the WSIB's conclusion. Ms. Whitmarsh thanked the Board for the clear guidance, which allowed the WSIB to uphold its reputation for capable service, while enabling interested parties a better understanding of why the WSIB may not be the best manager for every mandate.
Mr. Phillips reported on the four support strategic initiatives related to Institutional Relations: 1) thought leadership; 2) web/digital communications; 3) governance; and 4) legislative relations.

The thought leadership initiative involves engaging the WSIB in areas in which the WSIB can exert industry leadership and express a valuable point of view. This strategy is not meant to make the WSIB a high-profile organization simply for the sake of visibility, but is designed to develop targeted, thoughtful ways of approaching important issues in the industry. He mentioned Ms. Whitmarsh's efforts related to gender diversity as an example. In response to Mr. Sacks' questions about the one or two things that may fall into this scope within the next few years, Mr. Phillips said long-termism and private versus public regulatory issues are both on the radar.

The web and digital communications initiative is in process, which includes taking a fresh look at the website. The most recent addition is the ability for the public to register on the website to make public comment at an upcoming Board meeting. Within 6 months, users will find more content around the human impact of WSIB investments.

Within corporate governance, the WSIB plans to assess peer organizations and evolving risk factors, ensuring WSIB governance practices continue to align with its mission.

Within legislative relations, the intention is to remain targeted, proactive and opportunistic. Staff will seek advice from legislative members of the Board .and increase awareness for the impact that existing or proposed legislation can have on the WSIB.

Mr. Longbrake asked where beneficiary interests factor into Institutional Relations initiatives. Mr. Phillips replied there is not a specific strategic project around that, but it is a considerable part of how the unit spends its time. Staff takes that work seriously and is proactive and transparent responding to inquiries from stakeholders or stakeholder groups. For the retirement plans, the Department of Retirement Systems primarily communicates with beneficiaries. Staff asks for Board member assistance in getting in front of constituency groups, and does present to other groups, but those presentations have not historically risen to the level of a strategic initiative unless the Board would want to see that.

Mr. Miller said he hoped that staff would be more deliberate in terms of communicating with beneficiary groups—identify the groups to speak with, track when the WSIB last spoke with the group, etc. He said he would like to have Ms. Whitmarsh speak with the Washington Education Association (WEA). He said groups may hesitate to ask because they do not know they can ask WSIB to do that. Treasurer McIntire agreed with Mr. Miller, noting the beneficiary groups, cities, counties, local governments, and other associations are all active payers into the system and care about the WSIB. Mr. Nierenberg noted that as a large organization, from a legal perspective, the WSIB has a lot to protect, including its mission, and should be very thoughtful, and philosophical as a large entity. Mr. Phillips said he is working with Ms. Tucker to get up to speed on the various stakeholder groups to grow and manage those relationships.

Ms. Wood gave an update on the workforce strategy initiative, which includes elements of staff and leadership development and succession planning. Competencies for all positions have been created. Staff have done self-assessments and individual development plans, which has allowed executive management to focus on developing a deeper bench and a framework for succession planning. Several in-house trainings have been held for staff who have identified similar specific needs, and quarterly leadership development sessions are being held.

Ms. Wood said, staff has been polled for the destination employer initiative about what attracted them to the WSIB, what makes them stay, and what helps them in their jobs. Executive management is continuing to develop a culture that encourages staff to stay with the WSIB.

Mr. Cameron gave an update on the vendor management initiative, which includes categorizing the number of relationships and considering those to use on ongoing, consulting, and pool bases. Standards will be developed, and vendors will not only know if they are meeting the standards, but it will be made clear how to exceed expectations. More mature relationships will be examined to see if there are better services out there or if there are improvements that can be made with the existing vendor. The goal is to improve vendor relationships or determine if they can be eliminated by bringing functions in-house. As the work progresses, lessons learned and best practices from the operations contracts will then be reviewed to see how it may be applied to investment vendor relationships.

Mr. Cameron discussed the business scaling initiative, noting the various new hires within Information Technology (IT) and the restructuring of administrative support. Mr. Sacks inquired about the legal director position in process. Ms. Whitmarsh said that she and Ms. Lobdell have discussed the assistant attorney general turnover the WSIB has experienced, and the volume of legal work necessary to support WSIB operations. She noted management is striving to gain consistency in contracts development. Ms. Lobdell echoed the need for such a position. Treasurer McIntire said he believes it is a good idea, noting the Office of the State Treasurer has internal legal counsel that has proven valuable.

Ms. Whitmarsh said staff takes feedback from the planning sessions to build the next year's strategic plan. This year, the Board will lose three of its members so there will be new members to educate. The use of non-voting members for this purpose will be something to consider. Also, next year is the asset allocation study, and education will be developed leading up to that decision. Any thoughts from members on how to educate new members is welcome. Treasurer McIntire noted the incoming Chair also has the ability to engage with appointing authorities so they understand the qualities sought in new Board members, as well as the associated learning curve and time commitment.

Public Equity Annual Plan Update

Mr. Paroian presented the Public Equity annual plan update. He gave an update on public equity staff, including the promotion of Fletcher Wilson to Assistant Senior Investment Officer, and said that the newest public equity investment officer, Chris Biggs, has come up to speed very quickly. Mr. Paroian shared that manager monitoring continues to be the most important priority, relaying that one manager was terminated in February and active global equity contracts were renewed. In addition, research projects are underway, and *ad hoc* projects also continue, including the recruitment of a new public equity investment officer. He discussed future searches, rebids and renewals.
Mr. Paroian presented the March 31, 2016 performance numbers, and he said that the June 30 preliminary numbers indicate the CTF performance was 94 basis points above the benchmark for the fiscal year, with the program protecting against losses during a down market as it was designed to do. Over a rolling three-year period, the CTF

program is 58 bps annualized above the benchmark and is 61 bps annualized over the benchmark over a five-year period. Overall, staff is very pleased with the CTF performance, and other program performance is also in line with expectations.

Discussion ensued around the employee recruitment process; information requested in the application; efforts by staff to achieve diversity in the applicant pool; challenge of lack of diversity in the industry as a whole, including high school and college students potentially entering the field; and importance of diversity from a risk perspective. Mr. Paroian stated that he believes the public equity team has a good amount of experiential diversity with the current staff, and said he is looking to fill the open position with someone who will bring a different perspective to the team.

EXECUTIVE SESSION

Vice Chair Fox announced the Board would go into executive session to discuss financial and commercial information relating to an investment since public knowledge regarding the discussion would result in loss to the funds managed by the WSIB or would result in private loss to the providers of the information. Vice Chair Fox said the executive session was expected to last until approximately 3:30 p.m.

Real Estate Annual Plan Update

[The Board went into executive session at 3:00 p.m., took a brief recess at 3:33 p.m., and reconvened in open session at 3:47 p.m.]

EDUCATION SESSION

Texas Teachers and the New Texas Way

Ms. Whitmarsh introduced Professor Luis Viceira, Harvard Business School. Professor Viceira introduced a case study related to the Teacher Retirement System of Texas (TRS) during the 2011 time period and its consideration of adding alternative assets into its asset allocation. Professor Viceira provided the following five questions for Board members to consider in breakout groups:

1. Why do strategic partnerships?
2. Is this a good deal for TRS?
3. Is today a good time to go after these partnership in the alternatives space?
4. Is this a good deal for general partners (GPs)? Who is likely to take this deal?
5. Co-investments: Are these a good solution? What do you need to be successful at co-investing?

[Senator Hewitt left the meeting at 4:07 p.m.]

The Board broke into groups and later came back to share their discussions as a whole on how the WSIB program compares and contrasts with TRS, as well as other public funds, relative to asset allocation.

[The Board recessed at 5:46 p.m. on July 19.]

July 20, 2016

Chair Frost called the meeting to order at 8:06 a.m.

[Senator Hewitt was not in attendance at 8:06 a.m.]

EXECUTIVE SESSION
Chair Frost announced the Board would go into executive session to discuss financial and commercial information relating to an investment since public knowledge regarding the discussion would result in loss to the funds managed by the WSIB or would result in private loss to the providers of the information. She said the executive session was expected to last until approximately 8:45 a.m.

Private Equity Annual Plan Update
Tangible Assets Annual Plan Update

[The Board went into executive session at 8:07 a.m.]

[Representative Ormsby left at 8:50 a.m.]

[The Board reconvened in open session at 9:00 a.m.]

BUSINESS

Fixed Income Program, Mid-Year Review, and Market Outlook
Mr. Kennett provided a mid-year economic review and outlook, discussing global factors, including the UK vote to leave the European Union (EU) and the effects of this action on the rest of the EU countries; commodities; oil prices; populism; central banks' policies; economic and political uncertainty; and the longer-term outlook of slow growth, low inflation, and low investment returns. He discussed the U.S. outlook, including economic recovery; labor and housing markets; first and second quarter gross domestic product (GDP); consumer spending and employment numbers; the June non-farm payroll report; Consumer Price Index (CPI); manufacturing; new home sales; indices for manufacturing and non-manufacturing levels; corporate profits; productivity; the U.S. crackdown on tax inversions; wage stagnation; electorate; and fiscal policy.

[Representative Ormsby returned at 9:29 a.m.]

Mr. Kennett covered Europe's growth rate, the effect of the UK departure from the European Union (EU); Italy's referendum regarding government reform; Italian bank insolvency; Spain's inconclusive elections; the bailout of Greece; Russia's economy; the Eurozone Consumer Price Index (CPI); and the slowing of migration to the EU.

Discussion ensued around the expectation of a meltdown in Italy and its global economic impact, the expected time frame to get through the current economic cycle, what changes are necessary absent of fiscal policy intervention, the need for the private sector to begin investing again, and monetary policy causing inflated asset prices.

Mr. Kennett discussed Japan, including its Gross Domestic Product (GDP); the Bank of Japan's monetary policy; strengthening of the yen; postponement of a long-planned consumption tax hike; and an anticipated fiscal stimulus, as well as highlights for China, including its growth; GDP; high corporate and local government debt levels; non-performing loans; increasing control of the communist party; delay of the inclusion of Shanghai- and Shenzhen-listed stocks in the MSCI; economic challenges of China as the biggest risk to global growth; and the expected growth of China. He said that Brazil is dealing with a political crisis; the worst recession since the 1930s; worsening fiscal problems; a proposed constitutional amendment to freeze inflation-adjusted spending for 20 years; indictments on corruption-related charges; a new government that wants to redefine the role in the economy; the Selic rate; and expected contraction with resuming growth next year.

Mr. Kennett explained that in India, Prime Minister Modi has been in office for 2 years, taking steps to streamline the economy, improve infrastructure, and fight corruption. In addition, he discussed India's new bankruptcy laws; political parties; benefit from lower commodity prices; relations with the U.S.; GDP growth; political changes; governmental fiscal targets; and expected growth. Mr. Kennett shared that Australia had inconclusive elections; Argentina reached an agreement with holdout creditors; political risks are growing in Turkey, including a coup, and conditions are getting worse, adding that the WSIB has about $100 million in Turkish bonds; food riots have broken out in Venezuela; Nigeria's naira has plunged; South Africa's GDP is expected to contract; and Colombia has agreed to a ceasefire with its largest rebel group.

Mr. Kennett discussed risks; global forecast GDP numbers; U.S. bond market yields; federal reserve activity and projected activity; U.S. treasury yield curve; credit performance and the uncertainly created by the UK referendum; Puerto Rico defaults; European central bank purchase of corporate debt; low treasury yields in the U.S.; high overseas demand at U.S. treasury auctions; and longer-term expectations for returns.

Discussion ensued around the stability of Canada and intentions of its new prime minister on social inclusion and climate change.

[The Board recessed at 9:55 a.m. and reconvened in open session at 10:21 a.m.]

EDUCATION SESSION
Evaluating Private Equity Funds with Different Track Records and Different Fee Structures
Mr. Bruebaker introduced Professor Lerner who discussed the consequences and focus on fees. His first case study was an examination of the consequences of fees. Board members were asked to form breakout groups for discussion.

Professor Lerner said both fees and partnership dynamics are of interest among institutional investors and sovereign funds around the world, and there are no easy solutions. He touched on the outperformance of private equity, risk and illiquidity adjustment considerations, and the future outlook over the next 10 to 20 years. He noted firms have been successful at raising money but not neccesarily at putting the money to work, and multiples are rising. He discussed the evolution and slowing of venture capital.

He reviewed the standard structure of management, carried interest, transaction, deal, and monitoring fees. He discussed the fee flow from GPs to limited partners (LPs) and fees from the portfolio companies. A natural question for an investor to ask is how much do we worry about these fees? Do we get concerned about net returns only, or worry about all fees as a custodian of public funds?

Board members broke out into small groups to discuss "Vignettes on Fund Management: Acme Pensions – The GP Dilemma" case study, contrasting two very different funds and to develop investment recommendations for each. Upon reassembling, the full group discussed what they liked, disliked, or would not recommend. Comments included the WSIB's ability to make choices, the future relationship with a GP, the performance track record compared to the fee levels, first time funds versus long-established firms, how responses could differ depending on the current state of the WSIB's risk appetite, issues within the fund and how they handled it, and the reliance on staff to vet out issues.

Professor Lerner discussed the average carried interest, management, and other fee payments per partner per fund for both venture capital and leveraged buyout funds based on a select group, and how that has changed post-crisis. He suggested that higher fees may not equal lower returns, and transaction fees may not actually be rebated—it is more complicated than that.

Professor Lerner discussed the collaborative effort of large LPs to compare performance of direct deals and co-investment against traditional private equity investing. In response to Chair Frost's question, Professor Lerner commented on Canadian funds that have set-up offices in other locations to benefit from local knowledge. At the request of Ms. Whitmarsh, he further commented on the higher costs of one of these Canadian plans compared to the WSIB's costs. He pointed to the large internal costs of direct investment to a single institutional investor, versus spreading costs over many LPs who are investing in a traditional fund structure.

Professor Lerner closed his presentation with a discussion of the challenges of compensation and governance.

[The Board recessed at 12:10 p.m. and reconvened in open session at 1:18 p.m.]

Evaluating Private Equity Funds with Different Track Records and Different Fee Structures

Professor Lerner reflected on this morning's discussion and the theme of long-run relationships, which is one of the hallmarks of WSIB's style—stick with high-quality GPs, versus the newest thing. Questions to consider: do the good guys stay good or do they fall off the wagon? Is there a guarantee the next generation of partners will continue on the success of their founders?

He reflected on performance between 1991 and 1998 during which time endowments were more successful with performance than other investor types, including public pension funds. Some have performed much better than others, such as the Yale Endowment fund. He examined the Yale fund's philosophy, unconventional asset mix, and success in alternatives. It has been more successful in picking relationships and investing in them fund after fund, versus betting on other relationships. Despite the crisis, Yale's performance was still strong.

Professor Lerner discussed the drivers behind the outperformance by endowments, such as persistence, selection of and turning down relationships, and when to continue and when to stop. How does the WSIB know when a fund will continue to do well and when it makes sense to walk away? That is the challenge and is becoming harder because of the nature of returns in private equity, particularly since the financial crisis. Today it seems like much more of an even playing field. Two things have changed in private equity—traditionally, there was wide dispersion of good guys and bad guys, and now that has shrunk; and traditionally there was a stickiness of performance and good guys continued to have good performance, which is no longer necessarily true. There are bigger dispersions of returns among GPs. He discussed the challenges of maintaining persistence since the crisis, contrasting venture capital funds (which have remained above the median) and buyout funds (which have weakened).

Professor Lerner introduced the case study relating to a LP having a concern with a founder who has brought in a new manager that is unfamiliar with the deal but has a specific set of skills that are needed by the GP. How does an LP deal with this scenario? Board members broke into small groups to discuss the case study.

Professor Lerner asked if there is a clear wrong or right in terms of what is going on. Mr. Nierenberg commented he had a similar experience years ago, and LPs have to figure out what is going on and what capabilities are needed to continue; there is a lot to figure out. Is there concentrated power among LPs to do something about it, or a plan to preserve the strategy and have a wind-down? A discussion ensued on whether there is a chance to save performance of the fund or anything else to save, whether it is worth it, what the liability is, why the company is going through expansion pains and why it is not being handled well, and is it workable going forward. Chair Frost said the WSIB's expectation would be for the founder to solve it, as it is a management issue, so it does not become an issue for LPs. The role of LPs is not to step in and manage the GP. Mr. Ruggels said it is important that the WSIB's for GPs are successful, and the WSIB watches how widely the carry is shared among the firm. WSIB also focuses on turnover, and it is frequently discussed.

Mr. Ruggels said sometimes issues are apparent, but other times it is hard to get at what is going on; conversations can be helpful, not only with the GP, but with other LPs as well.

Professor Lerner said the case study was resolved by the LP not invoking the key man clause, and the fund limped along until it wrapped up.

A discussion ensued related to persistence trends that have emerged, leading to deteriorating performance and succession issues, and issues caused by carry inequality. Professor Lerner said that ensuring the GPs are set up for the long term is critical.

[The Board recessed at 3:13 p.m. and reconvened in open session at 3:40 p.m.]

[Mr. Nakahara left at 3:13 p.m.]

EXECUTIVE SESSION
Chair Frost announced the Board would go into executive session to discuss financial and commercial information relating to an investment since public knowledge regarding the discussion would result in loss to the funds managed by the WSIB or would result in private loss to the providers of the information. She said the executive session was expected to last until approximately 5:00 p.m.

"What Happens When an Investment Doesn't Go as Planned"

[The Board went into executive session at 3:40 p.m. and concluded its executive session at 5:12 p.m., at which time it recessed until reconvening in open session at 7:35 p.m.]

DINNER PRESENTATION
Macroeconomics: A 2016 Mid-Year Review

[Senator Hewitt was in attendance at 7:35 p.m.]

Mr. Ruggels introduced Mr. McVey, who presented a macroeconomic update discussing key macro themes, the global recovery, Brexit, growth in China, the yearn for yield, bank structural and regulatory issues, and consumer trends. Mr. McVey discussed the macro environment's translation into asset allocation and shared allocation suggestions.

[The Board recessed at 8:15 p.m. on July 20.]

[Senator Hewitt left at 8:15 p.m. on July 20.]

July 21

Chair Frost called the meeting to order at 8:01 a.m.

BOARD GOVERNANCE
Asset Stewardship – Role of Corporate Governance in Investing

Ms. Whitmarsh shared the purpose of having this session at the Board meeting, saying that, over time, the WSIB has been evaluating and thinking about this space but has not come up with an affirmative statement of its stance on ESG. She said the concept of "asset stewardship" is in line with our values and approach, and she wants to stimulate thought and conversation, with feedback to allow staff to create a strawman environmental, social and governance (ESG) framework to bring to the Board.

Ms. Whitmarsh introduced Ms. Kumar, to discuss why stewardship is important and share SSGA's framework.

Ms. Kumar discussed SSgA's risk-based approach to stewardship as a long-term significant shareholder with a global focus, value driven philosophy, and focus on engagement. She said SSgA votes with a unified voice to maximize influence and gave examples of situations in which this unification has had an impact in voting decisions.

Mr. Nierenberg shared his thoughts on the governance movement over the years and its focus on public companies versus private companies; its immense burden on public companies; and the importance of consistency in what the WSIB does in both private company and public company investments. He said he is really talking about the environmental and social part of ESG, not so much the governmental.

Ms. Kumar explained that SSgA only has influence on public companies and in some cases doesn't have any influence, adding that there is a lot to be done in the private space, which isn't often talked about because it is private.

Ms. Kumar discussed objectives set by SSgA, stating that being a passive investor is like marriage without divorce; it sets the tone for negotiations. They don't want to do anything to lose their influence. She said a lot of directors in sectors outside of utility and gas cannot understand how climate issues are going to impact them, so SSgA gives directors examples of how they may be impacted.

Ms. Whitmarsh articulated that she wants to get Board feedback on value-driven philosophy; she said we have strong values imbedded in our approach, but she is curious about the Boards thoughts on coming out with a statement.

Discussion ensued around workload issues in proxy firms and the difficulty of instituting rules; the possibility of beginning with the top of the capital stack with the most egregious companies; the engagement approach taken by SSgA and the ability to collaborate with other passive investors on issues; the difference between acting together and following someone's lead and the possibility of identifying a reliable leader in a particular area to influence other investors; specific issues that SSgA has taken on, including tenure and compensation; the risk of voting against good items when voting against particular issues; importance of starting debate in the market and setting standards; and the Council of Institutional Investor (CII) efforts; the need to come up with a set of values and priorities to focus on and an affirmative statement aligning with fiduciary duty.

Mr. Sacks suggested it is about both proxy voting and engagement, and we are limited in the amount of engagement we can do. He asked where we can lend our voice without having to be a leader. Ms. Whitmarsh responded that once the Board has given direction, staff can look at ways to be a leader. Treasurer McIntire opined that the exceptions should be a hallmark of who we are; all of our decisions have to be made through this consideration and politics should be kept out of the investment process, allowing investment judgements to be based on sound fiduciary responsibility with the ability to pursue the kinds of investments we feel are appropriate.

Discussion ensued regarding the difference between establishing ideas attached to the mission and the execution; how focusing on the governance aspects will often take care of the environmental and social parts of ESG; the SSgA stewardship prioritization process; limited time and staffing for proxy review and how we get the biggest bang for our buck without fragmenting staff and political support; expectations of ESG focus by our partners; and the importance of thinking about how to frame and communicate what we are doing in accordance with our proxy voting guidelines.

Ms. Whitmarsh explained that the WSIB already has strongly stated values in a number of places, including investment beliefs, risk appetite statements, risks addressed in the due diligence process, and proxy guidelines; this discussion is about pulling these existing values out and discussing execution. We want to make it more explicit for stakeholders. She said the Board needs to have something to point people to in response to public comment.

Ms. Whitmarsh advised that staff would come up with some recommended statements to bring back to the Board for further discussion about execution, filtered through prudent risk, setting priorities that can be accomplished with current resources in whatever is done. Chair Frost responded that having a framework would be very helpful, as without something to share with stakeholders leads to the assumption that we aren't doing anything.

Discussion ensued around enhancements to the WSIB website to enable tracking of information that beneficiaries are looking for and increase communication; importance of articulating views across all asset classes; and importance of understanding the values held by our beneficiaries.

OTHER ITEMS
Chair Frost gave her thanks to staff and complimented the leadership of the WSIB—today is her final day as Chair of the WSIB.

Chair Frost thanked the Board for its support since she joined in 2013. Mr. Bruebaker shared that the Public Markets Committee meeting on Tuesday, September 13 will include a presentation on Brexit. Ms. Whitmarsh announced that there will be a goodbye celebration for Chair Frost in September, either the evening before the Board meeting or following the Board meeting.

There was no further business to come before the Board, and the meeting adjourned at 9:40 a.m.

Kelly Fox
Vice Chair

ATTEST

Theresa J. Whitmarsh
Executive Director