



**Thursday, February 15, 2024  
Board Meeting**

**Call to Order - 9:30 A.M.**

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**In-Person Attendance: Washington State Investment Board  
2100 Evergreen Parkway SW, Olympia, WA 98502**

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**The link to join online can be found at [www.sib.wa.gov/meetings.html](http://www.sib.wa.gov/meetings.html)**

**1. Call to Order/Roll Call (9:30a)**

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**2. Adoption of Minutes (9:30-9:35)**

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A. Adoption of the December 14, 2023, meeting minutes.

**3. Public Comment (9:35-9:50)**

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A. Written Public Comment Submissions

**4. Oath of Office (9:50-9:55)**

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**5. Committee Assignments (9:55-10:00)**

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**6. CEO Report (10:00-10:10)**

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A. CEO Report - January/February 2024

**7. Private Markets Committee Report (10:10-10:15)**

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A. General Catalyst XII, L.P.

**8. Fixed Income Review and Outlook (10:15-11:25)**

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A. Fixed Income Review and Outlook

**9. Break (11:25-11:35)**

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**10. Executive Session - Administrative Committee Report (11:35-12:05)**

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A. Non-Voting Board Member Term Expiration

B. Custody Transition Update

C. Chief Executive Officer (CEO) Evaluation and Compensation Discussion

**11. Lunch (12:05-12:35)**

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**12. Administrative Committee Report continued (12:35-12:45)**

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A. Non-Voting Board Member Term Expiration

B. CEO Compensation Discussion

**13. Quarterly Performance Report (12:45-12:55)**

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A. Quarterly Performance Report

**14. Global Proxy Voting Policy 2.05.200 Revisions (12:55-1:10)**

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A. Global Proxy Voting Policy 2.05.200 Revisions

**15. Innovation Portfolio Review and Update (1:10-1:55)**

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A. Innovation Portfolio Review and Update

**16. Break (1:55-2:05)**

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**17. Education Session (2:05-3:05)**

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A. Navigating Global Issues

**18. Other Items (3:05-3:10)**

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**19. Adjourn (3:10p)**

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**WASHINGTON STATE INVESTMENT BOARD  
Board Meeting Minutes  
February 15, 2024**

The Washington State Investment Board met in open public session at the office of the Washington State Investment Board at 2100 Evergreen Park Drive SW, Olympia, Washington and via Microsoft Teams video conferencing available to participants and members of the public at <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>; Meeting ID: 296 762 092 726; Passcode: EJpjQU; Dial-In Telephone Number 1-360-726-3322; Phone Conference ID Number 404 931 321#. The meeting was also live-streamed and recorded by TVW.

Members Present: Greg Markley, Chair  
Tracy Guerin  
Ada Healey  
Sara Ketelsen  
Liz Lewis  
Yona Makowski  
David Nierenberg  
Treasurer Mike Pellicciotti  
Mary Pugh  
Heather Redman  
Joel Sacks  
Tracy Stanley  
George Zinn

Members Absent: Representative Mia Gregerson  
Senator Mark Mullet

Also Present: Allyson Tucker, Chief Executive Officer  
Christopher Hanak, Chief Investment Officer  
Donna May Ong, Senior Investment Officer – Fixed Income  
Nate Soper, Assistant Senior Investment Officer – Fixed Income  
Mo Mooers, Senior Investment Officer – Innovation Portfolio  
Julia Ferreira, Assistant Senior Investment Officer – Innovation Portfolio  
DuWayne Belles, Investment Officer – Innovation Portfolio  
Stacy Conway, Executive Assistant

Tor Jernudd, Attorney General’s Office  
Tammie Nuber, Office of the State Treasurer  
Lionel Johnson, Pacific Pension and Investment Institute

**CALL TO ORDER**

Chair Markley called the meeting to order at 9:30 a.m. and took roll call; all Board members listed as present were able to fully participate in the meeting while in attendance.

**PUBLIC COMMENT**

Chair Markley notified the public commenters that each would have 2 minutes to make their comments.

Ruth Ewald addressed the Board regarding risk associated with climate change, stating that the WSIB should consider the financial risk caused by climate change using its shareholder power and should encourage banks to make long-term investments for things that will continue to make money, rather than fossil fuels.

Donna Albert addressed the Board regarding climate change concerns, referencing the Rio Grande investment. She urged the Board to consider fiduciary duty in the context of financial return and impact and to be transparent about the climate impacts of investments. Cindy Jatul addressed the Board regarding climate change concerns, referencing the Rio Grande investment and asking the Board to use its power to direct investments into more appropriate long-range, forward facing, and helpful investments.

Bryson Hirai-Hadley addressed the Board regarding the WSIB's shareholder proposal voting record, opining that the WSIB has not implemented its 2023 Sustainability Report and asking the Board to think about the people it represents to make a difference. Kristen Edmark addressed the Board regarding climate concerns, asking the Board to take *The Hidden Risk in State Pensions* report seriously and advising the Board to obtain Scope 3 data, listen to independent research, and not ignore impact of fossil fuels.

Barbara Carey addressed the Board regarding fossil fuels, opining that fossil fuel investment is volatile and has a negative outlook and the pension is threatened by climate change impacts, and asking the Board to prioritize improving proxy voting guidelines to address financial risks.

Andrew Eckles addressed the Board regarding concerns with the Board's proxy voting record, noting global warming and associated threats and requesting that the Board incorporate the associated financial risk into its analysis and use its proxy voting power.

Ana Banales addressed the Board, with translation provided by Michael Angulo, regarding the ongoing labor dispute with Aimbridge Hospitality, noting the effort, since last summer, to negotiate a fair contract that includes decent pay and affordable health coverage and asking that the Board urge Advent International to resolve the labor dispute and ensure labor peace.

Michael Angulo addressed the Board regarding the ongoing labor disputes with PAI Partners and Advent International portfolio companies Aimbridge and Areas, noting requests to the WSIB to inform the two firms that they must act swiftly to resolve the issues and asking the WSIB to withhold further investment until they each ensure labor peace.

Douglas Marmol addressed the Board as an employee of Areas, noting poor wages and high workload, the current strike, and inequities, and asking the Board to urge PAI Partners to resolve the labor issues.

On behalf of UNITE HERE, Maris Zivarts addressed the Board regarding ongoing labor disputes with PAI Partners and Advent portfolio companies, Aimbridge Hospitality and Areas,

commenting on financial and environmental, social and governance (ESG) risk, proxy voting concerns, and a lack of transparency in private equity investments, requesting continued collaboration to mitigate potential ESG risks associated with these firms.

Chair Markley thanked those providing comment, noting that the Board hears the concerns and will continue with its discussions to determine how to be a factor in solving some of the issues brought forth. The Board is charged with maximizing returns at prudent level of risk and has a thoughtful process in addressing the issues.

**ADOPTION OF MINUTES**

**Chair Markley moved that the Board adopt the December 14, 2023, meeting minutes. Yona Makowski seconded, and the motion carried unanimously.**

**PUBLIC COMMENT Continued**

Allyson Tucker reported that in addition to the oral public comments the Board received 88 written public comments. The materials included 66 identical form letters related to the WSIB's approach to climate change, one letter from special interest group Divest Washington with 40 signatories, and an additional 21 written public comments related to climate change and divestment. The names of those who have submitted written public comment and all comments in their entirety were submitted to the Board members prior to the meeting.

**OATH OF OFFICE**

**Presenter: Greg Markley, Board Chair**

Chair Markley administered the Oath of Office to Heather Redman and Tracy Stanley, welcoming them to the Board.

**COMMITTEE ASSIGNMENTS**

**Presenter: Greg Markley, Board Chair**

Chair Markley recommended that Heather Redman be appointed to fill the vacancy on the Audit Committee and as an additional member of the Private Markets Committee and that Tracy Stanley be appointed to fill the vacancy on the Public Markets Committee.

**Chair Markley moved that the Board approve the Committee Assignments as proposed. Yona Makowski seconded, and the motion carried unanimously.**

**OCTOBER/NOVEMBER CEO REPORT TO THE BOARD**

**Presenter: Allyson Tucker, Chief Executive Officer**

Allyson Tucker presented the CEO Report to the Board, highlighting attendance at the World Economic Forum Annual Meeting, management team activities, and future Board education sessions. She introduced one new staff member and reminded the Board about the current procurement activity.

**PRIVATE MARKETS COMMITTEE REPORT**

**Presenter: Tracy Guerin, Private Markets Committee Chair**

The Private Markets Committee met on February 1, 2024, to consider one Private Equity investment recommendation, General Catalyst XII, L.P.

**On behalf of the Private Markets Committee, Tracy Guerin moved that the Board invest up to \$200 million, plus fees and expenses, in General Catalyst XII, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Yona Makowski seconded the motion.**

General Catalyst XII is a venture capital fund with a target size of \$6 billion expected to deploy approximately two-thirds of its capital into early-stage venture investments and one-third of its capital into late-stage ventures investments in sectors that include healthcare, consumer, industrials, and financial services. The fund will primarily invest in the U.S., and, to a lesser extent, Western Europe, Israel, and India. This would be a new general partner relationship for the WSIB, and the proposed investment would fall into the unidentified allocation in the Board-approved 2024 private equity annual plan.

The recommendation is based in part on General Catalyst’s proven track record, scaled platform, responsible innovation ethos, and other factors relevant to the recommendation.

**The motion carried unanimously.**

***[NOTE: The original motion referenced "General Catalyst VII, L.P." in error. It was later corrected to "General Catalyst XII, L.P."]***

**FIXED INCOME ANNUAL REVIEW AND OUTLOOK**

**Presenters: Donna May Ong, Senior Investment Officer – Fixed Income**

**Nate Soper, Assistant Senior Investment Officer – Fixed Income**

Donna May Ong and Nate Soper presented the Fixed Income Annual Review and Outlook. Included in the presentation was an overview of the Fixed Income team, the role of fixed income in the retirement fund, an overview of the fixed income portfolios, a market review of 2023, fixed income performance, and an outlook and expectations for 2024. Board discussion ensued regarding the fixed income target range and the actual allocation; the liquidity of credit markets and need to sell credits to take advantage of market opportunities; differences in the WSIB’s program from that of other public funds; the WSIB’s performance in relation to the benchmark; additional risk in the WSIB program as compared to the benchmark due to higher credit allocation, mitigated by the thorough credit analysis conducted, credit analysis skillset of the Fixed Income team, continual monitoring to anticipate periods of stress and consideration of liquidity needs; highlights from the recent Fixed Income Peer Review; the volatility since the Federal Reserve began increasing interest rates, decisions made based on the opportunity driven by volatility; Fixed Income buy and sell decisions; the inverted yield curve; desire to find good quality

corporate bonds at attractive yields that can be locked in for 10 years; the Fixed Income team's preference to hold bonds to maturity, when possible balanced with the need to sell to provide liquidity or to take advantage of opportunities; Fixed Income's trade volume; rationale for selling shorter duration bonds to purchase longer duration bonds; the impact of increasing private equity exposure on the Fixed Income portfolio in terms of meeting liquidity requirements; the use of target ranges to allow flexibility; holistic differences in Washington State's pension system when considering the WSIB's private markets allocation relative to that of peers; emerging markets allocations and credit analyst sector structure; and the continued need for the Federal Reserve to remain independent in its decision-making around interest rate decisions, based on inflation and the strength of the economy, regardless of election activity and possible outcomes.

Allyson Tucker tied the presentation to portfolio implications including closer examination of sources of liquidity for the portfolio; systems supporting asset allocation; impact of higher yields and attractiveness of Fixed Income as an asset class relative to others. Chair Markley thanked the Fixed Income team for their continued diligence and the impact it has on pensions.

**PRIVATE MARKETS COMMITTEE REPORT Continued**

**Presenter: Tracy Guerin, Private Markets Committee Chair**

Tracy Guerin noted that she incorrectly referred to the fund in the previous motion made on behalf of the Private Markets Committee as "General Catalyst VII L.P." rather than "General Catalyst XII L.P." There was consensus of the Board members that they understood this to be an error, it did not require any further action, and the motion carried as corrected.

**EXECUTIVE SESSION**

**Chair Markley announced that the Board would take a 10-minute recess then reconvene in 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. The Board will also discuss the performance of public employees. Following the executive session, the Board will break for lunch. The executive session was expected to last until approximately 12:45 at which time the Board would reconvene in open session.**

[The Board went into executive session at 11:55 a.m.]

[The Board recessed at 11:55 a.m. and reconvened in executive session at 12:06 p.m.]

**ADMINISTRATIVE COMMITTEE REPORT**

**Non-Voting Board Member Term Expiration**

Presenter: Greg Markley, Administrative Committee Chair

**Custody Transition Update**

Presenter: Allyson Tucker, Chief Executive Officer

**CEO Evaluation and Compensation Discussion**

Presenter: Greg Markley, Administrative Committee Chair

[The executive session was extended to 1:00 p.m. Notification was provided to those waiting to rejoin the meeting.]

[The executive session was extended to 1:10 p.m. Notification was provided to those waiting to rejoin the meeting.]

[The Board reconvened in open session at 1:13 p.m.]

**ADMINISTRATIVE COMMITTEE REPORT Continued**

**Presenter: Greg Markley, Administrative Committee Chair**

The Administrative Committee met earlier this morning. Staff reported the appropriated budget has a projected balance of approximately \$2.4 million or 6.2 percent savings, and the non-appropriated budget has a projected balance of approximately \$40.5 million or 5.5 percent savings.

The Committee also had a brief discussion on two other topics, which were presented to the Board earlier in its executive session. Based on those discussions, there are two motions to move forward.

**On behalf of the Administrative Committee, Chair Markley moved that the Board reappoint David Nierenberg as a Non-Voting Board Member for an additional 3-year term ending on December 31, 2026. Sara Ketelsen seconded, and the motion carried unanimously.**

The second topic discussed in executive session was the evaluation of the CEO, in which all Board members weighed in on performance across a number of different metrics. The information was compiled and reviewed in executive session. Chair Markley noted the stellar performance of Allyson Tucker and thanked her for her work. Commensurate with the evaluation, the Board discussed the Administrative Committee's compensation recommendation.

**On behalf of the Administrative Committee, Chair Markley moved that the Board approve a salary increase of 4 percent for the CEO effective March 1, 2024. Yona Makowski seconded, and the motion carried unanimously.**

**COMMINGLED TRUST FUND (CTF) UPDATES**

**Presenter: Christopher Hanak, Chief Investment Officer**

Christopher Hanak presented the Commingled Trust Fund's (CTF's) quarterly investment returns for the quarter, 2-year, 3-year, 5-year, 10-year, and 20-year periods as compared to the benchmarks, noting the lag in private market valuations. Individual asset class



returns and highlights of each were also addressed, along with Labor and Industries portfolio returns for the quarter, 1-year, 3-year, 5-year, and 10-year periods.

Discussion ensued regarding the impact of higher interest rates on valuations and the descriptions and objectives of the individual Labor and Industries funds.

[The Board recessed at 11:05 a.m. and reconvened at 11:15 a.m.]

**GLOBAL PROXY VOTING POLICY 2.05.200 REVISIONS**

**Presenter: Allyson Tucker, Chief Investment Officer**

Allyson Tucker presented the revised Global Proxy Voting policy revision recommendation from staff, noting that there were two questions raised at the December meeting when the previous revision recommendation was presented: whether the changes recommended by staff reduce the Board’s ability to vote or direct international shares, and whether the revisions proposed by staff change the WSIB’s responsibilities under active management or imply less importance to active management. The answer to both questions is no; the changes brought forward in December and those presented today do not represent a change. Although language has been clarified to make it clear, whether or not the revisions are approved, it will not change the Board’s ability to vote in international shares or imply in any way that the Board has more or less of a fiduciary duty.

Chair Markley reminded the Board that at the December 14 Board meeting staff presented recommended changes to the Global Proxy Voting policy, and at that meeting, Chair Markley made a motion to approve the proposed revisions to the Global Proxy Voting Policy 2.05.200 as presented, with the exceptions of the changes under the Purpose section paragraph 3 and under the Policy section paragraph 2. (Original Motion). After the first motion, Treasurer Pellicciotti moved that the Board postpone approval of the then-proposed revisions to the Global Proxy Voting Policy, excluding the Addendum (Proxy Voting Guidelines), to the next Board meeting [scheduled for February 15, 2024], and that motion carried. The Board followed with approval of the then-proposed revisions to the policy addendum and tabled consideration of the revisions to the policy itself pending additional information along with a legal opinion, which was received.

Following Chair Markley’s summary of the December Board meeting proceedings, discussion ensued regarding the internal legal analysis completed by the WSIB’s Legal, Risk, and Compliance Director, whether it would be more appropriate for a review to be completed by the Assistant Attorney General (AAG), the WSIB’s historical process of assigning policy review to internal legal counsel, and re-confirmation that the proposed revisions are for clarification and with or without approval of the changes, the WSIB’s fiduciary duty responsibilities do not change.

Additional discussed ensued regarding the option of additional legal review by the AAG or moving ahead based on the internal legal review, with a suggestion to finalize the policy before the upcoming proxy season made by a non-voting Board member and requests to move forward by two voting Board members.

**As the original motion was still on the table, and staff presented a revised recommendation, Chair Markley moved that the Board rescind the Original Motion. Sara Ketelsen seconded, and the motion carried.**

**Chair Markley moved that the Board approve the revisions to the Global Proxy Voting Policy 2.05.200 as proposed. Yona Makowski seconded the motion.**

Treasurer Pellicciotti opined that the proposed policy revisions represent significant policy change and expressed a number of concerns regarding the WSIB's proxy voting process.

**The motion carried, with Treasurer Pellicciotti opposed.**

#### **INNOVATION PORTFOLIO UPDATE**

**Presenters: Mo Mooers, Senior Investment Officer – Innovation Portfolio**

**Julia Ferreira, Asst. Senior Investment Officer – Innovation Portfolio**

**DuWayne Belles, Investment Officer – Innovation Portfolio**

Mo Mooers introduced the Innovation Portfolio review and update, addressing select CTF investment beliefs, the Innovation Portfolio team, the collaborative approach with the rest of the investment division, the investment objectives and framework, program evolution and history, an overview of the historical commitments and cashflows of the program, portfolio market value and exposure, and an overview of 2023 activities.

DuWayne Belles outlined the investments that were recommended and approved, along with total opportunities considered in 2023.

Julia Ferreira addressed private credit, addressing the research completed by staff and the strategic investment focus and describing the portfolio implications and typical holding characteristics of direct lending, opportunistic/blended credit, and distressed debt. A comparison of private credit to the other CTF asset classes was presented.

Discussion ensued regarding the differences between innovation portfolio investments and those that would fit in other asset classes; the placement of distressed credit investments in the innovation portfolio; sourcing and placement of innovation portfolio deals; the need for scalability to be able to build around an investment and create long-term relationship; portfolio risk management; opportunities; deal sourcing through networking, collaboration with WSIB investment units, and Board referrals; and staff's ability to consider higher risk/higher return investment opportunities.

[The Board recessed at 2:18 p.m. and reconvened at 2:27 p.m.]

**EDUCATION SESSION**

**Navigating Global Issues**

**Presenters: Allyson Tucker, Chief Executive Officer**

**Lionel Johnson, Pacific Pension and Investment Institute (PPI)**

Allyson Tucker introduced Lionel Johnson, Executive Director of PPI, noting and the strong long-term relationship that PPI and the WSIB have maintained over the years.

Lionel Johnson shared background information regarding the formation and history of PPI and its importance of convening asset owners, including pension funds, endowments, sovereign wealth funds, and asset managers of various sizes and scope, from across the globe, in a non-commercial, collegial environment to exchange ideas and share perspectives on long-term investing.

The education session included discussion focused on geopolitical implications for investors of a multipolar world; the U.S./China rivalry and Taiwan; Russia's invasion of Ukraine; instability in the Gaza region and the Middle East; potential for global collaboration on climate change and climate change policy, the energy transition, and the role of nuclear energy; tensions with North Korea; economic and social advancements in Japan; current events in the Middle East, specifically Saudi Arabia; global elections, the importance of the upcoming U.S. elections, and the decline of global democracy; issues surrounding the availability of water; and assessment of risk related to government policy in global investing.

[David Nierenberg left the meeting at 3:00 p.m.]

**ADJOURNMENT**

There were no other items to come before the Board, and the meeting adjourned at 3:30 p.m.