



**Thursday, June 20, 2024
Administrative Committee**

Call to Order - 8:15 A.M.

-

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

-

The link to join online can be found at www.sib.wa.gov/meetings.html

1. Call to Order/Roll Call (8:15a)

2. Adoption of Minutes (8:15-8:20)

A. Adoption of the April 18, 2024, Minutes

3. Budget (8:20-8:40)

A. Quarterly Budget Update

B. 2025-2027 Biennial Appropriated Budget and Fiscal Year 2025 Non-Appropriated Budget

4. Executive Session (8:40-9:05)

A. Operations Update

B. Sensitive Materials Handling

C. Staff Recruitment

D. Chief Executive Officer Term Expiration

5. Executive Session Report and Action Items (if any) (9:05-9:10)

6. Other Items (9:10-9:15)

7. Adjourn (9:15a)

**WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
June 20, 2024**

The Administrative Committee met in open public session at the office of the Washington State Investment Board (WSIB) 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: 245 902 873 895; Passcode: dA4DbQ; Dial-In Telephone Number 1-360-726-3322; Phone Conference ID: 169 090 771#

Members Present: Greg Markley, Chair
Tracy Guerin
Sara Ketelsen
Liz Lewis
Yona Makowski

Other Board Members
Present: Tracy Stanley
George Zinn

Also Present: Allyson Tucker, Chief Executive Officer
Curt Gavigan, Chief Operating Officer
Celina Verme, Budget and Government Operations Officer
Stacy Conway, Executive Assistant

Tor Jernudd, Attorney General's Office

CALL TO ORDER

Chair Markley called the meeting to order at 8:15 a.m. and took roll call. All Committee members listed as present were able to fully participate in the meeting while in attendance.

ADOPTION OF MINUTES

**Chair Markley moved to adopt the April 18, 2024, meeting minutes.
Yona Makowski seconded, and the motion carried unanimously.**

Quarterly Budget Update

Presenter: Celina Verme, Budget and Government Operations Officer

Celina Verme presented the budget update for the appropriated and non-appropriated budgets for the quarter ending March 30, 2024. The appropriated budget has a projected balance of approximately \$3.99 million, a savings of 10.4 percent, and the projected balance will carry into fiscal year 2025 due to the biennial appropriation. The non-

appropriated budget has a projected balance of approximately \$27.9 million, a savings of 3.8 percent.

Discussion ensued regarding salaries and benefits as the primary contributor to the savings in the appropriated budget.

2025-2027 Biennial Appropriated Budget and Fiscal Year 2025 Non-Appropriated Budget Requests

Presenter: Celina Verme, Budget and Government Operations Officer

Celina Verme presented the recommendations for the proposed 2025-2027 Biennial Appropriated Budget and the Fiscal Year 2025 Non-Appropriated Budget, including an overview of the budgeting process. The presentation detailed the appropriated budget cycle, process, budgeting variables, and budget categories. The proposed appropriated budget totals \$88.9 million, or .043 percent of total assets under management (AUM); of this total, 80 percent is attributable to staff salaries and benefits, including increases for investment officer compensation in line with the Board-approved salary bands and an addition of four staff members to strengthen controls and organizational capacity.

Discussion ensued regarding the budget increase for investment officer compensation to bring funding to the 2023 peer average as approved by the Board at its April meeting, exclusive of consideration of cost of living increases authorized by the legislature.

The presentation also described the non-appropriated budget cycle, process, variables, categories, and forecasting challenges, including the impact of market volatility. The non-appropriated budget proposal of \$801.5 million equates to approximately .395 percent of AUM, and 97.9 percent of the expenses are fluctuating costs driven by the market.

The total operating budget request of \$890.5 million represents .439 percent of AUM; of this amount, 90 percent is attributable to non-appropriated, market-driven expenses and 10 percent to appropriated expenses. The majority of the proposed budget increase is attributable to portfolio growth and more precise fee expense forecasting. The budget request makes several targeted investments to remain competitively aligned and consistent with statutorily set investment officer compensation guidelines, enhance the WSIB's controls and organizational capacity by providing resources in key strategic areas, and ensure sufficient resources necessary to satisfy a growing scope of service while protecting assets managed and complying with fiduciary responsibilities.

Discussion ensued regarding the requirement and description of portfolio verification, the difference between cash management and cash overlay, the WSIB's continued standing as a low-cost organization in the annual CEM benchmarking report, and the suggestion to include the report in the Office of Financial Management (OFM) budget request submission.

Chair Markley moved that the Administrative Committee recommend the Board approve the 2025-2027 Biennial Appropriated Budget and Fiscal Year 2025 Non-Appropriated Budget requests as proposed. Yona Makowski seconded, and the motion carried unanimously.

EXECUTIVE SESSION

Chair Markley announced that the Committee 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. In addition, the committee would discuss the performance of public employees. The executive session was expected to last until approximately 9:05 a.m., at which time the Committee would reconvene in open session.

[The Committee convened in executive session at 8:43 a.m.]

Operations Update

Presenter: Allyson Tucker, Chief Executive Officer

Sensitive Materials Handling

Presenter: Allyson Tucker, Chief Executive Officer

Staff Recruitment

Presenter: Allyson Tucker, Chief Executive Officer

CEO Term Expiration

Presenter: Greg Markley, Administrative Committee Chair

[The executive session was extended for an additional 15 minutes at 9:05 a.m. Notification was provided to those waiting to rejoin the meeting.]

[The Committee reconvened in open session at 9:20 a.m.]

[Tracy Guerin left the meeting at 9:20 a.m.]

Executive Session Report and Action Items

Presenter: Greg Markley, Administrative Committee Chair

Chair Markley reported that during the executive session the Committee discussed risk-related handling of sensitive materials, which would be discussed further with the full Board.

In addition, the Committee discussed staff recruitments.

Chair Markley moved that the Administrative Committee recommend the Board take the action discussed in executive session relative to the change in the basic organizational structure of the WSIB. Yona Makowski seconded, and the motion carried unanimously.

APPROVED

Chair Markley moved that the Administrative Committee recommend the Board take the action discussed in executive session relative to the staff recruitment. Yona Makowski seconded, and the motion carried unanimously.

The Committee also discussed the expiring term of the Chief Executive Officer.

Chair Markley moved that the Administrative Committee recommend the Board reappoint Allyson Tucker as the Executive Director/Chief Executive Officer for an additional term of three years beginning on January 1, 2025, and ending on December 31, 2027. Yona Makowski seconded, and the motion carried unanimously.

ADJOURNMENT

No further business was to come before the Committee, and the meeting adjourned at 9:22 a.m.