



**Thursday, November 21, 2024  
Board Meeting**

**Call to Order - 9:30 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](http://www.sib.wa.gov/meetings.html)**

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

---

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

---

A. Adoption of the September 19, 2024, Minutes

**3. Public Comment (9:35-9:55)**

---

A. Oral Public Comment

B. Written Public Comment Submissions

**4. Chief Executive Officer (CEO) Report to the Board (9:55-10:00)**

---

A. CEO Report to the Board - Oct.-Nov. 2024

**5. Administrative Committee Report (10:00-10:10)**

---

A. Board Conference and Education Attendance Report 2023-2024

B. 2024-2025 Board Conference and Education List

C. 3-Year Policy Review - Review Only

D. 3-Year Policy Review - Revisions

E. Non-Voting Board Member Reappointment

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

---

A. Real Estate Consultant Recommendation

B. GTCR Capital Solutions Fund, L.P.

C. GTCR Strategic Growth Fund II, L.P.

**7. Quarterly Performance Update (10:15-10:25)**

---

A. Quarterly Performance Update

**8. Commingled Trust Fund Strategic Asset Allocation Kick Off (10:25-11:10)**

---

A. Commingled Trust Fund Strategic Asset Allocation Introduction

**9. Break (11:10-11:20)**

---

**10. Executive Session (11:20-12:20)**

---

A. Annual Board Self-Evaluation

**11. Lunch (12:20-12:50)**

---

**12. CEM Benchmarking Report (12:50-1:30p)**

---

A. CEM Benchmarking Report

**13. Office of the State Actuary Annual Update (1:30-2:05)**

---

A. Office of the State Actuary Annual Update

**14. Public Equity Annual Plan (2:05-3:20)**

---

A. 2025 Public Equity Annual Plan

**15. Other Items (3:20-3:25)**

---

**16. Break (3:25-3:35)**

---

**17. Executive Session (3:35-4:55)**

---

A. Real Estate Annual Plan

**18. Annual Plan Approval (4:55-5:00)**

---

A. Real Estate Annual Plan Approval

**19. Adjourn (5:00)**

---

**WASHINGTON STATE INVESTMENT BOARD  
Board Meeting Minutes  
November 21, 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: 296 550 553 69; Passcode: TmscPL; Dial-In Telephone Number 1-564-999-2000 and 1-833-322-1218; Phone Conference ID Number 340 784 945#. The meeting was also live-streamed and recorded by TVW.

Members Present: Greg Markley, Chair  
Representative Mia Gregerson  
Ada Healey  
Sara Ketelsen  
Liz Lewis  
Yona Makowski  
Senator Mark Mullet  
David Nierenberg  
Treasurer Mike Pellicciotti  
Mary Pugh  
Heather Redman  
Joel Sacks  
Tracy Stanley

Members Absent: Tracy Guerin  
George Zinn

Also Present: Allyson Tucker, Chief Executive Officer  
Christopher Hanak, Chief Investment Officer  
Aileen Liu, Assistant Senior Investment Officer – RMAA  
Steve Draper, Senior Investment Officer – Real Estate  
Lerryn McCullough, Real Estate Portfolio Manager, L&I  
Jessica Carter, Executive Assistant

Tor Jernudd, Attorney General’s Office  
Jonathan Camp, Meketa Investment Group  
Ryan Lobdell, Meketa Investment Group  
Mike Malone, Meketa Investment Group  
Tiffany Reeves, Faegre Drinker Biddle & Reath LLP  
Franco Wang, CEM Benchmarking  
Luke Masselink, Office of the State Actuary  
Alyssa Giachino, Private Equity Stakeholder Group (PESP)  
Andrew Eckles  
Donna Albert  
Chris Goelz  
Omar Vega, OPEIU Local 8  
Grant Donovan

**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 could participate fully in the meeting while in attendance.

**ADOPTION OF MINUTES**

**Chair Markley moved that the Board adopt the September 19, 2024, meeting minutes. Joel Sacks seconded, and the motion carried unanimously.**

**PUBLIC COMMENT**

Chair Markley reported that six people signed up for public comment and each would have 2 minutes to comment.

Alyssa Giachino addressed the Board regarding climate concerns, sharing highlights of the PESP's *Private Equity Climate Risk Scorecard and Report*, which analyzes 21 private equity firms regarding investment in fossil fuels.

Andrew Eckles addressed the Board regarding the Rio Grande LNG project, expressing concerns regarding the financial risks associated with the project and inquiring as to how the Board addresses project risks.

Donna Albert addressed the Board regarding its investment in LNG terminals, expressing concerns regarding climate and economic impacts of WSIB's investments.

Chris Goelz addressed the Board regarding its investments in oil and gas and encouraged the WSIB to divest from oil and gas and to invest in clean energy.

[Mary Pugh joined the meeting at 9:45 a.m.]

Omar Vega addressed the Board regarding organized labor issues at investment portfolio companies and encouraged the Board to take action and to require neutrality on the union campaign.

Grant Donovan addressed the board regarding concerns of climate and environmental damage, weapons of war, and human rights abuses, asking the WSIB to adopt a minimum standard threshold for divestment on grounds of climate, environmental, and humanitarian risk and use proxy votes progressively to protect these initiatives.

Board Chair Markley thanked the individuals providing public comment for their time, noting that the Board is cognizant of the issues brought forth and highlighting the WSIB's published Sustainability Report and Climate Blueprint that outline the Board's activities in the areas of concern.

Allyson Tucker reported that in addition to the oral comments provided, the Board received 15 written public comment submissions, which were provided to the Board before the start of the meeting.

**OCTOBER-NOVEMBER 2024 CEO REPORT TO THE BOARD**

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

Allyson Tucker reported that she has completed 15 years with the WSIB and has nearly completed her first 3-year term as CEO. She thanked the Board and staff for their support. She noted the publishing of the Sustainability Report and the listing of investment partner meetings.

**ADMINISTRATIVE COMMITTEE REPORT**

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

Chair Markley reported that the Administrative Committee met earlier this morning to discuss several items.

The first item for consideration was the 2024-2025 Board Conference and Education List, a list of events that Board members are encouraged to attend.

**On behalf of the Administrative Committee, Chair Markley moved that the Board approve the 2024-2025 Board Conference and Education List as proposed. Yona Makowski seconded the motion.**

Discussion ensued regarding the value of Board members attending events in pairs to enhance the education experience.

The opportunities included on the list are well-vetted events and activities known to contain high-quality programming. Additionally, staff reported that they intend to identify additional educational opportunities and ensure Board members are aware of them.

**The motion carried unanimously.**

The next two items were consideration of policy reaffirmation and revisions.

**On behalf of the Administrative Committee, Chair Markley moved that the Board reaffirm the Code of Conduct Policy 2.00.150 and the Board Education Policy 2.00.200. Yona Makowski seconded the motion.**

Board policies are generally required to be reviewed at least every 3 years. The Code of Conduct Policy 2.00.150 and the Board Education Policy 2.00.200 are presented for review and reaffirmation, with no revisions proposed.

**The motion carried unanimously.**

The next item was consideration of proposed revisions to the Administrative Committee Charter, the Charter of the Board Chair, the Executive Director Charter, the Role of Consultants Policy, the Role of Investment Managers Policy, and the Communications Policy.

Board Chair Markley explained that minor revisions were proposed to the policies.

**On behalf of the Administrative Committee Chair Markley moved that the Board approve the revisions to the Administrative Committee Charter Policy 1.00.120, the Charter of the Board Chair Policy 1.00.160, the Executive Director Charter Policy 1.00.180, the Role of Consultants Policy 1.10.100, the Role of Investment Managers Policy 1.10.200, and the Communications Policy 2.00.175, as proposed. Yona Makowski seconded the motion.**

Discussion ensued regarding the proposed revision to the Administrative Committee Charter that removes oversight responsibility for strategic planning. Staff explained that there was a time when the annual strategic plan was presented to the Administrative Committee and

## APPROVED

the full Board, often on the same day. To eliminate redundancy, the CEO began presenting the plan and the mid-year update directly to the Board. The Board Charter already contains the provision for strategic planning oversight without the Administrative Committee's consideration. Chair Markley commented on the strategic planning process and noted that the proposed revisions will align the policy with the practice.

**The motion carried unanimously.**

The last item for the Board's consideration was the reappointment of Ada Healey.

**On behalf of the Administrative Committee Chair Markley moved that the Board reappoint Ada Healey as a Non-Voting Board Member for an additional 3-year term beginning January 1, 2025, and ending on December 31, 2027. Yona Makowski seconded the motion.**

Chair Markley expressed gratitude for Ada Healey's willingness to serve another term. He recognized her valuable real estate expertise and contributions to the Board.

**The motion carried unanimously.**

### PRIVATE MARKETS COMMITTEE REPORT

**Presenter: Yona Makowski, Acting Private Markets Committee Chair**

Yona Makowski reported that the Private Markets Committee met on November 7 with a full agenda, including three action items for the Board's consideration. The first item was the Real Estate consultant recommendation.

**On behalf of the Private Markets Committee, Yona Makowski moved that the Board retain StepStone Group Real Estate LP real estate consulting services for an initial 5-year term with an option to extend the contract for one additional 5-year term under the same terms and conditions, for a potential contract term of 10 years. Senator Mullet seconded the motion.**

StepStone Group Real Estate LP is a part of StepStone, a global private markets leader managing \$678 billion in capital. The group has worked with the WSIB since 2011 to

provide investment analysis, reporting, portfolio reviews, and consultations on special projects.

StepStone ranked highest in the procurement process due to its expertise in real estate operating companies and alignment with WSIB's strategy. The recommendation is supported by StepStone's strong performance, robust conflict management, and succession planning measures, including a critical person clause to address continuity concerns.

**The motion carried unanimously.**

The second item for the Board's consideration was the private equity investment recommendation for GTCR Strategic Growth Fund II, L.P.

**On behalf of the Private Markets Committee, Yona Makowski moved that the Board invest up to \$200 million, plus fees and expenses, in GTCR Strategic Growth Fund II, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Senator Mullet seconded the motion.**

GTCR Strategic Growth II, L.P. is a middle-market private equity fund with a target size of \$2.75 billion. WSIB has committed over \$2.8 billion to 10 prior GTCR funds since 1999, with the most recent commitment made last year. This investment aligns with the Board-approved 2024 Private Equity Annual Plan and model portfolio.

GTCR has been one of WSIB's top-performing managers, with no mature fund returning less than 13.9% annualized or 1.8x cash-on-cash net returns. Strategic Growth is managed by the same long-tenured team responsible for GTCR's track record, with additional resources focused on the middle market. This strategy revisits GTCR's Leaders Strategy, emphasizing transformative growth by upgrading senior management, achieved in seven of the first eight investments in Strategic Growth I.

While rapid growth has raised concerns about capacity, culture, and alignment, staff highlighted GTCR's added resources, strong talent bench, and disciplined approach to fundraising, ensuring investor alignment and sustainable performance. Staff concluded that



GTCR's growth enhances its ability to attract talent and supports WSIB's exposure to a high-performing manager.

Treasurer Pellicciotti stated that he was at the Private Markets Committee, where a range of things were discussed. He has expressed larger questions on private equity issues and is still in the same position. He voted no on both proposed transactions at the Committee and will vote no on the recommendations.

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

The third item for the Board's consideration was the private equity investment recommendation for GTCR Capital Solutions Fund, L.P.

**On behalf of the Private Markets Committee, Yona Makowski moved that the Board invest up to \$100 million, plus fees and expenses, in GTCR Capital Solutions Fund, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Senator Mullet seconded the motion.**

GTCR Capital Solutions, L.P. is a minority structured equity and debt fund with a target size of \$1.5 billion. This investment would fall into the unidentified allocation in the Board-approved 2024 Private Equity Annual Plan and align with the model portfolio.

GTCR Capital Solutions leverages the flagship team's proven track record and actively creates value by utilizing board seats, applying sector expertise, and using operational resources to support management teams. The fund targets private equity-level returns with downside protection through flexible structures and contractual returns, offering attractive risk-adjusted outcomes. Its focus on alignment with management teams ensures consistent value creation, even without control positions.

The current market conditions, including higher interest rates and over-leveraged businesses, present a vital entry point for structured investments, enabling Capital Solutions to address deleveraging and distressed debt opportunities.

Overall, this investment complements the WSIB's private equity strategy, offering lower-risk, additive returns while increasing exposure with a top-performing partner.

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

In addition, the Committee set its 2025 meeting schedule, received the closing log, and discussed the proposed 2025 real estate reinvestment opportunities in executive session.

**ADMINISTRATIVE COMMITTEE REPORT (continued)**

As a follow-up to the policy revision discussion during the Administrative Committee report earlier in the meeting, Allyson Tucker reported that staff presented the Board policy compliance review results to the Audit Committee on September 5, 2023. In that report, staff relayed that the Administrative Committee Charter was inconsistent with practice. Staff's response to that notation was that revisions to the charter would be proposed to align it with practice. The discrepancy was evaluated in the internal compliance review, and the policy correction was made in its normal cycle.

**QUARTERLY PERFORMANCE REPORT**

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

Christopher Hanak presented the Quarterly Performance Update for the quarter ending September 30, 2024, reporting that the Commingled Trust Fund (CTF) returned 3.74 percent for the period versus the passive benchmark return of 6.38 percent. CTF returns were strong for the 3-, 5-, 10-, and 20-year periods, outperforming all reported benchmarks. He commented on the continued expansion of the economy, GDP (gross domestic product) growth, strong labor markets, and uptick in the unemployment rate, noting that inflation has moved lower, but remains a concern. He addressed individual asset class investment returns, highlighting that public equity was the top-performing asset class for the year.

Discussion ensued regarding the rigorous statistical analysis conducted to develop the custom benchmarks, consideration of the lagged performance results of private market investments in the benchmarks, historical changes to benchmarks, benchmarks used by peers, impacts of valuation changes on benchmarks.

Chris Hanak commented that the WSIB's asset classes performed within expected ranges, referring to the risk balancing provision of our CTF Asset Allocation policy, and he provided an update on Labor and Industries' fund performance.

Discussion ensued regarding private equity's impact on the 1-year investment return and current public market activity.

**COMMINGLED TRUST FUND STRATEGIC ASSET ALLOCATION KICK-OFF**

**Presenters: Aileen Liu, Assistant Senior Investment Officer – RMAA**

**Jonathan Camp, Ryan Lobdell, and Mika Malone, Meketa Investment Group**

Aileen Liu explained that every 4 years, the WSIB conducts a CTF asset allocation study, a key determinant of planned outcomes, and she introduced the Meketa team. She provided an overview of the CTF asset allocation process to support the Board's decision-making. She highlighted key milestones within the timeline and specific activities that will lead to staff's presentation of the final strategic asset allocation recommendation in September 2025 for the Board's consideration.

Discussion ensued regarding the timeline, the potential addition of private credit as an asset class, and the potential to utilize resources provided by Oaktree Capital Management's Howard Marks.

Meketa staff introduced themselves and expressed gratitude for the opportunity to work with the WSIB.

Jonathan Camp previewed the agenda, highlighting the areas where Meketa will be most visible in the strategic asset allocation process and addressing the Capital Market Assumption (CMA) analysis work to be completed by WSIB staff.

Ryan Lobdell addressed the review and possible modification of the WSIB's CTF Strategic Asset Allocation policy, reflecting the Board's unique definition and tolerance for investment risk. He discussed the asset allocation process, including the review of liabilities and assets and project objectives of determining the best set of diversified asset classes for long-term success, and presented the WSIB's historical long-term asset allocation investment policy and changes over the last 10 years, reviewing a variety of allocations and summarizing the 2021 strategic asset allocation study.

Discussion ensued regarding the role of the Office of the State Actuary in the process and the timing of data used in the study.

Mika Malone discussed changes in the market environment and key inputs in the capital market assumptions, including interest rates and contributions of fixed income, inflationary environment, and implications of a new federal government administration.

Discussion ensued regarding the potential addition of private credit and how it might be implemented, specifically the potential split of an allocation between the fixed-income and private equity portfolios.

Additional discussion ensued regarding Meketa's use of the Shiller Cyclically Adjusted Private Equity (CAPE) Ratio, consideration of the CAPE ratio in the Capital Market Assumptions analysis, quarterly change frequency and fluctuation of the CAPE ratio, importance of a diversified portfolio in light of the expanding federal budget deficit, Meketa's modeling around various economic environments, and performance results and scenario modeling around risk tolerance levels.

Meketa staff explained the work to be done leading up to the input exercise that will take place at the July Board meeting. Decision-making criteria priorities will include maximizing long-term compound return, minimizing compound return and employee contribution volatility, staying within a funded ratio corridor, and minimizing potential liquidity stress.

Discussion ensued regarding volatility and measurement changes since the last strategic asset allocation, simulation work conducted by Meketa, and scenarios the Board might like to consider in the asset allocation exercise.

Meketa staff presented the historical Board priorities from its voting exercise in 2017 and 2021, noting consistency in decision factors, and discussed the inputs and analysis in the scenario modeling key to the upcoming asset allocation process, that may result in the addition of private credit as a separate asset class. Next steps were addressed, including a February review of private credit as an asset class.

Discussion ensued regarding the inclusion of peer asset allocation data in the September 2025 asset allocation recommendation presentation and the process for determining the implications for the fixed income allocation with the addition of a private credit allocation.

[The Board recessed at 11:42 a.m. and reconvened in open session at 11:55 a.m.]

**EXECUTIVE SESSION**

**Chair Markley announced that the Board would go into executive session to review the performance of public-employees. The executive session was expected to last approximately 50 minutes, until approximately 12:45 p.m., at which time the Board would reconvene in open session and take a 25-minute lunch break until approximately 1:10 p.m.**

[The Board went into executive session at 11:56 a.m.]

**Annual Board Self-Evaluation**

**Presenter: Tiffany Reeves, Faegre, Drinker, Biddle and Reath, LLP**

[The executive session was extended for an additional 10 minutes at 12:50 p.m.]

[The executive session was extended for an additional 10 minutes at 1:05 p.m.]

[The Board reconvened in open session at 1:16 p.m.]

**Chair Markley moved that the Board create an *Ad Hoc* Governance Committee to discuss the issues that Tiffany Reeves presented to the Board during executive session. Sara Ketelsen seconded, and the motion carried unanimously.**

[The Board recessed at 1:18 p.m. and reconvened in open session at 1:45 p.m.]

Chair Markley announced that, in the essence of time, the Public Equity Annual Plan presentation would be moved to the December 12, 2024, Board meeting.

**CEM BENCHMARKING REPORT**

**Presenter: Franco Wang, CEM Benchmarking**

Franco Wang presented the annual CEM Benchmarking Report sharing context and an overview of the WSIB’s investment performance, plan structure, and costs as compared to the CEM peer group of plans. The 5-year net total return of 10.9 percent was above both the U.S. Public Fund median of 8.7 percent and the peer median of 8.7 percent. The strong private markets performance in 2021 was noted, as was the nuanced approach to consideration of the private equity benchmark and the WSIB’s asset mix differences as compared to other U.S. public funds, with a higher allocation to private markets, resulting in a net value added of 3.5 percent, or \$21.7 billion over the 5-year period. Over the long-term of 25 years, the same trend continues.

The WSIB is operating at a low cost relative to the benchmark. The WSIB’s investment costs, as calculated by CEM, excluding private asset performance fees, were \$904.8 million, or 58.3 basis points in 2023. The WSIB has 50 percent of its program in higher-cost assets; however, was below benchmark cost primarily because it paid less than peers for similar services.

Discussion ensued regarding the benefit of the long-term relationships and strategic partnerships the WSIB has, allowing access to external management at a lower cost.

Franco Wang commented that the WSIB has been rewarded for the amount of risk it has taken, noting good performance from both a short-term and long-term perspective.

Discussion ensued regarding the WSIB’s value-added and long-term performance estimates, impact on cost of the private asset allocation, results considering the 10 largest funds rather than the 19 peer funds chosen, WSIB Sharpe ratio performance, and private equity performance fee capture in net value-added calculation.

**OFFICE OF THE STATE ACTUARY ANNUAL UPDATE**

**Presenter: Luke Masselink, Office of the State Actuary**

Luke Masselink presented the annual Office of the State Actuary (OSA) update, sharing an overview of key programs that have assets under WSIB management, including the state pension programs, Guaranteed Education Tuition Program (GET), and WA Cares Fund. He summarized the various pension system metrics and funded status and highlighted the key long-term assumptions for pension funding, which are reviewed every 2 years, and

behavioral or demographic assumptions that will be reviewed in 2025. Any future changes to economic or demographic assumptions will first be included in the 2025 Actuarial Valuation Report, which informs the 2027-29 biennium contribution.

Discussion ensued regarding the continual growth of accrued liability in the event of lower assumed investment returns.

Luke Masselink detailed pension plan funded ratios from 2018 through 2028 and commented on contribution rates projected to decline in the future. All plans are track to have a funded ratio of at least 100 percent by 2028. He provided an update on the GET program, noting it is well-funded and explaining the program's history. He also shared an update on the WaCares Fund, noting the program's benefits, premium collection, projected outflows, and actuarial work performed by Milliman. As this is a new program, data is just beginning to be collected, and reporting is evolving.

[The Board recessed at 2:48 p.m. and reconvened at 2:55 p.m.]

**ADMINISTRATIVE COMMITTEE REPORT continued**

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

Chair Markley noted that a few items presented at the Administrative Committee were not reported on during the Administrative Committee report earlier in the meeting.

Staff provided a budget update, reporting that the appropriated budget has a projected balance of approximately \$11.5 million, a 22.7 percent savings, and the non-appropriated budget has a projected balance of approximately \$33.7 million, a 4.2 percent savings.

The committee received an update on the status of the Board repository. Staff will work on this in two parts, with a solution to Board member access to materials by the end of the year and pursuit of a new platform and workflow solution to replace the current system in the first half of 2025. A survey of 22 public pension funds was conducted, including 9 of 10 in our peer group, which revealed a wide range of approaches with regard to systems and processes. Staff is on track with access to materials and looking forward to a new and improved tool for Board member use next year.

The Committee also received a staffing update from the CEO in executive session.

**EXECUTIVE SESSION**

**Chair Markley announced that the Board would convene 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 executive session was expected to last until approximately 4:20 p.m., at which time the Board would reconvene in open session.**

[The Board went into executive session at 3:00 p.m.]

**2025 REAL ESTATE ANNUAL PLAN**

**Presenters: Steve Draper, Senior Investment Officer – Real Estate  
Lerryn McCullough, Real Estate Portfolio Manager, L&I**

[The Board reconvened in open session at 4:30 p.m.]

**REAL ESTATE ANNUAL PLAN APPROVAL**

**Presenter: Greg Markley, Board Chair**

Chair Markley reported that the Board received the 2025 Real Estate Annual Plan in executive session, during which the Board had the opportunity to thoroughly discuss the proposal.

**Chair Markley moved that the Board approve the 2025 Real Estate Annual Plan as presented. Yona Makowski seconded, and the motion carried unanimously.**

**ADJOURNMENT**

There were no other items to come before the Board, and the meeting adjourned at 4:30 p.m.