



**Tuesday, September 5, 2023
Public Markets Committee Meeting**

**Virtual meeting
Meeting start time: 1:00 P.M.**

1. Call to Order/Roll Call (1:00p)

2. Adoption of the Minutes (1:00-1:05)

A. Adoption of the June 6, 2023, Minutes

3. 2024 Public Markets Committee Meeting Schedule (1:05-1:10)

A. 2024 Public Markets Committee Meeting Schedule

4. Policy Revisions (1:10-1:40)

A. Technical Policy Revisions

B. Substantive Policy Revisions

5. Other Items (1:40-1:45)

6. Adjourn (1:45p)

**2023 WASHINGTON STATE INVESTMENT BOARD
Public Markets Committee Meeting Minutes
September 5, 2023**

The Public Markets Committee met in open public session 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: 223 940 305 734, Passcode: bm7i7t; Dial-In Number 1-360-726-3322, Phone Conference ID: 829 245 129#.

Members Present: Yona Makowski, Chair
Greg Markley
Treasurer Mike Pellicciotti
Bill Longbrake
David Nierenberg
Mary Pugh
George Zinn

Members Absent: Sara Ketelsen

Other Members Present: Tracy Guerin

Others Present: Allyson Tucker, Chief Executive Officer
Chris Hanak, Chief Investment Officer
Stacy Conway, Administrative Assistant
Ashana Wenzel, Administrative Assistant

Tor Jernudd, Assistant Attorney General

CALL TO ORDER

Chair Makowski called the meeting to order at 1:03 p.m. and took roll call.

ADOPTION OF MINUTES

Chair Makowski moved to adopt the June 6, 2023, minutes. Mr. Markley seconded, and the motion carried unanimously.

2024 PUBLIC MARKETS COMMITTEE MEETING SCHEDULE

Chair Makowski proposed the following 2024 Public Markets Committee meeting dates: March 12, June 4, September 3, and December 3.

Ms. Makowski noted that the proposed March meeting date is moved one week to the second Tuesday of the month to allow Committee members to attend the Council of Institutional Investors (CII) Winter Conference.

Chair Makowski moved to adopt the 2024 Public Markets Committee Meeting Schedule as presented. Treasurer Pellicciotti seconded, and the motion carried unanimously.

POLICY REVISIONS

Staff presented nine policies to the Public Markets Committee that were due for the required 3-year review to ensure policies remain relevant and appropriate.

Technical Policy Revisions

Mr. Hanak introduced five policies that include proposed technical revisions, including clarifying language, updates to the names of indices for accuracy, updates to position titles, and revisions to align the policies with relevant parts of the Revised Code of Washington (RCW).

Chair Makowski moved that the Public Markets Committee recommend the Board approve the proposed revisions to the Fixed Income Retirement Funds Policy 2.10.200, the Savings Pool Policy 2.13.200, the Bond Market Fund Policy 2.14.200, the U.S. Treasury Inflation Protected Securities Fund Policy 2.14.400, and the Permanent Funds Policy 2.25.100. Mr. Markley seconded, and the motion carried unanimously.

Substantive Policy Revisions

Mr. Hanak introduced the four policies that include proposed substantive revisions. Proposed revisions include changes that impact policy implementation as well as some of the technical changes described previously.

Revisions to the Public Markets Equity – Retirement Funds Policy 2.10.100 include an update to the public equity benchmark to include the language “with USA (Gross)” so that policy language is consistent with the index calculation for performance comparison purposes; the addition of clarifying language describing the objectives of passive investments and the circumstances under which they are appropriate for gaining exposure in emerging markets; removal of language permitting the hiring of active managers implementing non-U.S. strategies, as these mandates are no longer a focus of the public equity team; and updated language to clarify the application of benchmarks.

Revisions to the Defined Contribution Plan 3 Retirement Funds Policy 2.11.100 include a revised timeline for the review of program investment options with the Department of Retirement Systems (DRS) from “quarterly” to “at least annually”; an update to the cash benchmark from the 1-month LIBOR to the 90-day Treasury Bill index to be consistent with the Washington State Investment Board’s (WSIB) other cash benchmarks; and revised language to the “Retirement Strategy Funds” section for clarity and to more accurately reflect the program implementation.

Revisions to the Deferred Compensation Program and Judicial Retirement Account Policy 2.13.100 include changes made to the “Background” and “Standard of Care” sections of the policy for clarity and to tie the policy more closely with language in the relevant RCW, an update to the timeline for the review of program investment options with DRS from “quarterly” to “at least annually,” and the addition of language referring to the Administrative Office of the Courts interagency agreement with the WSIB.

Revisions to the Commercial Paper Investment Policy 2.05.500 include revising the permissible ratings provider language from “Nationally Recognized Statistical Rating Organizations” to an identified list of the three most relevant rating agencies: Moody’s Investor Services, Standard & Poors, and Fitch IBCA, along with the addition of “market value” language to clarify how issuer exposure limitations are calculated when securities are purchased.

Discussion ensued regarding the Treasurer’s office review of the revisions to the Commercial Paper Investment Policy, specifically the revisions made to the “Corporate Notes Portfolio

Guidelines” section, as well as discussion regarding the proposed revisions to the “Emerging Markets Equity Passive Management” section of the Public Markets Equity – Retirement Funds Policy

Chair Makowski moved that the Public Markets Committee recommend the Board approve the proposed revisions to the Commercial Paper Investment Policy 2.05.500, the Public Markets Equity-Retirement Funds Policy 2.10.100, the Defined Contribution Plan 3 Retirement Funds Policy 2.11.100, and the DC Program and Judicial Retirement Account Policy 2.13.100. Mr. Markley seconded, and the motion carried unanimously.

OTHER ITEMS

There was no further business to come before the Public Markets Committee, and the meeting adjourned at 1:22 p.m.