



State of Washington
STATE FINANCE COMMITTEE

DUANE A. DAVIDSON, Chairman
State Treasurer

JAY R. INSLEE
Governor

CYRUS HABIB
Lieutenant Governor

AGENDA

STATE FINANCE COMMITTEE

July 9, 2018 at 2:50 PM

Office of the State Treasurer
Legislative Building, Room 230
Olympia, Washington

PURSUANT TO STATUTORY PROVISIONS, YOU ARE HEREBY NOTIFIED that the State Finance Committee will hold a Special Meeting at the Office of the State Treasurer, Legislative Building, Second Floor, Room 230, Olympia, Washington at **2:50 P.M.**, on the **9th day of July, 2018** to consider the following:

I. STATE FINANCE COMMITTEE

1. Approval of minutes of the April 11, 2018 State Finance Committee meeting.
2. Resolution 1212 confirming the reappointment of Theresa Whitmarsh as Executive Director of the Washington State Investment Board.

If you are a person with a disability and require an accommodation for attendance, please contact the Office of the State Treasurer, (360) 902-9000, 24 hours prior to the meeting date.

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STATE FINANCE COMMITTEE MEETING

JULY 9, 2018

2:50 PM

TAB 1..... SFC APRIL 11, 2018 MINUTES (ACTION)

TAB 2..... WSIB REAPPOINTMENT DOCUMENTS

TAB 3..... SFC RESOLUTION 1212 (ACTION)

State Finance Committee Meeting Minutes
Olympia, Washington
April 11, 2018
11:30 am

The State Finance Committee met in a special meeting after notice duly given to the public.

Present: Duane Davidson, State Treasurer, Chair
Jay Inslee, Governor
Cyrus Habib, Lt. Governor

Also Present: Jason Richter, Office of the State Treasurer
Bill Tonkin, Foster Pepper PLLC
Rusty Fallis, Office of the Attorney General
Shawn Myers, Office of the State Treasurer
Catherine Mele-Hetter, Office of the State Treasurer
Amy Perry, Office of the State Treasurer
Libby Hollingshead, Office of the Lt. Governor
Scott Merriman, Office of Financial Management
Theresa Whitmarsh, Washington State Investment Board
Judy Kuschel, Washington State Investment Board
Jen Masterson, Office of Financial Management
Stacy Conway, Washington State Investment Board
Svein Braseth, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Matthew Schoenfeld, Office of the State Treasurer
Anthony Hemstad, Office of the State Treasurer
Leo Marquez, Office of the State Treasurer

Chair Davidson called the meeting to order at 11:40 am. Chair Davidson stated for the record that all three members were present.

Item 1: Approval of Minutes

Chair Davidson introduced minutes from the State Finance Committee Meeting held on February 5, 2018 at 3:00 pm for approval. There were no corrections. The minutes were accepted as approved.

Item 2: Resolution 1212—Reappointment of Executive Director of the Washington State Investment Board

Chair Davidson pulled Resolution 1212 from the agenda due to a member's request for more information before proceeding. Another State Finance Committee meeting will be set to revisit this resolution in the future.

Item 3: Resolution 1213— Approves and establishes a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2017-19 biennium.

Chair Davidson introduced Resolution 1213, which approves and establishes a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2017-2018 biennium.

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, explained that Resolution 1213 approves a revised finance plan and maximum principal amount for the State's certificate of participation program to reflect the details of the recently enacted Capital Budget and Supplemental Capital Budget. This request revises the original plan, which was approved on August 7, 2017, as the original plan was contingent on the enactment of the Capital Budget that was not passed until January 2018. A supplemental Capital budget, passed in March 2018, amended some of the original financing contract authorizations contained in the original Capital Budget and added additional authorizations. The new plan, authorized by Resolution 1213, increases the maximum principal amount of financing contracts from \$1.499 billion to \$1.600 billion. The primary change is the addition of \$96 million of new projects per the Supplemental Capital Budget.

Approval of the resolution was motioned by Lt. Governor Habib, seconded by Governor Inslee and adopted unanimously.

Item 4: Informational Item. Market and Bond Sales Update

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, gave a brief update on recent sales, upcoming financings, and general market observations. Since the last State Finance Committee meeting, the State has sold two series of bonds, a \$489 million Various Purpose G.O. Bond issuance and a \$112 million Motor Vehicle Fuel Tax G.O. Bond issuance. There was strong demand for the offerings, with six bids submitted for each. The State's interest cost was 3.60% and 3.61% respectively for the 25-year financings. The State also sold \$30 million of certificates of participation for real estate projects, which also saw very strong investor demand with 12 bids.

The Treasurer's office expects upcoming issuances to include a certificates of participation transaction of approximately \$60 million later in April, and approximately \$500 million of Various Purpose G.O. Bonds and approximately \$100 million of Motor Vehicle Fuel Tax G.O. Bonds later this fall.

Mr. Richter provided an overview of current market interest rates. Since July 2016, the Bond Buyer 20-Bond Index has risen by just over one percent, with today's rate at 3.89%. On a historical basis, rates remain relatively low.

Discussion followed regarding the potential impact of increasing federal deficits, the elimination of the State's ability to issue tax-exempt advance refunding bonds, and the timing of bond sales in light of changes in interest rates.

Treasurer Davidson adjourned the meeting at 11:59 am.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By _____
Duane A. Davidson
State Treasurer and Chairman

By _____
Jay Inslee
Governor and Member

By _____
Cyrus Habib
Lieutenant Governor and Member

ATTEST:

Jason P. Richter,
Deputy State Treasurer and Secretary



**STATE OF WASHINGTON
STATE INVESTMENT BOARD**

*2100 Evergreen Park Drive SW • P.O. Box 40916 • Olympia, Washington • 98504-0916
(360) 956-4600 • Fax (360) 956-4785 • www.sib.wa.gov*

March 23, 2018

The Honorable Duane A. Davidson, Chairman, State Treasurer
The Honorable Jay R. Inslee, Governor
The Honorable Cyrus Habib, Lieutenant Governor
State Finance Committee
Office of the State Treasurer
P.O. Box 40200
Olympia, WA 98504-0200

Honorable Members of the State Finance Committee:

At its February 15, 2018, meeting, the Washington State Investment Board (WSIB) reappointed Theresa J. Whitmarsh as its executive director for a 3-year term, beginning October 1, 2018, and ending September 30, 2021. In accordance with RCW 43.33A.100, this reappointment is hereby forwarded for confirmation by the State Finance Committee. We respectfully request that this matter be placed on the April 11, 2018, State Finance Committee Meeting Agenda.

I will attend the meeting to represent the WSIB's request and to be available to answer any questions regarding this reappointment. Along with this letter confirming the WSIB's action is Ms. Whitmarsh's current resume.

Please do not hesitate to contact me if you have any questions or require any additional information. I can be reached through the WSIB's executive assistant, Stacy Conway, at (360) 956-4612.

Respectfully,

Judy Kuschel
Board Chair

Enclosure

cc: Theresa J. Whitmarsh



Theresa J. Whitmarsh, Executive Director
Washington State Investment Board
2100 Evergreen Park Drive SW
PO Box 40916
Olympia, WA 98504-0916
Office: 360.956.4612 / Mobile: 360.561.9340

Theresa J. Whitmarsh, Executive Director Washington State Investment Board

Professional Summary

Chief executive for the Washington State Investment Board, responsible for leading a \$130 billion global asset management firm with mandates for 35 state and private retirement, insurance, and endowment funds.

Skilled manager who has built the WSIB into a high-performing organization that delivers consistent top quartile investment performance and is recognized as one of the most respected institutional investors worldwide.

Recognized industry thought leader on issues important to a mission-driven investor, including promoting long-term value creation in the markets, enhancing shareholder rights through strong corporate governance and aligning fiduciary duty with sustainability. Known for original insights, a highly sought-after speaker and commentator on global markets.

Industry Leadership

Vice Chair, Millstein Center for Global Markets and Corporate Ownership

Columbia University, New York, NY

Director, past Board Chair, Pacific Pension and Investment Institute

San Francisco, CA

External Advisor, Investment Committee, ABP Pensions Group

Amsterdam, Netherlands

Steering Committee Member, Investor Industries, World Economic Forum

Geneva, Switzerland

Immediate past Chair, Council of Institutional Investors

Washington, D.C.

Education

**Master of Business Administration
Technology and Innovation Management**
Pacific Lutheran University
Tacoma, Washington, 2000

**Bachelor of Arts
English Literature**
Seattle Pacific University,
Seattle, Washington, 1978

**Theresa J. Whitmarsh, Executive Director
Washington State Investment Board**

Professional Experience

2009 – Present

Executive Director

Washington State Investment Board (WSIB)

Olympia, Washington

Responsible for all aspects of running a \$130 billion investment management firm with mandates for 35 state funds comprised of defined benefit and defined contribution retirement plans; deferred compensation program; workers' compensation; and several other trust and public funds. Serve as primary liaison between Board and staff, and represents the Board as key spokesperson with media, policymakers, and system stakeholders. Selected accomplishments:

- Assembled a workforce of best-in-class investors by establishing the WSIB as a destination employer with a service culture committed to innovation, integrity, and transparency.
- Cultivated the WSIB's reputation at home and abroad as a desired investing partner, creating access to external top-performing investment managers.
- Built strong relationships with the Washington State Legislature, beneficiary groups, and other key stakeholders, leading to unprecedented support for the WSIB.
- Provided calm and steady leadership after the Great Recession, keeping staff, Board, and stakeholders focused on "staying the course" despite strong external pressure to de-risk the portfolio.
- Delivered top decile investment performance among public funds over the 10-year period.

2003 – 2009

Chief Operating Officer

Washington State Investment Board

Olympia, Washington

Recruited by a newly appointed Executive Director to build an operational infrastructure to support a more complex and innovative investment environment for a fund under increasing demand for returns. Managed all investment operations staff, including those responsible for research and risk management, investment accounting, trade settlement, business and office services, human resources, information technology, legal and compliance, and contracts. Responsible for agency-wide strategic planning and plan execution, managed a \$701 million biennial budget and major vendor relationships, and served as staff lead to the Board's Administrative and Audit Committees. Selected accomplishments:

- Increased the organization's capacity for change by developing an agency-wide strategic planning process and project management methodology to ensure division projects would be developed and executed on time and on budget.
- Enhanced operational efficiency by breaking down long-standing barriers between investment staff and operations staff by creating a strong service ethic in operations and formal coordination channels between the front and back offices.

- Upgraded entire IT infrastructure, including implementation of a fixed income electronic trade order management system and a compliance system to replace manual processes, introduction of mobile computing options for investment officers, and development of a data warehouse.
- Increased fund transparency through establishment of an investment compliance function and by calling for first-ever external audit of financial statements.
- Established a cost accounting system for all non-appropriated funds, including investment management fees, and established a monitoring program of comparison to industry benchmarks to ensure the WSIB would continue its position as a low cost provider.
- Established an enterprise risk management program, including risk principles, risk assessment tools, a risk oversight committee, and a reporting structure for the Board and Audit Committee.
- Initiated the building out of a robust analytical infrastructure comprised of research and risk staff and systems that would provide quantitative analysis to enhance the investment decision making process.

1996 – 2003

Vice President, Business Development

Solucient, L.L.C.

Evanston, Illinois

Senior executive of a health care data company. Directed the activities of business and technology staff in the creation of new financial reporting software products to assist Fortune 1000 companies in managing their employee benefits. Developed and executed business plans, including determining ROI for new product releases. Targeted new markets and created strategic alliances in those markets to lead to sales. Closed initial new product deals (beta releases) for the division, including negotiating complex contracts. Selected accomplishments:

- Created a new, highly profitable financial reporting product line, saving a failing business unit from spin-off and preserving its core capabilities for the growing corporation.
- Brought in and closed largest single deal in the history of the company (\$5.4 million).
- Built Western U.S. Region presence for company from scratch, leading to numerous new business opportunities and sales.

1993 – 1996

Assistant Director and Deputy Director for Insurance Services

Washington State Department of Labor and Industries

Olympia, Washington:

Served as the senior executive of the Washington State Fund, the 13th largest workers' compensation carrier in the nation. Managed 1200 staff responsible for the assessment, collection, and administration of more than \$700 million in annual insurance premiums, and paid out more than \$1.2 billion in benefits to claimants. Directed a \$100 million biennial operating budget. Chaired the Workers' Compensation Advisory Committee, comprised of leading business and labor leaders who set policy direction for the agency, and successfully mediated numerous conflicts between these key stakeholders. Served as the state's spokesperson on industrial insurance issues to the Washington State Legislature, business and labor groups, and news media. Established industrial insurance premium rates. Selected accomplishments:

- Improved financial performance of the industrial insurance fund through investment strategies and operational initiatives that resulted in a base rate reduction for insureds of 10 percent and a rebate to customers of \$200 million.
- Created organizational coherence by integrating disconnected agency initiatives and focusing on reducing long-term disability in injured workers, resulting in a reduction of time-loss duration for five straight quarters.
- Introduced significant new technology to the agency, including an enhanced call center and online access to claims files for employers. Oversaw the completion of a \$26 million document imaging system, including roll out to 12 field service locations.

1990 – 1993

Assistant Director for Public Affairs

Washington State Department of Labor & Industries

Olympia, Washington:

Served as agency director's senior advisor for public affairs, advising on policy, legislation, and customer service, and positioned the agency with opinion makers as an innovative organization that outperformed the private sector. Created strong issues management focus within the agency through education of executive team members and ongoing consulting that consistently surfaced and resolved issues before they became problematic.

1986 – 1989

Communications Director

Independent Insurance Agents and Brokers of California

San Francisco, California:

Managed the public affairs activities for a politically active trade association during a time when the state of California was experiencing sweeping reform of its insurance laws. Served as executive staff member, researching and advising officers and board members on major insurance market movements as a result of reforms. Developed and implemented a communications strategy that positioned the association as an objective source of accurate insurance information for lawmakers, insurance regulators, journalists, and consumer groups, leading to unprecedented credibility for insurance agents.

1978 – 1985

Various

Prior to joining the insurance trade group, held a variety of increasingly responsible journalism and communications positions, culminating in serving as the editor of a finance newsletter, *Major Risk*, reporting on underwriting criteria and capacity at the major property/casualty insurers in the United States and at Lloyds of London. Published in *Barron's* as freelance reporter covering a major investment scam.

**OFFICE OF THE STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON**

RESOLUTION NO. 1212

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON CONFIRMING THE RE-APPOINTMENT OF MS. THERESA WHITMARSH AS EXECUTIVE DIRECTOR OF THE STATE INVESTMENT BOARD FOR A TERM OF THREE YEARS, AS PROVIDED BY RCW 43.33A.100.

WHEREAS, the State Investment Board has re-appointed Theresa Whitmarsh as the Board's executive director for a 3-year term, beginning October 1, 2018, and ending September 30, 2021; and

WHEREAS, such employment is subject to confirmation of the State Finance Committee under the terms of RCW 43.33A.100; and

WHEREAS, the State Investment Board has submitted the name of Theresa Whitmarsh to the State Finance Committee, and requested that the State Finance Committee consider confirming Ms. Whitmarsh's continued employment by the State Investment Board as that Board's executive director; and

WHEREAS, the State Finance Committee has fully considered the professional qualifications of Ms. Whitmarsh for the position of the State Investment Board executive director, and other information relevant to such employment; and

WHEREAS, the State Finance Committee finds that Ms. Whitmarsh continues to be qualified for the position of the State Investment Board's executive director;

NOW THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE acting for and on behalf of the State of Washington:

Section 1. The employment of Ms. Theresa Whitmarsh by the State Investment Board as that Board's executive director should be, and hereby is, confirmed.

Section 2. This confirmation is subject to the employment term, and other conditions, set out in RCW 43.33A.100 and other applicable law.

Section 3. This resolution shall be effective immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee, State of Washington, held at Olympia, Washington, after notice thereof duly and regularly given as required by law, this 9th day of July 2018.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Duane A. Davidson
State Treasurer and Chairperson

Jay Inslee
Governor and Member

Cyrus Habib
Lieutenant Governor and Member

ATTEST:

Jason P. Richter
Deputy State Treasurer and Secretary