LTSS Trust Commission
Investment Strategy Subcommittee Meeting

September 22, 2021

Meeting Guidelines

ISS Members

- Please turn on video
- Stay muted unless talking
- Encourage active participation
- Raise hand to speak if necessary

Observers

- Please observe, but don't interact with meeting
- Sign up later in chat if you wish to provide public comment

Welcome & Call to Order

Meeting Goals

- Receive overview of the WA Cares Fund investment plan and process for implementation in 2022
- Received overview of WSIB performance reporting, frequency, and methods and provide feedback
- Seek ISS Chair nominations for 2022
- Set agenda and determine timing for next Investment Strategy Subcommittee meeting

Consent Agenda

- 6/14/2021 Investment Strategy Subcommittee meeting minutes

Old Business

- WA Cares Fund Investment Plan
- Process for implementation in 2022
- Investment performance reporting

Washington State Investment Board

WA CARES – INVESTMENT PLAN UPDATE

SEPTEMBER 22, 2021

Christopher Hanak

Senior Investment Officer – Risk Management and Asset Allocation

WA CARES – INVESTMENT PLAN OVERVIEW

WSIB's investment team is working to develop a dedicated investment plan for the WA Cares program:

- Our goal is to include the most advantageous implementable investment program permitted under the law
- We expect to develop a dedicated investment portfolio specific to WA Cares because of the unique characteristics involving limited available investment types combined with a long program duration
  - It will not be an off-the-shelf solution
- Due to the constraints specified in the state constitution, defining available investments will require research, and that phase is currently underway
- As with all our investment programs, our mission is to maximize return within prudent levels of risk, for the exclusive benefit of our stakeholders and beneficiaries

We have established a working team and clear strategic goal for the plan:

- Our team has started the onboarding process including account setup, performance preparation, asset allocation and compliance monitoring
- The investment team will prepare a proposed investment policy which will be based on actuarial studies, program expectations, permissible investments, implementation considerations, and legal parameters that apply to the account

WA CARES – CURRENT STATUS AND NEXT STEPS

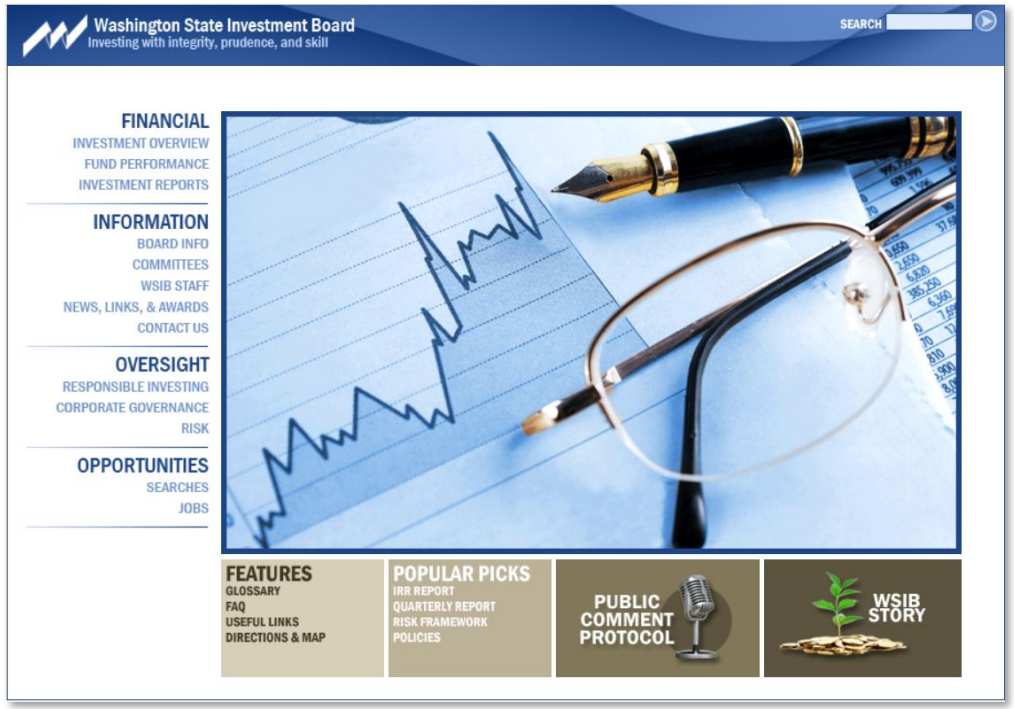
We will currently be limited to a single asset class – fixed income

- The exclusion of equity investments will limit expected return for the program
- The wider the of range of possible investments within the class, the better equipped we can be to satisfy the performance and diversification needs of the program
- Research into permissible fixed income investments and implementation methods is underway and will be completed during the fall
- A proposed investment policy will be drafted once the permissible range of investments is identified
- Updates will be provided to this subcommittee in advance of consideration of the investment policy by the WSIB board

Update timing

- While research into the permissible investment question is underway, we do not have a definitive completion date
- WSIB staff will provide WA Cares and OSA staff interim updates as the plan is developed during Q4
- WA Cares staff can identify the appropriate timing for the next committee update

CONTACT INFORMATION



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New Business

- Investment Strategy Subcommittee Chair for 2022

ISS Chair for 2022

- The ISS Charter states:
  - A new chair will be elected every year.
  - The chair shall be a member of the House of Representatives in odd-numbered years and a member of the Senate in even-numbered years.
- The chair for 2022 will be elected at the next ISS meeting
- Let Ben know if you want to be considered for the chair

Timing and Agenda for Next ISS Meeting

- Progress report on WA Cares Fund investment plan
- Elect ISS chair for 2022

Public Comment

- Questions about the program?
  - Visit wacaresfund.wa.gov
  - Submit questions to: wacaresfund@dshs.wa.gov

Wrap-Up

- Action items review
- Adjourn meeting

Thank You