

**LTSS Trust Commission Investment Strategy Subcommittee
Meeting Minutes**

Meeting Date	9/22/2021	Time	10:00 to 11:30
---------------------	-----------	-------------	----------------

Attendees

✓ Senator Karen Keiser	✓ Representative Paul Harris	✓ Senator Judy Warnick
Representative Frank Chopp	✓ Representative Nicole Macri	✓ Senator Steve Conway
✓ Senator Curtis King	✓ Representative Drew MacEwen (Chair)	✓ Bill Moss Assistant Secretary, ALISA, DSHS
✓ Kelly Lindseth LTSS Manager, ESD	TBD, person considered experienced and qualified in the field of investment, #1	TBD, person considered experienced and qualified in the field of investment, #2
TBD, person considered experienced and qualified in the field of investment, #3	TBD, person considered experienced and qualified in the field of investment, #4	

Guest Speakers

✓ Christopher Hanak, Washington State Investment Board		
--	--	--

Topic	Minutes
Welcome and call to order	<ul style="list-style-type: none"> Investment Strategy Subcommittee members in attendance indicated above. Rep. MacEwen reviewed the goals for today's meeting.
Consent Agenda	<ul style="list-style-type: none"> Senator King moved that the minutes from the 6-14-2021 Investment Strategy Subcommittee meeting be approved. Senator Keiser seconded the motion. A voice vote was taken, and the motion was passed.
<ul style="list-style-type: none"> Minutes from 6/14/2021 	

Topic	Minutes
<p>Old Business</p> <ul style="list-style-type: none"> • WA Cares Fund Investment plan • Process for implementation in 2022 • Investment performance reporting 	<ul style="list-style-type: none"> • Chris Hanak, from the WA State Investment Board, provided a brief update on the work SIB is doing to create an investment plan for the WA Care Fund program. <ul style="list-style-type: none"> ○ The goal is to include the most advantageous implementable investment program permitted under the law. ○ Absent a constitutional amendment, investments will be limited to fixed income investments. ○ The SIB legal team is looking into the range of constitutionally permissible investments and plans to reach a conclusion in the fall. <ul style="list-style-type: none"> ▪ The number of open questions regarding permissible investments is limited but the answers to these questions will affect the long-term outcome. ▪ Looking at desirable investments that will have successful long-term outcomes. ○ The SIB Risk Management and Asset Allocation group will create an investment policy recommendation. ○ The objective is to provide the highest level of expected return at an acceptable level of risk. ○ SIB is working on the processes and controls for the funds to flow into and out of the WA Cares account. The process is proceeding smoothly and is on schedule. ○ The SIB's investment accounting team has started work on interfaces that will be necessary for the implementation of the program. ○ SIB will finalize benchmarks once the investment options have been determined. ○ At launch their compliance and investment teams will monitor the portfolio. ○ The performance reporting team will provide quarterly updates along with benchmark comparisons and analysis. ○ Over time, annual and long-term comparisons to market benchmarks will be provided. ○ SIB reviews investment plans on a 4-year cycle. If there are changes such as a change in cash flow, or a constitutional amendment, they can initiate a review on a shorter cycle. • Employers will start collecting premiums in January 2022 and will submit premiums at the end of the first quarter. SIB expects receipt of the initial funds at the start of the second quarter 2022. • Premium collection projections and investment income projections are in the Milliman actuarial study. <ul style="list-style-type: none"> ○ OSA will be monitoring incoming premiums and investment returns against projections in the actuarial study. ○ Consistent with assumed investment in Treasuries under current law, Milliman's baseline analysis for investment returns was very conservative. They assumed less than 1% returns in the short term and an increase in the long run to about 2%. ○ Once SIB finalizes the investment plan, they will be able to report expected long-term investment returns. • Even though investments are limited to fixed income investments, the trust fund, based on projected premium collections and assumptions, is anticipated to be solvent for the first 50 years. Actuarial analysis shows no immediate need to increase premiums, and consistent with Phase 1 of the proposed Risk Management Framework there are no plans to adjust the current premium rate in the near term.
<p>New Business</p> <ul style="list-style-type: none"> • ISS Chair for 2022 	<ul style="list-style-type: none"> • Per the Investment Strategy Subcommittee charter, the Chair in odd numbered years will be a member of the House and in even numbered years will be a member of the Senate. • A Chair for 2022 will be elected at the next ISS meeting. • ACTION ITEM: Senators were asked to let Ben know before the next meeting if they are interested in being the ISS Chair in 2022.
<p>Timing of next meeting and set agenda</p>	<ul style="list-style-type: none"> • The next Investment Strategy Subcommittee meeting is scheduled for October 19th. • SIB needs additional time to complete the investment plan. • There was agreement to cancel the October 19th meeting and set a new meeting date for early November. • ACTION ITEM: Staff will cancel the October meeting and move it to early November.
<p>Public Comment</p>	<ul style="list-style-type: none"> • There were no requests to provide comment.

Topic	Minutes
Wrap-up <ul style="list-style-type: none"> Action item review Adjourn meeting 	<ul style="list-style-type: none"> Action items noted in the table below. Meeting adjourned at 10:22.

Action Items

ID	Meeting Date	Action Item	Owner	Due Date	Comments/Updates	Status	Completion Date
39	09/22/21	Let Ben know if interested in being the 2022 ISS Chair	Senators on the ISS	10/31/21	2021-09-22: Senators were asked to let Ben know before the next meeting if they are interested in being the ISS Chair in 2022.	New	
40	09/22/21	Reschedule October 19th ISS Meeting	ISS Staff	09/30/21	2021-09-22: ISS staff will cancel the October 19th ISS meeting and move it to early November to give SIB time to complete the investment plan. 2021-09-22: The October meeting was canceled, and a new meeting was scheduled for November 9th.	Complete	09/22/21
41	09/22/21	Follow up with Senator Conway	Ben Veghte	09/30/21	2021-09-22: Senator Conway requested an update on the investment plan agenda item. Ben will follow up with him.	Complete	09/22/21