

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

Meeting Date	11/9/2021	Time	3:00 to 4:00
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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

✓	Allyson Tucker WA State Investment Board	✓	Christopher Hanak WA State Investment Board		
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Topic	Minutes
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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 Minutes from 9/22/2021	<ul style="list-style-type: none"> Sen. Conway moved that the minutes from the 9-22-2021 Investment Strategy Subcommittee meeting be approved. The motion was seconded. A voice vote was taken, and the motion was passed unanimously.

Topic	Minutes
<p>Old Business WA Cares Fund Investment plan</p>	<ul style="list-style-type: none"> • Allyson Tucker provided an update on the timeline for the implementation plan for the WA Cares Fund investment program. <ul style="list-style-type: none"> ○ In November WSIB is providing information and timeline to the Investment Strategy Subcommittee. ○ In November WSIB is providing an update to the LTSS Trust Commission. ○ In December the WSIB Board will have an education session about WA Cares Fund. ○ In the spring the Investment Strategy Subcommittee will be asked to provide feedback to WSIB on the WA Cares Fund investment recommendation and policy. ○ In April when premiums start coming in the WSIB will invest initial premiums in cash. ○ In April the WA Cares Fund recommended investment policy will be presented to the State Investment Board for approval. ○ Beginning in April, WSIB will implement the new investment strategy. ○ The components of the investment policy include: <ul style="list-style-type: none"> ▪ Purpose and standard of care ▪ Strategic investment objectives <ul style="list-style-type: none"> • Maintain benefit adequacy • Maintain fund solvency and sustainability • Limit fluctuations in premium rates • Subject to those above, achieve a maximum return at a prudent level of risk ▪ Investment performance objectives ▪ Asset allocation ▪ Risk constraints ▪ Permissible investments <ul style="list-style-type: none"> • Solely within the fixed-income universe – treasuries, cash, short-duration bonds and others to be determined ▪ Reporting ▪ Responsibilities and policy review • Chris Hanak shared <ul style="list-style-type: none"> ○ WA Cares will have a stable source of funding, low forecasted payout ratio, and a long investment horizon. Because of this, WSIB believes the program can incur higher levels of risk to potentially earn a greater return over the life of the program relative to the straight cash investments. ○ WSIB will design a program to maximize return with the constraints of the program in mind. ○ The WA Cares Fund investment program will consist of a new WSIB customized fixed income fund. ○ Different tools WSIB employs to diversify fixed income investments and manage risk. ○ Examples of expected investment returns based on the fixed income portfolio construction.
<p>New Business ISS Chair for 2022</p>	<ul style="list-style-type: none"> • Rep. MacEwen nominated Senator Conway to chair the ISS for 2022. There were no other nominations. A vote was taken and Investment Strategy Subcommittee members unanimously approved Senator Conway as the chair in 2022.
<p>Date for first meeting in 2022 and set agenda</p>	<ul style="list-style-type: none"> • Sen. Conway asked staff to recommend a date. Ben suggested early April to give the WSIB enough time to incorporate ISS feedback on the WA Cares Fund investment plan. Rep. MacEwen recommended April 5th and there were no objections. ACTION ITEM: ISS staff will schedule the meeting. • Rep. MacEwen reviewed proposed agenda. No additional items were suggested. If there's something that comes out of the legislative session it can be added.
<p>Public Comment</p>	<ul style="list-style-type: none"> • Two individuals provided public comment during the meeting. The Appendix below includes all public comments made during the meeting.

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 3:51.

Action Items

ID	Meeting Date	Action Item	Owner	Due Date	Comments/Updates	Status	Completion Date
49	11/09/21	Schedule next ISS meeting on April 5 th	Ben Veghte	11/30/21	<p>2021-11-16: The ISS meeting invitation was sent out for April 5th, 2:30 to 4:00.</p> <p>2021-11-09: Ben suggested the next ISS meeting be in early April to give the WSIB enough time to incorporate ISS feedback on the WA Cares Fund investment plan. Rep. MacEwen recommended April 5th and there were no objections. ISS staff will schedule the meeting.</p>	Complete	11/16/21

Appendix: Public Comment

Public comment provided during the meeting	
Name	Comment
Steve B.	<p>Thank you for allowing me to speak. I had a question involving the investment strategy. What do we expect the annual revenue from this tax to generate? And that was my question. My concern primarily as someone who is a payroll manager for a large company is the amount of tax that's going to be coming from our employees. The demographic as it is, they're not going to be expecting to see a major impact in their paycheck. But my concern is with the revenue being generated, is it -- as an exorbitant amount. I can't imagine we'll have the necessary requirements for a .58 cents on a hundred dollars to necessitate long-term care for the population of Washington state. And specifically for those who meet the requirements to get this. And again, three years we're gonna have generated income for the state before anyone actually qualifies to get this. So comment that kind of fell into that question.</p>
Joel Ferris	<p>My name is Joel Ferris, Ferris Long-Term Care Insurance. As a long-term-care-insurance professional, I'm concerned about the fact that it's -- this is a fixed-income investment strategy, and the reason I'm very concerned about it is that it doesn't allow for inflation protection on the plan, which will make it more viable long-term in terms of keeping up with the cost of care and that sort of thing. So is there any possibility of reconsideration of investment -- larger investment opportunities beyond just fixed income and credit vehicles you've been talking about today. It is the message I'm sharing. Typically I advise my clients 3% compound inflation protection is a kind of standard that we try to shoot for if at all possible, and this -- (Dog barking) >>>: Sorry about that. I've got dogs here. This would not allow for any inflation protection. Obviously 10 years from now, 20 years from now, people who are entering this program, 36,500 lifetime is not going to be sufficient for them, \$100 a day.</p>