

## WASHINGTON STATE INVESTMENT BOARD

### Administrative Committee Meeting Minutes November 20, 2003

The Administrative Committee met in open session at 8:34 a.m. at the Washington State Investment Board (WSIB) office at 2100 Evergreen Park Dr S.W., Olympia, Washington.

Committee members present: George Masten, Chair  
Patrick McElligott, Vice-Chair  
Debbie Brookman  
John Charles  
Glenn Gorton  
Treasurer Mike Murphy  
Paul Trause  
Dave Scott

Others Present: Joe Dear, Executive Director  
Gary Bruebaker, Chief Investment Officer  
Sue Hedrick, Executive Assistant  
Paul Silver, Assistant Attorney General

[Names of other individuals attending the meeting are not included in the minutes, but are listed in the permanent record.]

Chair Masten called the meeting to order and identified the members in attendance.

#### **ADOPTION OF MINUTES – June 19, 2003 and October 16, 2003**

**Mr. McElligott moved to adopt the Board minutes of June 19, 2003 and October 16, 2003. Mr. Charles seconded. The motion was approved unanimously.**

[Treasurer Murphy arrived at 8:36 a.m.]

#### **DRAFT PUBLIC DISCLOSURE POLICY**

Mr. Dear said the draft policy attempts to set forth in writing existing policy of the WSIB as it has emerged through practice and litigation. It does not seek to expand or contract the scope of our current practice. The WSIB has been a leader in the disclosure and transparency of financial and performance information. The policy requires the disclosure of all public information unless there is an express provision in law for asserting the confidentiality of a public record.

Mr. Dear said the essential task of a public disclosure policy for an investment organization like the WSIB is to reconcile its duty to liberally interpret what is

discloseable with its fiduciary duty to protect confidential information, which, if released, would cause a loss to the beneficiaries of the funds entrusted to the Board or to the providers of the information. Mr. Dear said he believes this draft policy accomplishes that task.

**Mr. Charles moved that the words “timely and” be added to the last sentence of the paragraph that begins, “Notification to providers of information.” The last part of the sentence would then read, “...the WSIB will make reasonable effort to provide timely and appropriate notification to every WSIB partner.” Mr. McElligott seconded. The motion carried unanimously.**

Treasurer Murphy asked a question about the real estate appraisals exemption, suggested that the timeline of three years be added, corrected the litigation exemption citation, and suggested that the trade secrets exemption be removed from the policy.

[Mr. Trause arrived at 8:50 a.m.]

The Committee discussed how best to reconcile when to release and when not to release information based on the law and its exemptions, and who would be responsible for going to court to prevent the release of information deemed confidential. Mr. Masten clarified that the Board’s decisions are subject to judicial review. There is always the option to go to court to decide if something should be disclosed.

Mr. Silver referred to an alternative draft of public disclosure policy, and Mr. Dear distributed it. Treasurer Murphy reviewed it and said he feels it is heading in the right direction. Mr. Masten suggested that the draft policy be sent back to staff to incorporate any additional changes, then the Administrative Committee and Board will take it up at a future meeting.

[Mr. Scott arrived at 9:13 a.m.]

Mr. Charles said he believes it is important to have the trade secret exemption included in the policy. He said he agrees the partners would have to defend their trade secrets, not the Board. He recommended that the committee not move the policy forward to the full Board at this time.

**Mr. Charles moved that the committee take more suggestions on the draft public disclosure policy, and consider it again at a subsequent meeting. Ms. Brookman seconded. The motion passed unanimously.**

### **2003-2005 BIENNIUM BUDGET UPDATE**

Mr. Dear presented an update on the budget. He said we will not ask for a supplemental appropriation. Staff has identified two significant savings opportunities in the biennial budget, both of which can be implemented immediately, providing a net biennial savings of more than \$275,000. The cost savings have come from two initiatives: providing information in the Department of Retirement Systems' (DRS) newsletter which refers beneficiaries to the WSIB website, and creating a separate funding pool for investment officer recruitment and retention issues. Mr. Dear thanked Mr. Charles and his staff at DRS for their work with WSIB staff.

### **DUE DILIGENCE**

Mr. Masten said the issue was on the agenda to determine if the Board needs to modify its policies or extend the time allotted to provide information to the board.

Treasurer Murphy said that staff should provide written responses to questions raised at committee meetings prior to the subsequent Board meeting. This will help document the Board's due diligence.

Mr. Masten pointed out that even verbal responses are part of the record since all board and committee meetings are taped, and transcripts are also made of all board meetings.

There being no further business to come before the Committee, the meeting adjourned at 9:31 a.m.