

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
September 12, 2005

The Administrative Committee met in open session at 3:31 p.m. at the Washington State Investment Board (WSIB) office at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: George Masten, Chair
 Patrick McElligott, Vice Chair
 Debbie Brookman
 Glenn Gorton
 Treasurer Mike Murphy

Others Present: Joe Dear, Executive Director
 Gary Bruebaker, Chief Investment Officer
 Diana Will, Senior Investment Officer-Asset Allocation
 Kristi Walters, 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 members present.

ADOPTION OF MINUTES – JUNE 16, 2005

Treasurer Murphy moved to adopt the June 16, 2005, Administrative Committee minutes. Ms. Brookman seconded and the motion carried unanimously.

RESEARCH PORTFOLIO POLICY 2.10.800 ADOPTION

Mr. Bruebaker introduced the Research Portfolio Policy 2.10.800, which was discussed at the July Board retreat. The Research Portfolio Policy would enable staff to take advantage of investment opportunities that do not fit neatly within the existing asset classes. He said that staff would control the investments, but they would be limited to no more than 5 percent of the CTF with each concept limited to no more than 0.1 percent of the CTF. All investments would be reviewed and approved at staff's internal Investment Committee. Mr. Bruebaker said that activities would be reported to the Board via the executive director's monthly report.

Treasurer Murphy moved to change the policy name to Innovation Portfolio. Ms. Brookman seconded the motion.

In response to Mr. Gorton's question, Mr. Dear said that staff would support the name change.

The above motion passed unanimously.

Mr. Masten asked if it would make more sense to have someone other than the sponsoring SIO vote on an investment proposal. Mr. Bruebaker said that the SIO in the closest field would be assigned as lead on an opportunity and that staff felt it was important to have that individual on the record as supporting the investment. In response to Treasurer Murphy's question, Mr. Dear said that the Investment Committee is comprised of himself, Gary Bruebaker, and the Senior Investment Officers.

Ms. Brookman asked what amount of detail the Board could expect to receive on any investments via the executive director's monthly report. Mr. Dear responded that it would be enough information to get a sense of what the investment is, what it consists of, risk and return, and contribution to the portfolio. Questions to amplify any detail would be welcomed. In response to Treasurer Murphy's questions, Mr. Dear said that staff does not intend to engage a consultant for this portfolio. Mr. Bruebaker said that state procurement laws would still apply.

Ms. Brookman moved that the Administrative Committee recommend that the Board adopt the Innovation Portfolio Policy 2.10.800. Treasurer Murphy seconded and the motion carried unanimously.

SERVICE PROVIDER (VENDOR) SELECTION POLICY 2.00.230 REVISION

Mr. Dear said that Treasurer Murphy suggested changes to the Service Provider (Vendor) Selection Policy. A revised policy was distributed to Committee members. The policy revision eliminates the requirement to have a concept document presented to a Committee and the Board before commencing a Request for Proposal. This change was suggested by the Board at the July retreat, as it is not a value added activity and it consumes time. Mr. Dear said that the policy statement on the quiet period has also been amplified, as a result of a compliance issue identified by Cortex Applied Research during its review of the Board's implementation of its charters and policies. He directed the Committee to Treasurer Murphy's suggested changes shown in bold on page 3 of 4 at the bottom of the page. One change eliminates a redundancy. The other strikes a paragraph that the Treasurer said he found unworkable for him as an elected official. Staff believes both changes are improvements.

Treasurer Murphy said that the paragraph he is proposing to eliminate appears to require advance notice, which does not seem workable. He said he believes the quiet period requirements are well covered by the preceding paragraphs.

Treasurer Murphy moved that the Administrative Committee recommend that the Board adopt the Service Provider (Vendor) Selection Policy 2.00.230 Revision. Mr. Gorton seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR REAPPOINTMENT

Chair Masten called the Committee into executive session at 3:46 p.m. He said the purpose was to discuss the performance of a public employee. Chair Masten said the executive session was expected to last until about 4:00 p.m.

[Mr. McElligott was in attendance at 4:00 p.m.]

[The executive session concluded at 4:39 p.m. and the open session reconvened immediately thereafter.]

Treasurer Murphy moved that the Administrative Committee recommend that the Board grant Mr. Dear a new three-year appointment from November 12, 2005, until November 11, 2008, and forward its action to the State Finance Committee. Mr. Gorton seconded and the motion carried unanimously.

There was no further business to come before the Committee. The meeting adjourned at 4:40 p.m.