

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
December 15, 2005

The Administrative Committee met in open session at 9:01 a.m. in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Patrick McElligott, Chair
Glenn Gorton

Committee Members Absent: Debbie Brookman, Vice Chair
George Masten
Treasurer Mike Murphy

Other Members Present: Charlie Kaminski
Sandy Matheson
David Nierenberg

Others Present: Joe Dear, Executive Director
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 McElligott called the meeting to order and identified members present.

ADOPTION OF MINUTES – NOVEMBER 17, 2005

Chair McElligott announced that adoption of the November 17, 2005, minutes was deferred to the next Administrative Committee meeting due to the lack of quorum.

EXECUTIVE DIRECTOR EVALUATION PROCESS DISCUSSION

Chair McElligott directed Committee members to the evaluation form in the meeting packet, which was the same form used last year. He proposed using the form again this year and asked members if any changes were desired. Mr. Kaminski said that he would like to have the form reflect that the role of the executive director is separate and distinct from that of the chief investment officer; specifically, with respect to investment decision making. He noted that an assessment of investment decision making is not included on the executive director evaluation form and he would like to see a box added.

Mr. Dear mentioned some language clarifications made on the agency's website with regard to role clarification and said that staff would look at that again. He suggested that the evaluation form could include an "effective management of the investment decision making process" box, since that process is delegated by the Board to the executive director.

Chair McElligott noted that box 2 on the form includes an investment management assessment and he prefers a broad evaluation form over making items too specific.

Ms. Matheson and Mr. Gorton supported the change suggested by Mr. Kaminski. Mr. Dear said that staff would prepare a revised form for the Board meeting.

PROPOSED SENATE RESOLUTION

Mr. Dear said that there is a concern among members of the public with regard to investment activity in Sudan. Several constituents of state Senator Brian Weinstein are asking him to support legislation to divest from Sudan. Mr. Dear said that Oregon, New Jersey, and Illinois have passed legislation mandating divestment by their state's pension funds subject to certain conditions. He said that he and Liz Mendizabal met with Senator Weinstein and two of his constituents to discuss the issue and explain that divestment is impractical and contrary to the mission of the WSIB. It is also difficult to get reliable information on which companies may be acting in violation of U.S. law. Mr. Dear said that the meeting was successful and they were able to reach a compromise, with Senator Weinstein's support of a Senate Resolution. Ms. Matheson questioned if the resolution could be broadened so that it was not specifically targeted at Sudan, but to any area with objectionable activities such as those occurring in Sudan. Mr. Dear said that he preferred a specific resolution, but suggested that the Board may want to consider adopting a policy to address divestment in general, and include what criteria might be included in consideration of divestment. Ms. Matheson said that the goal is to let the public know that the WSIB is sensitive to the issue. Chair McElligott asked that staff research an investment policy containing best practices on divestment.

Chair McElligott noted that the Committee's consensus was to refer the Proposed Senate Resolution to the Board for consideration.

OTHER ITEMS

There was no further business to come before the Committee. The meeting adjourned at 9:25 a.m.