WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
April 16, 2009

The Administrative Committee met in open session at 8:15 a.m. on April 16, 2009, in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present:	Glenn Gorton, Chair George Masten Mason Petit Mike Ragan
Committee Members Absent:	Patrick McElligott, Vice Chair
Other Members Present:	Steve Hill John Magnuson (via teleconference) David Nierenberg Jeff Seely
Also Present:	Theresa Whitmarsh, Acting Executive Director Gary Bruebaker, Chief Investment Officer Bill Kennett, Senior Investment Officer – Fixed Income Celina Verme, Finance and Administrative Services Director Kristi Haines, Executive Assistant Steve Dietrich, Assistant Attorney General

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

Chair Gorton called the meeting to order.

ADOPTION OF THE FEBRUARY 19, 2009, MINUTES

> **Mr. Ragan moved to adopt the February 19, 2009, Administrative Committee meeting minutes. Mr. Masten seconded, and the motion carried unanimously.**

AD HOC COMMITTEE REPORT

Chair Gorton reported the *Ad Hoc* Committee met on April 2 to discuss the Executive Director's role, options for conducting an organizational review, the Executive Director recruitment process, and the type of candidate sought by the Board to fill the position. The Committee reviewed its role to make recommendations for the Board's consideration on organizational structure and to determine a recruiting process. He said the Committee decided to draft a Request for Proposals (RFP) to hire an executive recruitment consultant to work directly with the Committee and Board to agree on a process for and conducting the Executive Director recruitment. *Ad Hoc* Committee members are continuing to refine the draft RFP document, which was included in the Administrative Committee packet. Chair Gorton said Committee members believe there is good staff in place and feel an organizational review is unnecessary.

Chair Gorton moved that the Administrative Committee recommend the Board keep its current organizational structure. Mr. Masten seconded the motion.

Chair Gorton said he planned to vote no, as he believes the Board should take the opportunity to look at the organization as a whole.

The motion carried, with Chair Gorton voting no.

BOARD POLICY REVIEW

Ms. Whitmarsh introduced the formal three-year review of Board-adopted policies. She said some policies were reviewed within the three-year period, and the Committee packet contained policies that had not been reviewed since the last formal review. She suggested the Committee consider passing the proposed policy revisions directly through to the Board for adoption, or refer policies to a Committee for further review. Staff had grouped policies needing review into three categories: policies with content changes recommended by staff, policies with minor changes, and policies with no changes recommended.

Ms. Whitmarsh said proposed revisions to Travel and Expense Reimbursement Policy 2.00.260 require Board member travel to be arranged through WSIB staff to ensure compliance with Office of Financial Management's regulations. The proposed revision to Board Monitoring and Reporting Policy 2.00.240 brings agency practice into alignment with the Governor's green initiative and recognizes information is more often accessed electronically, versus hard copy print. Mr. Bruebaker said the proposed Tangible Assets Policy 2.10.900 revision clarifies the asset class risk profile, removes language included in the initial policy since the program is now in place, and adds commodities as potential targeted investments. Other authorities previously approved by the Board have also been added. Mr. Bruebaker said redundant references within the Deferred Compensation Program and Judicial Retirement Account Policy 2.13.100 were deleted as they are addressed elsewhere within policy. The Savings Pool Policy 2.13.200 revision documents a longstanding practice not to liquefy downgraded assets, and removes a reference to commercial banks staff has never used.

Mr. Ragan moved that the Administrative Committee recommend the Board approve proposed policy revisions 2.00.260, 200.240, 2.10.900, 2.13.100, and 2.13.200. Mr. Petit seconded, and the motion carried unanimously.

Ms. Whitmarsh and Mr. Bruebaker reviewed the minor changes to Role of Investment Managers Policy 1.10.200, Board Operations Policy 2.00.210, and Real Estate Investment Program Policy 2.10.600.

Mr. Petit moved that the Administrative Committee recommend the Board approve proposed policy revisions 1.10.200, 2.00.210, and 2.10.600. Mr. Ragan seconded, and the motion carried unanimously.

[Mr. Hill arrived at 8:30 a.m.]

Mr. Masten suggested a further review of Role of Consultants Policy 1.10.100, relating to the exclusion of certain consultants.

Mr. Masten moved that the Administrative Committee postpone review of Policy 1.10.100 to its next meeting.

In response to Mr. Hill's question relating to how the Board becomes aware of anticipated activities, Ms. Whitmarsh said the Board reviews and approves both the appropriated and the non-appropriated budgets.

Mr. Ragan seconded, and the above motion carried unanimously.

Mr. Bruebaker responded to Mr. Masten's questions on Innovation Portfolio Policy 2.10.800 processes. Ms. Whitmarsh noted minor typographical errors needing correction.

Mr. Masten moved the Administrative Committee recommend the Board reaffirm approval of policies that have no changes recommended, except Policy 1.10.100. Mr. Ragan seconded, and the motion carried unanimously.

[Mr. Seely arrived at 8:47 a.m.]

ASSISTANT ATTORNEY GENERAL'S REPORT

Chair Gorton announced the Committee would go into executive session to discuss litigation or potential litigation with legal counsel since public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the WSIB. He said the executive session is expected to last until about 20 minutes, at which time the Committee would reconvene in open session.

[The Committee convened in executive session at 8:47 a.m.]
[Mr. Nierenberg arrived at 9:09 a.m.]
[Mr. Magnuson was in attendance via teleconference at 9:13 a.m.]
[The Committee reconvened in open session at 9:26 a.m.]

Mr. Ragan moved that the Administrative Committee recommend the Board direct staff to work with the Attorney General's Office to retain the law firm of Coughlin Stoia Geller Rudman and Robbins, subject to negotiation of acceptable terms and conditions, for the purpose of filing and prosecuting the lawsuit discussed during the executive session. Mr. Masten seconded, and the motion carried unanimously.

OTHER ITEMS

There was no further business to come before the Committee, and the meeting adjourned at 9:26 a.m.