

**WASHINGTON STATE INVESTMENT BOARD**  
***Ad Hoc* Committee Meeting Minutes**  
**May 21, 2009**

The *Ad Hoc* Committee met in open session at 3:06 p.m. on May 21, 2009, in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Glenn Gorton, Chair  
Steve Hill  
George Masten  
David Nierenberg  
Mike Ragan  
Judy Schurke

Other Members Present: Patrick McElligott, Vice Chair  
Charlie Kaminski  
Mason Petit

Also Present: John Lynch, Contracts Manager  
Kristi Haines, Executive Assistant

Brian Buchholz, Assistant Attorney General  
Audrey Ely, Department of Personnel

Chair Gorton called the meeting to order.

**ADOPTION OF THE APRIL 2, 2009, MINUTES**

**Mr. Masten moved to adopt the April 2, 2009, *Ad Hoc* Committee meeting minutes. Chair Gorton seconded, and the motion carried unanimously.**

**DOP EXECUTIVE CAREERS**

Chair Gorton introduced Audrey Ely from the Executive Careers Program of the Washington State Department of Personnel (DOP). Ms. Ely summarized her background and work experience. She described the DOP Executive Careers Program staff, stating it is a creative team with varying perspectives, and good at changing gears, learning new industries, adapting to business models, and learning the necessary intricacies of clients. The team is comprised of four recruiters and one administrative support position. Recruiters are limited to handling one or two recruitments at a time because they take a lot of work. She said if the *Ad Hoc* Committee decided to use the Executive Careers Program for its Executive Director recruitment, one person would be given the recruitment assignment, with other staff brought in for certain processes requiring more resources, such as reference checking.

[Mr. Kaminski arrived at 3:10 p.m. and Mr. Ragan arrived at 3:12 p.m.]

Chair Gorton said that he asked Ms. Ely to present two options for the Committee's consideration: (1) DOP performing a full nationwide recruitment for the Executive Director position; or (2) DOP providing support services to liaison between the *Ad Hoc* Committee and an

executive recruitment firm during the Executive Director recruitment, with WSIB contract staff issuing the Request for Proposals (RFP) to hire an executive recruiter.

Ms. Ely reviewed the scope of services, timelines, expenses, and additional considerations for both options, which was further detailed in the Committee materials. The fee for a full nationwide recruitment (Option 1) was \$40,500. For the second option, providing support services and liaisonship, the fee 18% of the position's annual salary for external search firm fees (\$67,500 estimated); \$13,500 for Executive Careers support services and expenses of \$4,725 for an estimated total of \$85,725.

She further described a contingency process that DOP would use to identify boutique firms to assist Executive Careers if DOP conducted the full nationwide recruitment. There would be no additional charges or additions to DOP's fee of \$40,500 if this contingency were employed.

Ms. Ely listed several successful searches completed recently by DOP, although none of these searches were for WSIB recruitments.

Mr. Nierenberg expressed concerns with the current Executive Director job description and anticipated timelines for completing the recruitment. He emphasized the Board has a fiduciary responsibility to make the right hiring decision. Ms. Ely agreed that some recruitments take longer than four months, and DOP would devote as much time as it takes to get the recruitment done right.

[Mr. Petit departed at 3:37 p.m.]

Ms. Ely said DOP's support services would be more of a consultative process, with WSIB staff doing preliminary work and the actual recruitment handled by the Board or appropriate Committee. DOP would act only on an advisory basis to ensure the Board receives the services it should. She anticipates this option would take longer because a full blown RFP is required and it could be early 2010 before the recruitment is complete.

In response to Mr. Hill's question, Ms. Ely said that DOP does have a list of available executive recruiters, but none specialize in investment positions. She said, if the WSIB elected to go with the support services option, it would be the first engagement of its type for DOP.

Mr. Lynch said the WSIB is currently contracted with EFL Associates, who specializes in conducting Investment Officer recruitments. However, it was his understanding the Committee did not wish to engage a consultant who has an existing relationship with WSIB staff. Ms. Ely expressed one concern with a full RFP process is that a re-compete may become necessary if any protest is raised with the process. Ms. Schurke outlined the two options before the Committee with DOP, but suggested EFL Associates could also be utilized as further options, either with DOP's assistance or alone.

### **EXECUTIVE RECRUITER SERVICES DECISION**

Chair Gorton invited Committee members to comment on the various options for conducting the Executive Director recruitment. Mr. Nierenberg said it is most important to get a great hire, not speed and price. He expressed a concern with DOP's lack of domain expertise, and prefers to have them as counsel to the process and hire a search firm. Ms. Schurke expressed her concern with what she believes could be significant Board involvement if DOP were to conduct a national recruitment. She said the Board must be very clear on what it is seeking, especially with

the existing reporting relationships. Mr. Hill said he believed the same time involvement would be required regardless of whether DOP or another executive search firm handled the recruitment. He wants to see the Committee move forward on the task.

Mr. Masten said he leaned toward using DOP for the recruitment. He said a lot of time was spent during the last recruitment on establishing what was sought for the Executive Director position, and the amount of involvement by the Board is unavoidable. Mr. Ragan agreed with Mr. Masten's remarks, and shared his concern that an external search firm may come in with preconceived ideas, even if given a Board-developed job description. Working with DOP may give the Board more flexibility.

Mr. Nierenberg reiterated his preference to work with a firm that operates within the investment recruitment business. Mr. Hill agreed with Mr. Nierenberg, sharing his concern that staff leadership could be affected if the Board goes too long with an interim director. He stated his preference for retaining DOP for support services. A discussion ensued about the possibility of using EFL Associates. Members determined they preferred to work with a firm that did not already have a relationship with staff, and believed EFL's specializing in Investment Officer positions would not bring the type of candidates sought for the Executive Director position.

**Mr. Hill moved that the *Ad Hoc* Committee enter into an interagency agreement with the Department of Personnel for support services, and direct staff to work with DOP to issue a Request for Proposal for an Executive Recruitment firm. Mr. Ragan seconded, and the motion carried with Mr. Masten voting no.**

#### **NEXT STEPS**

The Committee scheduled its next meeting for June 2 at 2:30 p.m. Chair Gorton asked staff to invite Ms. Ely.

#### **OTHER ITEMS**

There was no further business to come before the Committee, and the meeting adjourned at 4:14 p.m.