

**WASHINGTON STATE INVESTMENT BOARD**  
**Administrative Committee Meeting Minutes**  
**June 18, 2009**

The Administrative Committee met in open session at 9:00 a.m. on June 18, 2009, in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Glenn Gorton, Chair  
Patrick McElligott, Vice Chair  
George Masten  
Mason Petit  
Mike Ragan

Other Members Present: Bob Nakahara  
David Nierenberg  
Jeff Seely

Also Present: Theresa Whitmarsh, Acting Executive 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 MAY 21, 2009, MINUTES**

**Vice Chair McElligott moved to adopt the May 21, 2009, Administrative Committee meeting minutes. Mr. Ragan seconded, and the motion carried unanimously.**

**BOARD SELF-EVALUATION PROCESS**

Chair Gorton reported the Board engages in a self-evaluation process annually at its July meeting. He announced that Charley Ellis would attend the meeting again this year, and asked if the Committee wanted to suggest issues or talking points for Mr. Ellis to include in his presentation. Ms. Whitmarsh reported she had received suggestions from Mr. Nierenberg and other members including: lessons learned from the recent financial crisis, thoughts or suggested changes for Board decision making, and questions that boards should have considered. Based on an initial conversation with Mr. Ellis, he will address all of those issues in his presentation. Mr. Petit suggested the presentation cover the broadest range of board governance issues as possible. Mr. Ragan said he is interested in the government's response to recent changes in the economy; potential regulation changes under consideration; and what is on the horizon, not only within the United States, but potential changes in other countries, and how the WSIB anticipates addressing changes. Ms. Whitmarsh said Ann Yerger, the Executive Director of the Council of Institutional Investors, is scheduled to speak about financial regulatory reform at the July meeting; as well as economist Ernie Ankrum, whose presentation will cover issues faced in the current economy through the end of 2009.

Chair Gorton relayed that Board self-evaluations historically have been non-structured conversations. He called for other Committee suggestions of changing the format; there were none. Chair Gorton announced the Board would continue its past self-evaluation process for the July meeting.

**Mr. Ragan moved that the Administrative Committee recommend the Board adopt the self-evaluation process discussed at today's meeting.**

**Vice Chair McElligott seconded, and the motion carried unanimously.**

### **AD HOC COMMITTEE REPORT**

Chair Gorton reported the Ad Hoc Committee met on May 21 and June 2 to discuss the next steps in the Executive Director recruitment. He said the Committee heard a presentation in May from the Washington State Department of Personnel (DOP) staff, regarding services their Executive Careers Program unit could offer for the recruitment. DOP made two proposals: one proposal was for DOP to perform a full nationwide recruitment for the Executive Director's position; the second proposal was for DOP to provide support services to liaison between the Committee and an executive recruitment firm during the Executive Director recruitment, with WSIB staff issuing the Request for Proposals (RFP) to hire an executive recruiter. The Committee opted to enter into an interagency agreement with DOP to provide support services. In June, the Committee met again to approve the RFP document staff prepared. The RFP was issued on June 5. The Committee also determined the former document used as the Executive Director position description during the 2002 recruitment, would be used as an attachment to the RFP. The Committee discussed that part of the work of the executive recruiter would be to further review the position description through meetings with all Board members and key staff.

### **ASSISTANT ATTORNEY GENERAL'S REPORT**

Mr. Dietrich updated members on the current status of the Lehman litigation. The case was transferred from Thurston County Superior Court to the United States District Court for the Western District of Washington (Tacoma), and he expects it will be further transferred to the United States District Court for the Southern District of New York for pre-trial arguments, given the federal statute allowing that litigation cases can be moved when bankruptcy is under consideration, which exists in this case.

### **OTHER ITEMS**

Mr. Petit raised a concern with *The Olympian* newspaper article on the State Actuary's report at yesterday's Senate Committee on Pension Policy (SCPP) meeting that pension plans are not fully funded. He suggested the Board may want to take a position on the funding issue.

[Messrs. Seely and Nakahara arrived at 9:09 a.m.]

Ms. Whitmarsh attended the SCPP meeting. Ms. Whitmarsh suggested the Board maintain the course it has pursued historically, drawing a clear line between pension policy, which is the role of the Legislature, and investment management, which is the role of the WSIB. She maintained that constituent representatives, beneficiaries, and stakeholders have their own direct avenues to pursue pension policy issues. Mr. Masten agreed with Ms. Whitmarsh. His perspective is the same issues arise during bad times, in that, monies are sought from pensions; and, during good times, no contribution adjustments are made to compensate pensions. Vice Chair McElligott pointed out this is the perfect argument for defined benefits plans.

There was no further business to come before the Committee, and the meeting adjourned at 9:15 a.m.