

WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
November 17, 2011

The Administrative Committee met in open public session at 8:45 a.m. at the Washington State Investment Board (WSIB) boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: Treasurer James McIntire, Chair (via teleconference)
Mike Ragan (Acting Chair)
Steve Hill
George Masten

Other Members Present: Judi Owens
Bill Longbrake
Pat McElligott
Richard Muhlebach
David Nierenberg

Others Present: Theresa Whitmarsh, Executive Director
Victor Moore, Chief Operating Officer
Gary Bruebaker, Chief Investment Officer
Patty Davis, Administrative Assistant
Kristi Haines, Executive Assistant
Steve Dietrich, Assistant Attorney General

[Names of other individuals attending the meeting are listed in the permanent record.]

Mr. Ragan called the meeting to order at 8:45 a.m. and took roll call.

ADOPTION OF THE SEPTEMBER 15, 2011, MINUTES

Mr. Hill moved to approve the September 15, 2011, Administrative Committee meeting minutes. Mr. Masten seconded, and the motion carried unanimously.

NON-VOTING BOARD MEMBER RENEWAL

Ms. Whitmarsh reminded members the term of Mr. Nierenberg expires December 31, 2011. The voting members of the Board reviewed his performance at the September Board meeting and unanimously asked him to reapply. Mr. Nierenberg has submitted his letter of interest, resume, and references to the Board. The position was posted on the WSIB website, and no other applications have been received.

Mr. Hill moved that the Administrative Committee recommend the Board reappoint David Nierenberg for a three-year term from January 1, 2012, to December 31, 2014. Mr. Masten seconded, and the motion carried unanimously.

QUARTERLY BUDGET UPDATE AND ALLOTMENT SPENDING PLAN

Mr. Moore presented the Quarterly 2011-13 Budget Update and Allotment Spending Plan. The 2011-13 Allotment Spending Plan was appropriated at just over \$29 million. The WSIB was affected by ESSB 5860 which reduced salaries by 3 percent and prohibited performance-based monetary awards. The bill did allow

for salary increases for recruitment and retention purposes, subject to certain statutory restrictions. The bill also granted the WSIB two new FTEs. The largest segment of the appropriated budget, over 70 percent, is spent on salaries and benefits.

As to the financial status of the 2011-13 appropriated budget, the WSIB was underspent in the first quarter by just over 3 percent, or approximately \$500,000. Several factors contributed to this including continued vacancies of investment staff which include savings for salaries, benefits, and travel, as well as projected savings for goods and services. For the non-appropriated budget, the WSIB is underspent by approximately 10 percent.

[Mr. Nierenberg arrived at 8:51 a.m.]

Mr. Hill inquired if the WSIB anticipated any impact from the upcoming special legislative session. Mr. Moore indicated if labor contracts were reopened, there may be changes to employee compensation; however, it is not anticipated to occur. Messrs. Hill and Ragan complimented staff on a well-managed budget.

[Mr. McElligott arrived at 8:55 a.m.]

2012 RECOMMENDED BOARD EDUCATION

Ms. Whitmarsh presented the 2012 Recommended Board Education list for approval. The list now includes a more detailed description and recommendation to members as to relevancy. Mr. Masten inquired why Texas Pacific Group (TPG) was removed from the list. Ms. Whitmarsh explained that TPG limits the number of attendees. Mr. Bruebaker said that he expects TPG would be glad to accommodate any number of Board members who wish to attend. Mr. Masten requested that TPG be placed on the list and staff agreed to do so.

Mr. Hill moved to approve the 2012 Recommended Board Education list to include the TPG annual meeting. Mr. Masten seconded the motion, and the motion carried unanimously.

ASSISTANT ATTORNEY GENERAL'S REPORT

Mr. Dietrich reported that in the Lehman Brothers securities litigation, the WSIB settled all claims against the officers and directors for a \$1.5 million payment from their insurance carriers. WSIB's claims against the public auditor and some of the underwriters remain and will continue to be prosecuted by outside counsel.

There was no further business to come before the Committee and the meeting adjourned at 9:03 a.m.