

**STATE OF WASHINGTON
STATE INVESTMENT BOARD**

Audit Committee Meeting
Minutes

June 1, 2004

The Audit Committee met in open public session at 2:06 P.M. at the Washington State Investment Board (WSIB) office at 2100 Evergreen Park Drive SW, Olympia, Washington.

Committee Members Present: John Charles, Chair
 Debbie Brookman
 Mike Murphy
 Charlie Kaminski
 George Masten
 Bob Nakahara
 Dave Scott

Other Board Members Present: Jeff Hanna
 John Magnuson (for personal interview only)

Others Present: Joe Dear, Executive Director
 Kristi Bromley, Administrative Assistant

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

Chair Charles called the meeting to order at 2:06 P.M. and identified members present.

ADOPTION OF MINUTES – MAY 4, 2004

Mr. Masten moved to adopt the minutes of the May 4, 2004, Audit Committee meeting. Ms. Brookman seconded, and the motion passed unanimously.

NONVOTING BOARD MEMBER CANDIDATE INTERVIEW PROCESS DISCUSSION

Mr. Charles noted that the purpose of the Special Audit Committee meeting was to interview two candidates interested in nonvoting member positions on the Board, Mr. Robert J. Flowers and Ms. V'Ella Warrant; to interview two existing members whose terms expired as of December 31, 2003, Mr. Charlie Kaminski and Mr. John Magnuson; and to establish a pool of potential nonvoting Board members.

The Committee discussed the process for the interviews and recommendation.

Mr. Murphy moved to modify the agenda to strike the discussion from Agenda Item 3 and have discussion of the nonvoting candidates and the Committee's recommendation after the completion of the interviews as part of Agenda Item 4. Ms. Brookman seconded, and the motion carried with Mr. Masten voting no.

NONVOTING BOARD MEMBER CANDIDATE INTERVIEWS

The Committee asked questions of each candidate that focused on their interest in serving, professional knowledge and experience, what each candidate sees on the horizon for institutional investors such as the WSIB, what contributions the candidates felt they could provide to the Board, their commitment and ability to fulfill the obligations and expectations of a nonvoting member, and experience serving on boards of public organizations.

[Mr. Kaminski recused himself from Ms. Warren's interview and was not in attendance from 2:48 P.M. to 3:22 P.M.]

[The Committee recessed at 3:22 P.M. and reconvened at 3:30 P.M.]

[Mr. Kaminski was no longer in attendance at 4:18 P.M.]

[The Committee recessed at 4:18 P.M. and reconvened at 4:33 P.M.]

NONVOTING BOARD MEMBER CANDIDATE DISCUSSION AND RECOMMENDATION

Chair Charles announced that the Committee would go into executive session for approximately 30 minutes under the provisions of RCW 42.30.110(1)(g) to discuss personnel matters. At the completion of the executive session, the Committee would resume its regular open session to take action on the nonvoting Board member candidate recommendation.

[The Committee convened executive session at 4:36 P.M. and regular open session reconvened at 5:15 P.M.]

Mr. Murphy moved that the Committee recommend that the Board reappoint Mr. Kaminski and Mr. Magnuson as nonvoting Board members.

Ms. Brookman seconded, and the motion passed unanimously.

Mr. Masten moved that the Committee recommend that Mr. Flowers and Ms. Warren be placed in a pool of candidates to be considered for future nonvoting Board member vacancies. Mr. Murphy seconded the motion.

Discussion ensued regarding the motion and the pool of nonvoting Board member candidates.

Mr. Scott moved to amend the motion to direct the executive director to advise Ms. Warren and Mr. Flowers that they are to be placed in a pool of individuals qualified to serve as nonvoting Board members, subject to expertise desired when future vacancies occur. Mr. Charles seconded, and the motion passed unanimously.

OTHER ITEMS

There being no further business to come before the Committee, the meeting adjourned at 5:24 P.M.