

WASHINGTON STATE INVESTMENT BOARD
Board Meeting Minutes
January 15, 2009

The Washington State Investment Board met in open public session at 9:30 a.m. in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Present: Glenn Gorton, Chair
Sandy Matheson, Vice Chair
Charlie Kaminski
John Magnuson
George Masten
Pat McElligott
Treasurer Jim McIntire
Bob Nakahara (via teleconference)
David Nierenberg (via teleconference)
Mason Petit (via teleconference)
Mike Ragan
Judy Schurke
Representative Sharon Tomiko Santos

Absent: Senator Lisa Brown
Jeff Seely

Also Present: Joe Dear, Executive Director
Gary Bruebaker, Chief Investment Officer
Theresa Whitmarsh, Chief Operating Officer
Diana Will, Senior Investment Officer – Asset Allocation
Steve Draper, Senior Investment Officer – Real Assets
Bill Kennett, Senior Investment Officer – Fixed Income
Phil Paroian, Senior Investment Officer – Public Equity
Tom Ruggels, Senior Investment Officer – Private Equity
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 and roll call was taken.

[Mr. Petit was in attendance via teleconference at 9:31 a.m.]

**OATHS OF OFFICE – REPRESENTATIVE SHARON TOMIKO SANTOS AND
TREASURER JIM MCINTIRE**

Chair Gorton administered the oaths of office to Treasurer McIntire and Representative Santos.

ADOPTION OF THE DECEMBER 18, 2008, MINUTES

Chair Gorton noted an amendment to the minutes on page 8 requested by Mr. Kaminski.

Mr. McElligott moved to adopt the December 18, 2008, meeting minutes, as amended. Mr. Ragan seconded, and the motion carried unanimously.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE DIRECTOR'S REPORT

Mr. Dear provided his monthly report for January on board governance, investments, staff, operations, public affairs, meetings, and open procurements.

[Ms. Schurke arrived at 9:38 a.m.]

REBALANCING POLICY DISCUSSION

Chair Gorton announced that the Board would go into executive session to discuss financial and commercial information relating to an investment since public knowledge regarding the discussion would result in loss to the funds managed by the WSIB or would result in private loss to the providers of the information. He said the executive session was expected to last about 15 minutes, at which time the Board would reconvene in open session.

[The Board convened in executive session at 9:42 a.m. and reconvened in open public session at 10:23 a.m.]

Mr. Ragan moved that the Board adhere to its current rebalancing policy and require the staff to continue monitoring the situation and update the Board monthly on any changes. Vice Chair Matheson seconded, and the motion carried unanimously.

PRIVATE MARKETS COMMITTEE REPORT

Mr. McElligott reported that the Private Markets Committee met on January 8, 2009, and discussed two investment recommendations.

Private Equity Investment Recommendations

Hellman and Friedman Capital Partners VII, L.P.

Mr. McElligott moved that the Board invest up to \$400 million, plus fees and expenses, in Hellman and Friedman Capital Partners VII, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Mr. Masten seconded the motion.

Hellman and Friedman is an existing general partner relationship. The fund will focus on making equity-related investments of \$300 million to \$1.5 billion, primarily in the United States and Europe. The fund will target strong business franchises with predictable revenue and earnings growth that generate high levels of free cash flow.

The recommendation is based, in part, on Hellman and Friedman's strong franchise, outstanding track record, focused investment strategy, and alignment of interests with Limited Partners.

The above motion carried unanimously.

Fisher Lynch Co-Investment Partnership II, L.P.

Mr. McElligott moved that the Board invest up to \$500 million, plus fees and expenses, in Fisher Lynch Co-Investment Partnership II, L.P., subject to continuing due diligence and final negotiation of terms and conditions.

Mr. Ragan seconded the motion.

Fisher Lynch is an existing relationship that primarily co-invests in private equity transactions originated by WSIB or Oregon Public Employees Retirement Fund private equity general partners and will target leveraged buyout and growth equity investments over a 3- to 5-year period.

The recommendation is based, in part, on Fisher Lynch's experienced co-investment team, low cost structure, and reduced competition for co-investment transactions.

The above motion carried unanimously.

BOARD DISCUSSION

Chair Gorton announced that the Board would go into executive session to review and discuss the performance of a public employee. He said the executive session was expected to last about 5 minutes, at which time the Board would reconvene in open session.

[The Board convened in executive session at 10:28 a.m. and reconvened in open public session at 10:34 a.m.]

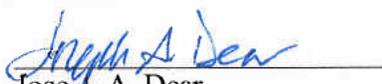
OTHER ITEMS

Mr. Dear acknowledged the announcement from Vice Chair Matheson of her departure as the Director of the Department of Retirement Systems to become effective no later than March 31, 2008, and expressed the staff's appreciation for her contributions to the WSIB and hope that she would be at the February Board meeting so that a proper acknowledgment could be made.

There was no further business to come before the Board. The meeting adjourned at 10:35 a.m.


Glenn Gorton
Chair

ATTEST


Joseph A. Dear
Executive Director