WASHINGTON STATE INVESTMENT BOARD
Board Meeting Minutes
July 17-19, 2012

The Washington State Investment Board met in open session at 1:01 p.m. in the Miller Room at Suncadia Lodge, Cle Elum, Washington.

Present:	Treasurer Jim McIntire, Chair Mike Ragan, Vice Chair Senator Lisa Brown Steve Hill Bill Longbrake George Masten Patrick McElligott Richard Muhlebach Bob Nakahara David Nierenberg Judi Owens Representative Sharon Tomiko Santos Judy Schurke Jeff Seely
Absent:	Natasha (Pranger) Williams
Also Present:	Theresa Whitmarsh, Executive Director Gary Bruebaker, Chief Investment Officer Victor Moore, Chief Operating Officer Liz Mendizabal, Institutional Relations Director Steve Lerch, Research Director Steve Draper, Senior Investment Officer – Real Estate Bill Kennett, Senior Investment Officer – Fixed Income Phil Paroian, Senior Investment Officer – Public Equity Tom Ruggels, Senior Investment Officer – Private Equity Diana Will, Senior Investment Officer – Tangible Assets Allyson Tucker, Senior Investment Officer – Risk Management and Asset Allocation Kristi Haines, Executive Assistant Kristi Bromley, Administrative Assistant Steve Dietrich, Attorney General's Office Woody Brock, Strategic Economic Decisions Rick Funston, Funston Advisory Services LLC Louis-Vincent Gave, GaveKal Bob McCrory, EFI Actuaries Neil Rue, Pension Consulting Alliance

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

July 17

Chair McIntire called the meeting to order and took roll call.

ADOPTION OF THE JUNE 21, 2012, BOARD MEETING MINUTES

> **Mr. McElligott moved to adopt the June 21, 2012, Board meeting minutes. Ms. Owens seconded, and the motion carried unanimously.**

PUBLIC COMMENT
There was no public comment.

EXECUTIVE DIRECTOR'S REPORTS
Monthly Report to the Board
Ms. Whitmarsh announced the October 4 Private Markets Committee was rescheduled to October 18 to accommodate the Council of Institutional Investors Fall (CII) meeting to be held in Seattle. Board members should let Kristi Haines know if they are interested in attending the CII meeting.

Ms. Whitmarsh announced that Allyson Tucker has accepted the Senior Investment Officer – Risk Management/Asset Allocation position. Mr. Paroian is recruiting for a replacement Assistant Senior Investment Officer – Public Equity.

Ms. Whitmarsh reported the custodian bank transition has gone smoothly due to the efforts of Mr. Moore and involved staff. She also reported on the hiring of Control Risks, a sister company of International SOS that will assist the WSIB in travel security for its staff.

The current open procurements include auditing services and the industrial insurance consultant.

Strategic Plan Update
Ms. Whitmarsh reviewed the assumptions that went into developing the 2012 Strategic Plan to continue WSIB's success of being ahead of the market, having a willingness to be different, and continuing its discipline. The WSIB's future success is people, resource, and reputation dependent. Over the last year, the WSIB has spent a lot of time developing its "communication story" to do a better job communicating with key stakeholders, constituents, and the Legislature.

[Vice Chair Ragan arrived at 1:12 p.m.]

She pointed out that strategic plan development begins with Board direction provided at the annual off-site planning meeting (governance strategies), and then management gains bottom-up ideas from the investment and operations teams on investment and organizational strategies.

Ms. Whitmarsh reviewed the value strategies and challenges involved in competing for managers and deals, alignment of interests, emerging markets, and core strategies. Goals are on track for private equity, real estate, and fixed income. Goals for public equity are mostly on track, with examining hedge funds, emerging and frontier markets, and small and micro-cap strategies either deferred or placed at a lower priority.

Ms. Whitmarsh said the Governance *ad hoc* Committee spent a great deal of time discussing risk over the past year, and believes the WSIB has room for improvement in total portfolio analysis and risk reporting. Mr. Rick Funston will lead a Board discussion tomorrow on risk, and the Audit Committee will hold a session on risk reporting and report to the Board in September.

Ms. Mendizabal distributed the WSIB communication story drafted by staff with input from the Governance *ad hoc* Committee, which contains a variety of different messages to meet the needs of different audiences. She reported the WSIB communication story was very useful during a recent media inquiry, and staff believes it will also be helpful when meeting with constituent groups and new legislators.

[Senator Brown arrived at 1:22 p.m.]

Ms. Whitmarsh invited Board feedback on the WSIB communication story document. Treasurer McIntire said he would like to hear from members of the Board their plans for outreach to constituency leadership beginning in September, including engaging in preliminary discussions as to what the WSIB may ask for in the next Legislative session. The Board will need to work on any specific proposal it may consider. Mr. Longbrake requested talking points to accompany the WSIB communication story. Ms. Whitmarsh said it would also be helpful to have non-voting Board members reach out to the business community.

Ms. Whitmarsh reported on support strategies within corporate governance, which are all on track. She briefed the Board on proactive efforts done by staff and the Board Chair in promoting corporate board diversity.

Ms. Whitmarsh said capacity initiatives determine how the WSIB builds an organization that can execute on its plan and programs. The Board approved its budget in June, requesting 8 new FTEs. The Board also approved new Investment Officer salary ranges to be included in the budget. Mr. Moore briefly discussed the planned investment accounting book of record conversion and Ms. Whitmarsh described technology support, valuation, and process improvement initiatives. Given the tough fiscal environment in the state, the budget will potentially be a tough sell. The budget will be submitted in August. Any requests for statutory changes will need to be submitted to the Office of Financial Management in October.

ANNUAL PLAN UPDATES

Fixed Income

Mr. Kennett introduced himself and began his review of the economic outlook and the WSIB fixed income program. He provided an overview of the highlights from the first half of 2012, noting the continued slowdown in global growth, driven by the worsening Euro crisis. Mr. Kennett reviewed signs of weakening for the U.S. economy, most notably in the labor market. The Fed's extension of Operation Twist indicated their willingness to take further action if labor markets fail to improve. There could be a third round of quantitative easing. He noted that exports were doing well and the long-term energy outlook was the best it had been in quite a while. The financial sector is doing better with bank recapitalizations and improved capital levels and the housing market seems to have bottomed. During the first 6 months of the year, emerging markets growth slowed due to China, India, and Brazil. However, countries such as Indonesia, Philippines, Thailand, Chile, Colombia, Peru, and Uruguay have done well.

Mr. Kennett provided his outlook for the second half of 2012. Global growth will continue to be weak due to fiscal consolidation in Europe and the U.S. Emerging markets will have sub-trend growth, but will remain the global bright spot with higher growth, lower debt, and lower fiscal deficits compared to the developed world. Extreme uncertainty over the Euro-area will continue, trade and capital flows will slow, and markets will continue to experience large swings between optimism and pessimism. Mr. Kennett expects the U.S. economy to perform better than the economies of Europe and Japan, with slow growth of between 1 and 2 percent, and the labor market to remain weak as firms remain cautious about hiring. Discussion ensued regarding expectations for a fiscal cliff in the U.S. In the emerging markets, Mr. Kennett expects growth to pick up in the second half and continue to be faster than the developed world; however, growth will remain sub-trend.

While discussing the impact of the economic outlook on the WSIB fixed income portfolios, Mr. Kennett noted that he is not as concerned about the duration of securities given that rates will likely remain low for a long time. Credit is still attractive but a focus on higher quality is important. He also sees emerging markets as the place to invest, given their growth prospects, lower debt, and better demographics as well as other considerations. Mr. Kennett reviewed the preliminary June 30, 2012, returns for the retirement fixed income portfolio. He noted the importance of macroeconomics, industry fundamentals, valuations, and judgment in managing the WSIB fixed income portfolios. Discussion ensued regarding U.S. fiscal policy, credit spreads, duration, interest rates, and inflation.

Public Equity

Mr. Paroian introduced himself and provided an update on the 2012 public equity annual plan. He reviewed the public equity program's performance for the fiscal year to May 30, 2012, noting the 66 basis point outperformance. Preliminary June 30, 2012, numbers reflect outperformance of 89 basis points, or an additional $200 million more in the fund than pure passive management would have provided for the same period. The global managers outperformed by 171 basis points. He reviewed accomplishments in the areas of manager monitoring, risk management, benchmark change implementation, permanent fund equity allocation, comprehensive review of passive exposure, and prospecting of potential global and emerging markets managers.

With Ms. Tucker's promotion to Senior Investment Officer – Risk Management and Asset Allocation, the public equity program is again down to two people. While a search is underway for a new Assistant Senior Investment Officer – Public Equity, the change in staff necessitated changes to the program's focus for the balance of 2012. In addition to evaluating applications and interviewing candidates, staff will focus on manager monitoring, completion of the passive research on fundamental indices and other alternatives to cap-weighted indices, and research on internal options during the second half of the year. In addition, staff is continually searching for new managers to add to the program and/or fill gaps.

Mr. Paroian identified initiatives for 2013, noting that the public equity 2013 annual plan process with the Public Markets Committee and the Board will be a discussion of priorities. This will be critical given the number of manager contracts that are up for renewal or rebid during 2013.

Chair McIntire announced 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 until approximately 5:00 p.m., at which time the Board would recess until reconvening in open session for a dinner presentation at 6:30 p.m.

[The Board went into executive session at 2:40 p.m.]

Private Equity

[The Board took a recess at 2:51 p.m., and reconvened in executive session at 3:14 p.m.]

Real Estate
Tangible Assets

[The executive session ended at 5:30 p.m. The Board took a recess, and reconvened in open session at 6:30 p.m.]

DINNER PRESENTATION – WHAT HAS GONE WRONG AND WHY – ON BOTH SIDES OF THE ATLANTIC

Dr. Brock gave a dinner presentation on the current state of the economy and fiscal policy in both Europe and the U.S. He made a distinction between "good" and "bad" deficit spending; good government spending on infrastructure and other activities that generate positive rates of return in excess of private rates of return does not truly represent a deficit. To the extent that governments can make such investments, economic growth can be improved. Such activities will also be viewed favorably by bond markets and so will not lead to higher government borrowing costs.

The Board took a recess at 8:40 p.m. on July 17, and reconvened in open session on July 18.

July 18

Chair McIntire called the meeting to order at 8:34 a.m. and took roll call.

PENSION FUND MANAGEMENT—INTRODUCTION TO THE DAY'S DISCUSSIONS

Mr. Bruebaker introduced himself and quoted Mr. Funston from his presentation at the July 2008 offsite, "Enterprises succeed by taking risks . . . but loss or harm will come to those who fail to understand and manage risks intelligently." Mr. Bruebaker stated his belief that this was what the WSIB is doing, making sure we understand and manage the risks of the Commingled Trust Fund (CTF) intelligently. He highlighted 3 of the 16 CTF investment beliefs. Two related to the Fund mission: maximize returns at a prudent level of risk and maintaining a long-term time horizon; and one related to asset allocation: the preference for a broadly diversified portfolio.

[Mr. Longbrake arrived at 8:42 a.m.]

Mr. Bruebaker reviewed the roles for pension management in the state of Washington. The Governor and State Legislature manage the balance sheet of the pension program, the

Department of Retirement Systems administers the program and provides member education, and the WSIB manages the investment assets. In addressing the question of whether balance sheet debt should be managed individually or collectively, Mr. Bruebaker noted the importance of a long-time horizon. Managing the assets of the pension fund collectively in a single commingled trust fund allows the WSIB to manage all cash flows with minimum costs over the entire life of the program. While intergenerational inequities may exist in the two underfunded pension plans, those inequities do not exist for the 15 plans that are not underfunded.
Mr. Bruebaker reviewed a chart showing projected annual pension benefit payments for the underfunded plans compared to the open plans and Law Enforcement Officers' and Fire Fighters' (LEOFF) 1. He reviewed expected returns for a portfolio managed to maximize return at a prudent level of risk with a long investment horizon, as the CTF is currently managed, and the expected returns of a portfolio managed to minimize risk by approximately matching the liability of the underfunded plans. Managing the investment portfolio to minimize risks by matching the liability of the underfunded plans would increase biennial retirement contributions by $1.2 billion, assuming the Fund earns the median return. There is always a tradeoff between investment risk and investment return. Mr. Bruebaker noted that financial flexibility reduces costs. The Washington pension systems are collectively the fourth best funded pension systems in the nation, according to the Pew Center on the States. As such, the WSIB is in a position to leverage its strengths and manage the mismatch risk in pursuit of lowering the total cost of managing the pension systems. The collective pension assets have an overall solid funding level; allowing the state of Washington the luxury of time. However, it is critical that the state makes the required contributions to the pension system so the Fund can ride out bad markets.
Mr. Bruebaker stated his belief that Washington has the opportunity to leverage its solid position.
Mr. Bruebaker discussed whether Washington State's fundamental goal for its pension systems was to eliminate the potential for intergenerational inequities at all cost or to minimize the pension costs for the state over the long term. He stated that he believes the Legislature clearly understood the difference when it established the WSIB to maximize returns at a prudent level of risk.

Discussion ensued regarding risk management and cost to the state if the underfunded pension plans went to a pay-as-you-go structure.

Discussion of Plans 1
Mr. Rue, PCA, and Mr. McCrory, EFI Actuaries, introduced themselves. Mr. Rue noted that the discussion would focus on the question of whether or not the closed plans, Teachers' Retirement System (TRS) Plan 1, Public Employees' Retirement System (PERS) Plan 1, and LEOFF Plan 1, warranted a different investment management approach than the open plans. The analyses of this question focused primarily on TRS 1 and PERS 1, which are the largest of the closed plans and are both underfunded. The result of the analysis was that it would be very costly to seek to isolate the underfunded closed plans and immunize them against future risk. Mr. Rue noted that the Washington pension system, which is well run and successful, has been on the leading edge of pension fund management. He reviewed the characteristics of the pension plans. In aggregate, Washington's retirement systems are well funded. Although each plan is funded separately and pays benefits separately, a commonality for all plans is the assumed earnings rate. In addition, all plans bear some portion of the Plans 1 legacy costs. Mr. Rue cautioned that altering earnings rate assumptions by plan may dramatically impact individual plan funding. If the closed plans were grouped together to mitigate investment risk, the discount rates on the liabilities would likely change the funding ratios. Moving the Plan 1 assets into a defeased

portfolio would significantly increase Plan 1 costs which are then shared among the other plans. While the funding status would not change, the cost structure would change. In response to a question from Mr. Masten, Mr. Rue confirmed that splitting the Plans 1 from the CTF and investing them separately would affect assets remaining in the CTF, as some of the illiquid investments would have to be unwound, thus negatively affecting the investment returns of the CTF.

Mr. McCrory reviewed the dimensions of plan characteristics, including funding status, maturity, and the lifecycle of pension plans. For the open plans, traditional actuarial funding methods are appropriate and risk is spread over all members. Investment gains and losses for mature plans which are not fully funded, such as TRS 1 and PERS 1, manifest in contribution rate volatility in the more active plans, such as the Plans 2 and 3. Mature, fully funded plans such as LEOFF 1 are candidates for possible risk mitigation. The underfunded, mature plans (volatility sources) transfer investment risk to other plans. Given the relatively few active members and low funded ratios, any losses on those assets have to be made up from contributions elsewhere.

Mr. Rue reviewed the necessary conditions for risk mitigation: plans must share similar financial/investment structures; benefits should not changes; sufficient portfolio assets must exist to ensure adequate liquidity at all times; significantly lower assumed investment earnings rate which reflects less reliance on market risks; and the sponsor must be prepared to provide back-stop funding on relatively short notice in the event of a liquidity crisis. Mr. McCrory addressed implications of reducing risk transfer from PERS 1/TRS 1, including shifting assets to fixed income which would result in lowering the discount rate to a maximum of 5 percent to approximate the reduced exposure to market risk. Accrued liabilities under the revised discount rate would likely be $30+ billion and the funding status would drop to approximately 50 percent. In addition, assets of at least 110 percent of the re-discounted liabilities may be needed to allow the state to manage the wind down. The all-in present value of additional capital outlay required would be approximately $20 billion above the existing funding mechanism. The estimated impact of pursuing a defeasement approach to PERS 1/TRS 1 would be an increase of liabilities by nearly $7 billion, doubling of the annual combined employer/employee contribution rates, and material deterioration of the funded status due to the lower discount rate. While full defeasement would reduce or eliminated the risk transfer to other plans, it would be quite expensive.

Mr. Rue reviewed possible asset allocations for a defeasement strategy, noting that any emphasis on mitigating cost or cash flow variability would lead to high fixed income allocations. The WSIB's current asset allocation policy minimizes average net cash flows. Engaging in a defeasement-type investment strategy would double ongoing costs and require significant contributions. The funding ratio could deteriorate further if low returns were locked in. Contribution volatility does improve under more fixed income orientated allocations. A move to undertake a defeasement-type investment strategy would add further complexity to management of the investment portfolios and would require reductions in illiquid asset classes, which has significant implications for the overall CTF.

Mr. McCrory reviewed possible opportunities for de-risking LEOFF 1. Doing so would require decision makers to match investment cash flows with projected benefit payments, cut the discount rate by at least 33 percent (from 8 to 6 percent), and maintain the current benefit structure (or fully fund future enhancements with immediate and adequate sponsor cash contributions). He noted that reducing the discount rate would cause plan liabilities to increase by approximately $6 billion, eliminating the current surplus.

Mr. McCrory presented a possible opportunity for well-funded plans which would stabilize assets, benefits, liabilities, and employer costs. Discussion ensued regarding such an approach, including the WSIB's legislative mandate and ramifications for the investment of the CTF. Additional discussion ensued on policy risk, effect on investment strategy, and benefit the WSIB provides beneficiaries through its investment returns and low cost structure.

[The Board took a recess at 10:28 a.m., and reconvened in open session at 10:50 a.m.]

The Potential Impact of DC Trends on the CTF

Mr. Bruebaker noted that this scenario analysis was requested by the Board and focused on the potential impact of defined contribution (DC) trends on the CTF. This scenario analysis was requested because the Total Allocation Portfolio (TAP) investment option for the DC participants could become problematic for the CTF as it grows as a percentage of CTF assets. He noted that the analysis was a work in progress and staff and the consultant would be happy to perform additional analysis around varying assumptions if the Board wished.

Mr. Rue stated that discussion would focus on the potential growth of DC assets within the CTF and how that growth would affect long-term investment strategy. He reviewed the history of DC assets in Washington's pension systems, noting that the state was a first-mover in regard to the structure of the Plans 3. DC assets are currently approximately $8.2 billion. Historically, the TAP option, which is an investment in the CTF portfolio, has been the most popular DC option; it has about $5.0 billion in assets. Until July 2011, the TAP was the default option for DC participants that do not self-select. Today the default is the Retirement Strategy Funds. Given this change, allocation levels may slow in the future. Over the past 10 years, the assets in the TAP have more than quadrupled, while the CTF has less than doubled. This rapid growth is due to member contributions. As of mid-2012, the TAP was approximately 8.2 percent of total CTF assets.

[Chair McIntire excused himself from the meeting at 11:00 a.m., and returned at 11:25 a.m.]
[Vice Chair Ragan led the meeting as Acting Chair during the Treasurer's absence.]

In response to a question from Mr. Masten, Mr. Bruebaker and Mr. Rue confirmed that before the default option change, about 60 percent of participants defaulted into the TAP option; that number is now approximately 32 percent. While the change in default option was significant, it will not change the underlying story on the impact of DC assets in the CTF. Mr. Bruebaker noted that he had expected the number to drop even more than it did; 32 percent of new participants want the WSIB to invest their portfolios through the CTF.

Mr. Rue reviewed key assumptions in their analysis, noting that if the hybrid Plans 3 or a full DC option became the only option for new hires in the future, the increased TAP allocation forces a change in the investment management of the CTF. A potential major event risk may require substantially more liquidity than available through the CTF and only publicly-traded assets could be used to meet TAP withdrawal requests. Discussion ensued regarding the likelihood of participants withdrawing TAP assets from the CTF due to event risk and possible restrictions on fund movement.

Mr. Rue noted that, should the TAP become a material portion of the CTF, a parsing of CTF investment activities would likely be required. A very possible outcome would be separate investment policies for defined benefit (DB) and TAP assets within the CTF. Mr. Hill pointed out that changing the investment policies of DC assets within the CTF would dilute the reasons for offering the TAP. He noted that structuring constraints on the movement of funds into or out of the TAP would be critical to be able to keep the current allocation. Further discussion ensued regarding the benefit the TAP provided for participants and issues with constraints.

Mr. Rue reviewed the four scenarios PCA and EFI Actuaries examined in their analysis; two which assumed full Plan 3 adoption and two assuming adoption of a full DC option where both employer and employee contributions go into a DC program. For both types of programs, scenarios were evaluated for investing in a highly illiquid portfolio with a 60/40 equity/fixed income split and for an entirely fixed income portfolio. If all new employees were invested in the Plans 3, the TAP assets would grow from 8 percent of the CTF to 21 percent in 20 years, growing by 7 times while the other CTF assets doubled. If the assumption is made that the TAP allocation could only utilize readily marketable portion of the CTF policy allocation, the long-term return of the overall portfolio would be penalized by 0.2 percent per year and the allocation to private markets investments would decline dramatically. The public/private mix of all CTF assets would shift from the current 57/43 to 62/37 in 10 years and 69/31 in 30 years. The expected return of the overall portfolio would be no more than 7.5 percent for horizons longer than 14 years. If the TAP allocation could only utilize the fixed income portfolio of the CTF policy, the return penalty is even more dramatic, with a 0.7 percent estimated annual opportunity cost. Enactment of Plan 3 mandates would likely require the WSIB to take risk mitigation action within 5 to 10 years, which would significantly lower the return profile of the CTF. If the employer and employee retirement contributions for all new employees were put into a DC plan, the TAP assets would grow from 8 percent of the CTF to 37 percent in 20 years. TAP assets would grow by 11 times while the other assets would grow by 50 percent. If the TAP allocation could only utilize the CTF's marketable assets, the long-term return of the overall portfolio would be penalized by 0.4 percent per year and there would be a dramatic decline in the allocation to private markets. For horizons longer than 10 years, the expected return of the CTF portfolio would be no more than 7.5 percent. The public/private mix of all CTF assets would shift from the current 57/43 ratio to 63/37 in 10 years and 70/30 in 30 years. If the TAP could only utilize the CTF's fixed income portfolio, the long-term return penalty would be 1.1 percent per year; the public/private asset mix would go to 81/19 in 30 years, and the expected long-term return would drop to 6.5 percent. Enactment of a full DC mandate would likely require the WSIB to make TAP risk mitigation a strategic priority.

Further discussion ensued regarding the likelihood of the scenarios presented, challenges presented by having DC assets within the CTF, and possible risk mitigation.

[The Board took a recess at 11:45 a.m., and reconvened in open session at 1:12 p.m.]

Concluding Thoughts and Discussion
Mr. Bruebaker provided a summary of the previous discussion, putting the percentages discussed into estimated dollar terms.

In response to a question from Mr. Masten, Mr. Bruebaker noted that when the TAP option was the default, about 24 percent of new participants defaulted into the TAP. Of those, 97 percent stayed in the TAP and did not move to other options.

Chair McIntire noted that the ongoing debate and discussion about retirement policy would benefit from knowing the cost of moving to a mandatory DC option and the implications on investment returns. This is a significant policy risk which the Board should continue to discuss and consider.

Chair McIntire announced 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. It will also review and discuss the performance of Board members and of the Board. He said the executive session was expected until 5:00 p.m. or sooner (based on the conclusion of agenda item 19-c), at which time the Board would recess until reconvening in open session for a dinner presentation at 6:30 p.m.

[The Board went into executive session at 1:20 p.m.]

Role of the Board in Risk Identification and Oversight

[The executive session ended at 3:11 p.m. The Board took a recess, and reconvened in open session at 6:30 p.m.]

DINNER PRESENTATION – LOOKING FOR LOVE IN ALL THE WRONG PLACES
Mr. Gave gave a dinner presentation on key macroeconomic trends, and market behavior around the globe.

The Board took a recess at 8:58 p.m. on July 17, and reconvened in open session on July 18.

<u>July 19</u>

Chair McIntire called the meeting to order at 8:30 a.m. and took roll call.

BOARD GOVERNANCE
Board Governance Reports
Treasurer McIntire referenced the reports on Board member attendance, education, and how the Board spends its time. The hard copy reports were distributed for the Board to refer back to during its self-evaluation discussion.

Chair McIntire announced 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. It will also review and discuss the performance of Board members and of the Board. He said the executive session was expected until about 12:45 p.m., at which time the Board would reconvene in open session to adjourn.

[The Board went into executive session at 8:33 a.m.]

BOARD AGENDA SETTING, DISCUSSION AND DECISION-MAKING PROCESSES

[The Board took a recess at 10:12 a.m., and reconvened in executive session at 10:25 a.m.]

BOARD SELF-EVALUATION DISCUSSION AND FEEDBACK

OTHER ITEMS

There were no further items to come before the Board, and the meeting adjourned at 12:14 p.m.

James L. McIntire
Chair

ATTEST

Theresa J. Whitmarsh
Executive Director