

**WASHINGTON STATE INVESTMENT BOARD**  
**Board Meeting Minutes**  
**December 17-18, 2015**

The Washington State Investment Board met in open session at 9:32 a.m. in the boardroom at 2100 Evergreen Park Drive SW, Olympia, Washington.

Present: Marcie Frost, Chair  
Kelly Fox, Vice Chair  
Senator Mike Hewitt  
Arlista Holman  
Judy Kuschel  
Bill Longbrake  
George Masten  
Treasurer Jim McIntire  
Stephen Miller  
Richard Muhlebach  
Bob Nakahara  
David Nierenberg  
Representative Timm Ormsby  
Joel Sacks

Absent: Jeff Seely

Staff Present: Theresa Whitmarsh, Executive Director  
Gary Bruebaker, Chief Investment Officer  
Ian Cameron, Chief Operating Officer  
Tammy Wood, Human Resources Director  
Steve Draper, Senior Investment Officer – Real Estate  
Phil Paroian, Senior Investment Officer – Public Equity  
Tom Ruggels, Senior Investment Officer – Private Equity  
Allyson Tucker, Senior Investment Officer – Risk Management and Asset Allocation  
Diana Will, Senior Investment Officer – Tangible Assets  
Kurt Akers, Assistant Senior Investment Officer – Tangible Assets  
John Graves, Assistant Senior Investment Officer – Tangible Assets  
Tripp Gantt, Assistant Senior Investment Officer – Real Estate  
Janet Kruzal, Assistant Senior Investment Officer – Private Equity  
Fabrizio Natale, Assistant Senior Investment Officer – Private Equity  
Mo Mooers, Assistant Senior Investment Officer – Private Equity  
Ceri Walker, Assistant Senior Investment Officer – Real Estate  
Kate Sandboe, Corporate Governance Officer  
Chris Biggs, Investment Officer – Public Equity  
Dorota Czub, Investment Officer – Tangible Assets  
Isabelle Fowler, Investment Officer – Private Equity  
Susan Freese, Investment Officer – Tangible Assets  
Gary Holt, Investment Officer – Private Equity  
Carmen Matsumoto, Investment Officer – Private Equity  
Björn Seebach, Investment Officer – Private Equity  
Brian Shrader, Investment Officer – Real Estate  
Fletcher Wilson, Investment Officer – Public Equity  
Kristi Haines, Confidential Secretary

Also Present: Mary Lobdell, Attorney General's Office  
Tara Blackburn, Hamilton Lane

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

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

## **ADOPTION OF THE NOVEMBER 19, 2015, MINUTES**

**Representative Ormsby moved to adopt the November 19, 2015, minutes. Ms. Holman seconded, and the motion carried unanimously.**

### **EXECUTIVE DIRECTOR'S REPORT**

Ms. Whitmarsh reported there are no Committee or Board meetings scheduled in January. She highlighted a few meetings she participated at over the last month, including: 1) an annual WSIB presentation at the November 18 LEOFF 2 Board meeting, which received nice compliments from Representative Jeff Holy; 2) a meeting with Senator Mark Mullet on November 20 regarding WSIB's management of the Guaranteed Education Tuition (GET) fund and thoughts on the potential 529 plan; 3) a meeting with Senators Andy Hill and Mike Hewitt on December 11 to discuss long-term needs of the WSIB (some of which are noted in the strategic plan discussion scheduled on today's agenda), to lay the groundwork for the Legislature's consideration of WSIB's budget request this fall; and 4) participating as a panelist at the Millstein Governance Forum, which focused on discussion around moving back to a board-centric model of corporate governance.

Ms. Whitmarsh noted that Mr. Bruebaker was recently quoted in *The Wall Street Journal* on discussing carried interest and private equity fees. *Pensions & Investments* is also working on a story regarding the WSIB's allocation to private equity and its thoughts on fees. Chair Frost and Ms. Sandboe met with Governor Jay Inslee on December 2 to discuss how the WSIB deals with executive compensation issues and proxy votes related to those issues. Chair Frost said they briefed the Governor on Board and Audit Committee work in these areas. She said he has a specific interest on shareholder "say on pay." She noted Ms. Sandboe did a great job presenting the information, and it was an effective meeting. The Governor understands the work of the WSIB and encourages the Board to continue looking at "say on pay" issues.

Ms. Whitmarsh concluded her report by informing the Board the contract with Hamilton Lane on private equity and back office consulting expires December 31, but the contract terms allow for a 5-year extension.

### **PRIVATE MARKETS COMMITTEE REPORT**

The Private Markets Committee met on December 3 to consider three private equity investment recommendations and one tangible assets investment recommendation.

#### **KKR Americas Fund XII**

**Mr. Masten moved that the Board invest up to \$750 million, plus fees and expenses, in KKR Americas Fund XII L.P., subject to continuing due diligence and final negotiation of terms and conditions. Chair Frost seconded the motion.**

Mr. Masten reported the fund will engage primarily in management buyouts and buildups, other investments with a view toward control or significant influence, and growth equity investments primarily in North America, with an opportunistic approach to Latin America. KKR has been a long-term investment partner of the WSIB. This proposed investment is consistent with the updated 2015 private equity annual plan shared with the Board in July and the private equity model portfolio. He said the recommendation is based on KKR's strong franchise, global platform with extensive resources, systematic approach to value creation, strong and consistent long-term performance, successful and long-term relationship with the WSIB, and other factors relevant to the recommendation.

**The above motion carried unanimously.**

**Advent International GPE VIII, L.P.**

**Mr. Masten moved that the Board invest up to \$600 million, plus fees and expenses, in Advent International GPE VIII, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Chair Frost seconded the motion.**

Mr. Masten reported that GPE VIII will continue the same successful operationally intensive, sector-focused strategy employed in its seven predecessor funds. The fund will pursue control positions in buyout and recapitalization opportunities in upper middle-market companies with enterprise values of \$200 million to \$3 billion in the developed private equity markets of Continental Europe, the United Kingdom, and North America, along with select global opportunities. This proposed investment is consistent with the updated 2015 private equity annual plan shared with the Board in July and the private equity model portfolio. He said the recommendation is based on Advent's experience, private equity concentration, global presence, proven investment strategy, successful 26-year performance, strong sector focus, in-depth industry knowledge, attractive fit in the WSIB private equity portfolio, and other factors relevant to the recommendation.

**The above motion carried unanimously.**

**PAG Asia II LP**

**Mr. Masten moved that the Board invest up to \$200 million, plus fees and expenses, in PAG Asia II LP, subject to continuing due diligence and final negotiation of terms and conditions. Chair Frost seconded the motion.**

Mr. Masten reported the fund is being raised by PAG Asia Capital Limited (PAGAC) to generate capital appreciation through control-oriented and equity-like investments in industry-leading businesses in Asia. The fund will utilize the same investment strategy employed by the previous fund of focusing on buy-outs and structured transactions, typically making commitments in excess of \$100 million per transaction. The fund will typically seek to be the controlling investor in transactions and drive operational improvements when needed. If approved, a commitment to the fund will establish a new general partner (GP) relationship for the WSIB in a targeted investment strategy. This proposed investment would fall into the unidentified allocation of the updated 2015 private equity annual plan shared with the Board in July and is consistent with the private equity model portfolio. He said the recommendation is based on the PAGAC's large and experienced private equity team, sector based deal origination strategy, dedicated operations team, attractive fit in the WSIB private equity portfolio, strong performance of Fund I, and other factors relevant to the recommendation.

**The above motion carried unanimously.**

**Stonepeak Infrastructure Fund II, LP**

Mr. Masten reported that due to a lack of quorum, the Committee was unable to take action on this investment recommendation; however, it was the consensus of those Committee members present to forward this item to the Board for approval.

**Mr. Masten moved that the Board invest \$400 million, plus fees and expenses, in Stonepeak Infrastructure Fund II, LP and \$100 million, plus fees and expenses, into a yet-to-be named or structured side car vehicle for strategies identified by Stonepeak that are a strong fit with the tangible**

**assets portfolio, subject to continuing due diligence and final negotiation of terms and conditions. Chair Frost seconded the motion.**

Mr. Masten reported the fund will focus on the middle-market segment of the North American infrastructure industry, particularly in the energy midstream, transportation, communication, and water sectors. If approved, this would be the second time the WSIB has invested with Stonepeak since 2012. He said the recommendation is based on the firm's strong track record in Fund I, with consistent performance across the portfolio, proprietary deal sourcing, disciplined investment process with intense focus on downside protection, impressive team at all levels of the organization, potential to own desirable assets in perpetuity with a role in governance, fully transparent relationship with the WSIB and other limited partners, strong pipeline of opportunities for Fund II given market climate, terms largely consistent with Fund I despite strong demand for subscription from investors, and other factors relevant to the recommendation.

**The above motion carried unanimously.**

#### **AUDIT COMMITTEE REPORT**

Treasurer McIntire reported the Audit Committee met on December 1.

#### **Fiscal Year 2015 Independent Financial Auditors' reports**

Treasurer McIntire reported the Committee reviewed the Fiscal Year 2015 Independent Financial Auditors' Reports which were performed by Eide Bailly. The funds audited included Retirement Funds, Labor and Industries' Funds, Permanent Funds, Guaranteed Education Tuition Fund, Developmental Disabilities Endowment Trust Fund, Washington State Opportunities Scholarship Fund, and the Daily Valued Funds. All reports concluded the statements were presented fairly, with no material misstatements identified. These reports are a part of the WSIB's annual report, which the Board must approve. The Committee heard an update on the Fiscal Year 2016 Internal Audit Plan.

**Treasurer McIntire moved that the Board approve the Fiscal Year 2015 Independent Financial Auditors' Report. Ms. Holman seconded, and the motion carried unanimously.**

#### **Revised Global Proxy Voting Policy**

The Committee heard from Ms. Sandboe on the Global Proxy Voting Policy. Ms. Sandboe stated that at the direction of the Audit Committee, the policy was presented to the Board at the September 17 meeting for discussion and input. There were no specific questions or comments from the Board.

[Mr. Nakahara arrived at 9:48 a.m.]

**Treasurer McIntire moved that the Board adopt the substantive changes to Global Proxy Voting Policy 2.05.200. Mr. Masten seconded the motion.**

In response to Ms. Holman's question about the term "poison pill," Ms. Sandboe said this refers to a strategy used by corporations to discourage or prevent takeover bids by outside investors. The objective of a poison pill is to have corporate action events in place that raise the cost of an acquisition and/or cause dilution that will hopefully deter a takeover attempt. She said the WSIB normally votes against directors that implement position pill strategies. Ms. Sandboe also noted that, if there is a good case for a takeover, the WSIB would likely support it.

**The above motion carried unanimously.**

#### **Conflict of Interest Policy Compliance Review – Contracted Audit Firm**

The Audit Committee discussed the status of the audit services contract with Peterson Sullivan. Due to a recent Securities and Exchange Commission order against the audit partner assigned to oversee the WSIB's contract, the Committee decided to recommend the Board terminate the contract with Peterson Sullivan based on reputational risk.

**Treasurer McIntire recommended that the Board move to terminate the contract with Peterson Sullivan and contract with another audit firm to complete the Conflict of Interest Policy Compliance Review. Mr. Masten seconded, and the motion carried unanimously.**

### **Contracting Process**

The Committee heard from Mr. Lynch and Ms. Lobdell on the WSIB contracting process. Mr. Lynch gave an overview of delegation of authority, WSIB-specific exemptions from procurement rules, types of procurements, contract statistics, and discussed several procurement examples. Ms. Lobdell discussed special assistant attorney general contracts and securities litigation contracts the Attorney General's Office executes on behalf of the WSIB, as well as an overview of the legal review work performed on investment partnership agreements when outside counsel is involved in the review. Treasurer McIntire noted it was a valuable session, and it should be reviewed on a periodic basis.

### **Other Items**

Treasurer McIntire reported the Committee held an entrance conference with the State Auditor's Office (SAO) for its fiscal year 2015 accountability audit of the WSIB. SAO has selected the following audit areas: contracts, investment allocation, travel, payroll, and disbursements.

The Committee received a status update on prior audit recommendations; there were two audit recommendations followed up on in the last quarter. He said one audit recommendation was in progress, and management anticipates its completion by December 31. The other recommendation is partially completed, and management anticipates its completion by December 31.

The Committee received two internal audit reports on the WSIB's Private Equity and Public Equity investment operations. The overall results for both audits were positive. He said the Private Equity investments report contained four recommendations to enhance controls over the due diligence and monitoring processes and to ensure compliance with WSIB policies. The Public Equity investments audit also included the investment compliance monitoring. The report contained two recommendations to enhance controls over contract monitoring and to ensure compliance with WSIB policies.

Lastly, the Committee also met privately with the independent financial statement auditors in executive session.

### **PUBLIC MARKETS COMMITTEE REPORT**

Mr. Sacks reported the Public Markets Committee met on December 1 for two educational sessions. The first session was on transaction cost analysis. Mr. Paroian shared with the Committee the process staff recently went through in researching potential firms to provide transaction cost analysis services for the public equity program, eventually determining the existing provider, Zeno Consulting Group, continued to be the best option.

Zeno presented a transaction costs analysis overview to the Committee, allowing for good dialog and time for questions and answers. Zeno stated the WSIB is in the top quartile of low cost execution and does as much, or more, on monitoring transaction costs than other funds of which they are aware. The Committee supported continuing with Zeno's contract.

Mr. Sacks reported the second session was research on global small capitalization (small cap) from Mr. Wilson, who presented staff research on global small cap, sharing some of the results of

the research and providing some of the potential pros and cons of adding a global small cap mandate to the public equity portfolio in the Commingled Trust Fund (CTF). The results of the preliminary work done by staff raises questions regarding the accepted wisdom that small cap outperforms large cap, at least as it relates to non-U.S., and indicates that additional research and analysis would be needed before moving forward with any recommendations. Further work, if any, will be prioritized as part of the annual planning process.

#### **ADMINISTRATIVE COMMITTEE REPORT**

Ms. Frost reported the Administrative Committee met earlier this morning.

#### **Strategic Plan Themes**

Ms. Whitmarsh reviewed the 2016 Strategic Plan proposed themes. She noted the last few strategic plans have focused mostly on operational issues that were tactical in nature. This year, she proposes taking a broader look at the WSIB's mission. She described that, due to the WSIB's reputation for good investment management, more people are asking the WSIB to manage smaller pools of money. Staff would like to partner with the Board to focus on the WSIB's mission and examine if some of these requests have the potential to create "scope creep." Ms. Whitmarsh reviewed the WSIB's strategic competitive advantages; expanding and new mandates; asset class expertise; and competing needs for the same assets and staff time. She indicated that competing needs potentially create a fiduciary issue whereby small funds can require more staff time than large funds. Smaller pools pay a proportionately smaller amount of fees and the difference in needs from staff time creates a situation where larger funds are effectively supplementing the cost of smaller funds. She noted the WSIB was initially formed to invest the retirement and Labor and Industries funds, and then the Permanent Funds were added later with other funds having been added over time. Some considerations for the Board include how to engage the Board in working through the competing resource challenges with staff; consideration for the impacts of different mandates, including risks, and stakeholder services; whether the WSIB has any ability to turn down mandates and, if so, how would this be done; and if not, how to gain support for expanding WSIB resources.

Chair Frost said the Administrative Committee is recommending the Board create an *ad hoc* Committee to help staff with this strategic initiative. She recommends that she, Mr. Masten, and Ms. Kuschel participate on the Committee, with Mr. Sacks serving as chair. Ms. Whitmarsh reviewed a proposed timeline for the *ad hoc* Committee work, based on the June 2017-2019 draft budget submittal due date. The *ad hoc* Committee work would occur in January to bring a full discussion and resulting recommendations to the February Board meeting, and then Operations staff would work on building the budget and resource plan to bring to the April Board meeting, with the full proposed budget approval scheduled for the June Board meeting.

Senator Hewitt recommended that staff and the Board stay in close contact with the Legislature (specifically budget writers) on these issues, so there are no surprises down the road as it authorizes the WSIB's budget and personnel.

Chair Frost commented that, if more work comes to the WSIB, it will change how staff spends its time. She is concerned with having adequate staff resources as well as any potential effects to the Board's composition. Mr. Sacks said he envisions the *ad hoc* Committee work will be to bring recommendations back to the Board regarding what conversations should occur with legislators, as they look for direction from the WSIB in order to understand the risks of the WSIB taking on additional mandates.

**Chair Frost moved that the Board create an *ad hoc* Committee for assistance with the Strategic Plan Development. Senator Hewitt seconded, and the motion carried unanimously.**

#### **Assistant Attorney General's Report**

Chair Frost reported that Ms. Lobdell provided the Assistant Attorney General's 2015 Year in Review report on litigations, noting one long-standing lawsuit had been resolved.

### **GET Update**

Chair Frost said Ms. Tucker reported the GET Committee took action to begin the development of a state-managed, direct-sold 529 college savings plan. Development includes drafting legislation in partnership with the Office of the State Treasurer and the WSIB in order to attain the start-up funds, investment authority, and plan benefits and incentives needed to operate such a program.

## **ANNUAL PLANNING**

### **2016 Public Equity Annual Plan Discussion**

Mr. Paroian said his presentation would review public equity staff, investment principles, tasks, assets, the 2015 year in review, annual planning preparation, and proposed 2016 initiatives. He noted the key public equity investment principles, which focus on the long-term focus rather than what is the topic of the day (per one of the WSIB's investment beliefs). These principles form the framework for the annual plan. He said all other WSIB assets under management are actively managed, as opposed to public equity, which is largely passively managed by managers who match the benchmark. Public equity does make use of some active management, under conditions laid out in the Board-adopted investment beliefs, and only when staff can identify managers with whom staff has conviction.

Mr. Biggs discussed globalization of companies, markets, and research, with distinctions between a "U.S." company and "non-U.S." company increasingly blurred. He provided examples of both U.S. and non-U.S. companies with the majority of their revenue share outside of their home country, which indicates that where companies are headquartered is less important compared to where their exposure lies. Mr. Paroian noted that home country bias still does exist within and outside the U.S. He also noted the importance of downside protection, which has become increasingly challenging over the past 10 years. Staff will continue to focus on this, considering options for the desired return pattern and maintaining a low cash balance at the Board's direction.

In follow-up to Mr. Sacks' questions, Mr. Paroian said there is no ideal balance between managing active and passive management in public equity; it is based more on finding managers with whom staff has a high conviction. Mr. Longbrake noted another consideration is market efficiency and finding managers to fit allocation needs, and Mr. Nierenberg noted that passive management does not indicate what kind of passive is needed, as the selected benchmark can make a big difference. Mr. Miller asked if staff had examined the recent recession condition to analyze active versus passive performance. Mr. Paroian said he had not looked at that data recently, but recalls the percentage did not change much between active and passive, and some active managers actually had worse performance than passive. He noted the WSIB's move to global equity mandates in 2011, stating he thinks the public equity portfolio would have performed better during the recession had it had that structure in place at the time. Ms. Whitmarsh added the type of analysis Mr. Miller asked about is part of staff's analysis when initially considering manager selection.

[The Board recessed at 10:36 a.m., and reconvened in open session at 10:54 a.m.]

Mr. Paroian noted that public equity manages nine programs for the CTF and other stakeholders, similar to Fixed Income, with separate programs for defined benefits, defined contribution (DC), Labor & Industries, GET, and other programs. Active management is only used in the defined benefit and defined contribution programs; all other programs use passive management.

Mr. Wilson reviewed the public equity structure within the CTF, and Messrs. Biggs and Paroian reviewed the investment menu design options for the DC programs.

A discussion ensued about the differences between the various DC investment options and the Target Date funds, the mix within Target Date funds and how they work, the need to educate constituent on Target Date fund options, the federal government restriction on contribution rate

percentage changes except under certain circumstances, and the aggressive to conservative risk levels within the investment options.

Mr. Paroian reported on other programs for which public equity manages assets, and other potential new programs that may come to the WSIB through legislation. He discussed the CTF public equity assets performance over the 1-, 3-, 5-, and 10-year periods, which shows value added against the custom benchmark. He detailed the 2015 initiatives and accomplishments within manager monitoring and how the sustainability investment belief (added in the fall of 2014) was implemented.

Mr. Wilson reviewed 2015 work on contract rebids and renewals.

In response to Treasurer McIntire's question, Mr. Paroian broadly described some of the conditions that would cause the WSIB to terminate a contract for active management.

Mr. Paroian reviewed enhancements to existing programs, research projects, and Board presentations. He noted that prospecting for new managers is a time consuming process, and staff maintains a strict discipline in considering new managers. The unit received over 700 inquiries last year. Mr. Paroian reviewed *ad hoc* items handled during the year, including support to the AAG relating to litigation actions; hiring and mentoring new staff; work with the Department of Retirement Systems; reallocation of money and raising cash; responding to inquiries working with Institutional Relations staff; use of the data warehouse and risk system; participation of the Enterprise Risk Management team; building connections with other funds; and staff development.

Mr. Paroian discussed public equity's annual planning process and how recommended initiatives and priorities are developed, with staff resource issues causing a tweak in developing the coming year's proposal. He said staff proposes splitting out the possible 2016 initiatives between high priorities (manager monitoring and risk management; rebids and renewals) and necessary *ad hoc* tasks during the first half of the year, and then revisiting enhancements to existing programs and researching defined contribution options during the second half of the year per the Board's direction from the July 2016 meeting. Mr. Longbrake suggested external resources the WSIB could consider. Mr. Nierenberg stressed the importance and benefits of adding value to the program by being analytical and assessing the passive indexes to benchmark. He suggested staff select things to work on that could have the most impact on performance.

Ms. Whitmarsh said the annual planning process includes laying out both a vision and constraints, and the budget-building process will consider staff resource issues. There may be internal staff who can take on some of public equity's projects, and the management team will take into consideration the Board's priorities. If management determines that existing resources cannot manage it, staff will bring back a resource plan for the Board's consideration.

**Mr. Sacks moved that the Board adopt the 2016 Public Equity Annual Plan.  
Ms. Holman seconded, and the motion carried unanimously.**

[The Board recessed at 12:02 p.m., and reconvened in open session at 12:33 p.m.]

#### **EXECUTIVE SESSION**

Chair Frost 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. The Board also plans to review and discuss the performance of a public employee, Board members, and of the Board. She said the executive session was expected to last until about 5:30 p.m., at which time the Board will reconvene in open session to adjourn.

[The Board went into executive session at 1:00 p.m.]

## **2016 Real Estate Annual Plan Discussion**

[The Board reconvened in open session at 1:33 p.m. to take Public Comment.]

### **PUBLIC COMMENT**

Ms. Alyssa Giachino, representing UNITE HERE! gave public comment regarding a report she distributed to members on Leonard Green's practices and fees. At Senator Hewitt's request, Ms. Giachino described UNITE HERE! as a union for hospitality service employees throughout the U.S. and Canada.

[The Board reconvened in executive session at 1:36 p.m. for the purpose of discussing financial and commercial information as described above.]

[Mr. Nakahara left at 2:05 p.m. and returned at 2:38 p.m.]

[The Board recessed at 2:39 p.m., and reconvened in executive session at 2:55 p.m.]

[Mr. Nakahara left at 3:00 p.m.]

### **EXECUTIVE SESSION – CONTINUED**

#### **2016 Tangible Assets Annual Plan Discussion**

[The Board reconvened in open session at 5:39 p.m.]

**Chair Frost moved that the Board adopt the 2016 Real Estate Annual Plan that was presented and discussed in executive session. Mr. Masten seconded, and the motion carried unanimously.**

**Chair Frost moved that the Board adopt the 2016 Tangible Assets Annual Plan that was presented and discussed in executive session. Mr. Masten seconded, and the motion carried unanimously.**

[The Board recessed at 5:41 p.m., and reconvened in open session at 6:45 p.m.]

[Mr. Nakahara returned at 6:45 p.m.]

### **DINNER PRESENTATION**

#### **Hamilton Lane**

Ms. Blackburn gave a dinner presentation overviewing the private equity marketplace.

[The Board recessed at 7:40 p.m. on December 17.]

#### December 18

[The Board reconvened in open session at 9:00 a.m.]

### **EXECUTIVE SESSION**

Chair Frost 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. The Board also plans to review and discuss the performance of a public employee, Board members, and of the Board. She said the executive session was expected to last until about 12:00 p.m., at which time the Board will reconvene in open session to adjourn.

#### **2016 Private Equity Annual Plan Discussion**

[The Board went into executive session at 9:01 a.m.]

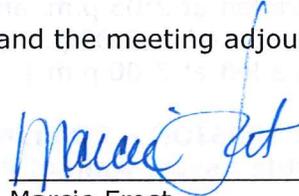
[Mr. Longbrake arrived at 9:03 a.m.]

[Vice Chair Fox arrived at 9:05 a.m.]  
[Treasurer McIntire and Mr. Miller arrived at 9:06 a.m.]  
[Representative Ormsby arrived at 9:43 a.m.]

[The Board recessed at 10:09 a.m., and reconvened in executive session at 10:22 a.m.]  
[The Board recessed at 11:34 a.m., and reconvened in executive session at 11:45 a.m.]  
[Mr. Nakahara left at 11:45 a.m.]  
[Mr. Nierenberg left at 12:15 p.m.]  
[The Board reconvened in open session at 12:37 p.m.]

**Chair Frost moved that the Board adopt the 2016 Private Equity Annual Plan that was presented and discussed in executive session. Mr. Masten seconded, and the motion carried unanimously.**

There was no further business to come before the Board, and the meeting adjourned at 12:38 p.m.



Marcie Frost  
Board Chair

ATTEST



Theresa J. Whitmarsh  
Executive Director