

**WASHINGTON STATE INVESTMENT BOARD**  
**Private Markets Committee Meeting Minutes**  
**December 1, 2005**

The Private Markets Committee met in open public session at 9:01 a.m. in the boardroom at the Washington State Investment Board in Olympia, Washington.

Members Present:           George Masten, Chair  
                                  Debbie Brookman  
                                  Senator Lisa Brown  
                                  John Magnuson (teleconference)  
                                  Sandy Matheson  
                                  Treasurer Mike Murphy  
                                  Jeff Seely (teleconference)

Others Present:           David Nierenberg (teleconference)  
                                  Joe Dear, Executive Director  
                                  Gary Bruebaker, Chief Investment Officer  
                                  Sam Green, Investment Officer – Private Equity  
                                  Linda Buchanan, Administrative Secretary

                                  Paul Silver, Assistant Attorney General  
                                  Michael Beasley, Strategic Investment Solutions, Inc.  
                                  Brett Fisher, Fisher Lynch Capital  
                                  Leon Kuan, Fisher Lynch Capital

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

The meeting convened at 9:01 a.m. with Chair Masten identifying members present.

**ADOPTION OF MINUTES – NOVEMBER 3, 2005**

**Treasurer Murphy moved to adopt the minutes of November 3, 2005.  
Ms. Brookman seconded, and the minutes were adopted unanimously.**

**PRIVATE EQUITY INVESTMENT RECOMMENDATION – FISHER LYNCH CO-INVESTMENT FUND, L.P.**

Mr. Bruebaker introduced himself and discussed the advantages of teaming with Oregon, the advantages of a co-investment structure; fees and terms; the selection process and due diligence performed; and Fisher Lynch's experience, performance history, and reputation. Mr. Bruebaker stated that this opportunity provides a sustainable strategic competitive advantage, is an excellent opportunity to leverage existing relationships while providing diversification, is a chance to

partner with a highly respected and motivated team, and is an excellent fit within our private equity portfolio. He discussed three concerns: key person risk, start-up risk, and the fact that competition has increased in this space.

Mr. Beasley, Strategic Investment Solutions, introduced himself and described the organization, team, due diligence performed, commonality of holdings between the WSIB and Oregon, and the favorable terms.

The Committee discussed the advantages of teaming with Oregon, options available to the WSIB in the unlikely event the Oregon Investment Council did not approve the investment recommendation, economics of other firms, and methods Fisher Lynch will use to incorporate the expected growth in the firm. Staff confirmed that if Oregon does not approve this investment that they would bring this investment back to the Committee for review.

Mr. Fisher and Mr. Kuan, Fisher Lynch, introduced themselves and described the firm's team, experience, resources, distribution rate, past performance, conservative approach, relationships with general partners, and ability to customize the program. They discussed the advantages of a co-investment structure, fee structure, process, fit in the WSIB portfolio, and alignment of interests.

The Committee questioned Mr. Fisher and Mr. Kuan regarding the role of Ms. Lynch, the partners' compensation methods, fees, reasons general partners do not charge carry fees in co-investment opportunities, advantages to investing with an external manager rather than using WSIB staff, Fisher Lynch's willingness to share their expertise with WSIB staff, deal sourcing methodology, notification of WSIB partners of the co-investment fund, expected returns, reasons general partners favor co-investing with limited partners, Fisher Lynch's plans for adding partners and other employees to handle the larger size of assets under management, average deal size, ratio of co-investments executed to opportunities reviewed, and the anticipated time frame to fully invest the fund.

The Committee discussed whether the motion should be contingent on Oregon's participation. They decided it was not necessary.

**Ms. Brookman moved that the Private Markets Committee recommend to the Board an investment of up to \$250 million, plus fees and expenses, in Fisher Lynch Co-Investment Fund, L.P., subject to continued due diligence and final negotiation of terms and conditions. Treasurer Murphy seconded the motion.**

The Committee discussed the firm's ability to operate in the shorter time frame required in co-investment deals.

**The motion carried unanimously.**

**PRIVATE MARKETS CLOSING LOG**

The Private Markets Closing Log was presented for informational purposes.

**OTHER ITEMS**

There was no further business to come before the Committee and the meeting adjourned at 10:06 a.m.