

**WASHINGTON STATE INVESTMENT BOARD
Private Markets Committee Meeting Minutes
December 6, 2007**

The Private Markets Committee met in open public session at 9:06 a.m. in the boardroom at the Washington State Investment Board in Olympia, Washington.

Members Present: Patrick McElligott, Chair
Glenn Gorton
Charles Kaminski
John Magnuson
George Masten
Sandy Matheson
Treasurer Mike Murphy

Members Absent: David Nierenberg
Jeff Seely

Others Present: Joe Dear, Executive Director
Gary Bruebaker, Chief Investment Officer

Liz Mendizabal, Public Affairs Director
Theresa Whitmarsh, Chief Operating Officer
Steve Draper, Senior Investment Officer – Real Estate
Tom Ruggels, Senior Investment Officer – Private Equity
Sam Green, Investment Officer – Private Equity
Ceri Walker, Investment Officer – Real Estate
William Gantt, III, Investment Officer – Real Estate
Erwin Vidallon, Investment Officer – Real Estate
Linda Buchanan, Secretary Administrative

Paul Silver, Assistant Attorney General
Fabrizio Natale, Capital Dynamics
Morgan Olsson, Nordic Capital Partners
Anders Hultin, Nordic Capital Partners

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

The meeting convened at 9:06 a.m. with Chair McElligott identifying members present.

ADOPTION OF THE NOVEMBER 1, 2007, MINUTES

Mr. Gorton moved to adopt the minutes of November 1, 2007.

Mr. McElligott seconded, and the motion carried unanimously.

PRIVATE EQUITY INVESTMENT RECOMMENDATION – NORDIC CAPITAL VII, L.P.

Mr. Green introduced himself and stated that staff recommends an investment of up to €300 million in Nordic Capital VII, L.P., a €3.7 billion target buyout fund. The fund will invest in sector-diversified, large- and middle-market companies primarily in Sweden, Norway, Finland, and Denmark. At least 50 percent of the fund will be invested in the Nordic region, with the remainder targeted for non-Nordic Europe. The fund may opportunistically invest up to 20 percent in any geography and will pursue equity investments of €50 million to €750 million. The recommendation is consistent with the revised Private Equity Annual Plan presented to the Committee in September 2007. Mr. Green described the firm's stable management team, excellent returns, regional networks, strategy, generational transition plans, geographic expansion, and excellent fit in the private equity portfolio.

The Committee discussed the proposed geographic expansion, key man provisions, and currency issues.

Mr. Dear explained that staff plans to look at currency risk in the WSIB portfolio. Treasurer Murphy emphasized the need for further discussion of the currency issue at the Committee.

Mr. Natale introduced himself and described Nordic's history with the WSIB; reputation; access to deal flow; stable, locally-based team of nationals; performance; key-man provisions; sector expertise; core geography; managed investment pace; and excellent performance. He stated that Capital Dynamics recommends an investment of up to €300 million in Nordic Capital VII, L.P., subject to continuing due diligence and final negotiation of terms and conditions.

Mr. Olsson and Mr. Hultin, Nordic Capital Partners, introduced themselves. Mr. Olsson described Nordic Capital's history, performance, successful investment strategy, stable and experienced team, succession issues, geographic expansion, current portfolio, exit strategies and schedules, experience in Germany, and the current market environment in the Nordic region.

The Committee discussed the potential office in Germany and the operational differences investing larger funds versus smaller funds.

Mr. Gorton moved that the Private Markets Committee recommend to the Board an investment of up to €300 million, plus fees and expenses, in Nordic Capital VII, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Mr. Masten seconded, and the motion carried unanimously.

Treasurer Murphy stressed the need for a discussion of currency issues considering the amount of foreign exposure in the WSIB portfolio.

[The Committee recessed at 9:39 a.m. and reconvened at 9:56 a.m.]

REAL ESTATE ANNUAL PLAN

The Chair announced that the Committee would go into executive session to discuss financial and commercial information relating to real estate investments since public knowledge regarding the discussion would result in loss to the funds managed by the Board or would result in private loss to the providers of the information. The executive session was expected to last approximately 60 minutes at which time the Committee would reconvene in open session.

[The executive session convened at 9:56 a.m.]

[The Committee recessed at 11:50 and reconvened in executive session at 12:08 p.m.]

[Mr. Kaminski was no longer in attendance at 1:16 p.m.]

[The executive session recessed at 1:21 p.m. and the Committee reconvened in open public session.]

Mr. Masten moved to table action on the Real Estate Annual Plan until the January Private Markets Committee meeting. Treasurer Murphy seconded, and the motion carried unanimously.

REAL ESTATE INVESTMENT PROGRAM POLICY 2.10.600 REVISION

Discussion of the proposed policy revision was tabled.

PRIVATE MARKETS CLOSING LOG

The Private Markets Closing Log was presented for informational purposes.

OTHER ITEMS

There being no further business to come before the Committee, the meeting adjourned at 1:22 p.m.