

**WASHINGTON STATE INVESTMENT BOARD
Private Markets Committee Meeting Minutes
May 5, 2011**

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
Steve Hill
Patrick McElligott
Treasurer Jim McIntire (teleconferenced, in person at 9:44 a.m.)
Richard Muhlebach
David Nierenberg (teleconferenced)

Members Absent: Representative Sharon Tomiko Santos
Jeff Seely

Other Board Members
Present: Judi Owens

Others Present: Theresa Whitmarsh, Executive Director
Gary Bruebaker, Chief Investment Officer
Tom Ruggels, Senior Investment Officer – Private Equity
Fabrizio Natale, Assistant Senior Investment Officer – Private Equity
Linda Buchanan, Administrative Assistant

Steve Dietrich, Assistant Attorney General
Tara Blackburn, Hamilton Lane
William McGlashan, TPG Partners
Sing Wang, TPG Partners

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

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

ADOPTION OF THE APRIL 7, 2011, MINUTES

Mr. McElligott moved to adopt the minutes of April 7, 2011. Mr. Hill seconded, and the motion carried unanimously.

TPG GROWTH II, L.P.

Mr. Dietrich announced that Mr. Nierenberg was recusing himself from the Committee's discussion of this investment because two partners at the TPG parent organization are investors in his fund and he wished to avoid the appearance of any conflict.

Mr. Natale introduced himself and said that staff recommends an investment of up to \$200 million in TPG Growth II, L.P., a growth equity and middle-market buyout fund with a target size of \$1.5 to \$2 billion. The fund will pursue investment opportunities predominantly in the industrials

and manufacturing, business services, transportation, retail and consumer products, technology, and healthcare services sectors on a global basis, with a target investment range from \$25 million to \$75 million per company. Since 2000, the Board has committed in excess of \$1.8 billion to five TPG-sponsored investment vehicles. The proposed commitment is consistent with the private equity annual plan approved by the Board in February 2011 and the private equity model portfolio approved by the Board in 2010. Mr. Natale explained that TPG formed the TPG STAR fund in 2007 to make smaller investments than would be appropriate in the larger TPG Capital funds, and that TPG Growth II will continue such strategy. He discussed the firm's strong performance, demonstrated price discipline, consistent investment strategy, solid and experienced team, and excellent fit with the WSIB's portfolio rebalancing effort. Mr. Natale discussed the unrealized performance of the predecessor fund and the complexity associated with managing a globally diversified portfolio.

Ms. Blackburn, Hamilton Lane, introduced herself and stated that Hamilton Lane recommends a commitment of \$200 million in TPG Growth II, L.P. Ms. Blackburn described the fund as an excellent opportunity with a mid-market, growth-oriented investor with global resources. She discussed the firm's network, experience, solid leadership, culture, brand, fees and expenses, and balance of focus in the organization. Ms. Blackburn added that the investment would be complementary to the WSIB Private Equity portfolio.

The Committee discussed the investment pace of TPG Star, its underlying portfolio, and the firm's investment discipline.

Mr. McGlashan and Mr. Wang, TPG Partners, introduced themselves. They discussed the firm's private equity platform, integrated model, dedicated team, access to the larger TPG team, history, performance, sector focus, team growth, attractive valuations, diversified portfolio, low use of leverage, proprietary deal sourcing, and expertise. They described the firm's middle-market focus, opportunities in Asia, sector diversification, disciplined and value-added investment approach, integrated process, internal review committee, operations team, valuations, and performance, as well as recent and potential liquidity events.

[Treasurer McIntire attended in person at 9:44 a.m.]

[Mr. Nierenberg was no longer in attendance at 9:49 a.m.]

The Committee discussed TPG Growth's ability to utilize members of the overall TPG team, opportunities for gender diversification at the firm, recent deal volume, supply of investment capital, market conditions, valuations, and pricing. They reviewed the firm's ability to turn a failing company into a profitable one, the advantages of the Growth fund, exit strategies, consumer focus companies in the Asian market, and market conditions in China.

[Mr. Hill was no longer in attendance at 10:10 a.m.]

Treasurer McIntire moved that the Private Markets Committee recommend to the Board an investment of up to \$200 million, plus fees and expenses, in TPG Growth II, L.P., subject to continuing due diligence and final negotiation

of terms and conditions. Mr. McElligott seconded, and the motion carried unanimously.

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 10:13 a.m.