

WSIB Approves New Appointments for Leadership Roles

(August 2, 2017)

Olympia – The Washington State Investment Board (WSIB) this month approved a new slate of Board officers and an updated roster of Committee chairs. The updated leadership roles, approved at the Board's July 18 meeting, are as follows:

- Judy Kuschel will serve as Chair of the WSIB, succeeding Kelly Fox, who recently stepped down after taking a new job with a California retirement plan. Kuschel represents active members of the Public Employees' Retirement System and has worked for the Department of Corrections for 21 years. She has served on the WSIB since February 2014.
- Joel Sacks will serve as Vice Chair of the WSIB, succeeding Judy Kuschel in this role. Sacks has served on the WSIB since January 2013 when he was appointed by the Governor as Director of the Department of Labor and Industries.
- The WSIB's four Committee leadership roles will be filled by:
 - Judy Kuschel, who will serve as Chair of the Administrative Committee.
 - Arlista Holman, who will serve as Chair of the Audit Committee. She was appointed to the WSIB in 2013 and represents members of the School Employees' Retirement System.
 - Tracy Guerin, who will serve as Chair of the Private Markets Committee. She joined the WSIB in 2016 when she was appointed by the Governor as Director of the Department of Retirement Services. She also serves on the Pension Funding Council and the Select Committee on Pension Policy.
 - Stephen Miller, who will serve as Chair of the Public Markets Committee. He was appointed to the WSIB in 2014 and represents members of the School Employees' Retirement System. He also is vice president of the Washington Education Association (WEA), which represents more than 82,000 teachers and public school employees.

In addition, Greg Markley was sworn in as a new voting member of the WSIB. Markley, appointed to the WSIB by the Governor on July 3, represents the Law Enforcement Officers and Firefighters System (LEOFF), the WSIB seat recently vacated by Kelly Fox. Markley is a Battalion Chief for the Puget Sound Regional Fire Authority and chairs the Washington State Council of Fire Fighters (WSCFF) Post-Retirement Medical Expense Reimbursement Plan.

The WSIB is a global investment management organization with assets of more than \$116 billion and investments across 74 countries worldwide. It manages 17 retirement plans and 18 public funds for programs such as benefit industrial insurance, colleges, universities, and developmental disabilities programs.

Bios

Judy Kuschel—Chair



Judy Kuschel was elected Chair of the Washington State Investment Board on July 18, 2017. Kuschel's position on the Board represents active members of the Public Employees' Retirement Systems and she will also serve as a member of the WSIB's Private Markets Committee.

Kuschel has worked for the Washington State Department of Corrections for 21 years and is a Community Corrections Specialist. She helped to create a coordinated community response to domestic violence, working with the Domestic Violence Prosecution Center and the Vancouver Police Department. Prior to joining the Department of Corrections in 1996, she worked as a public utilities specialist in the Economic Studies Section at the Bonneville Power Administration.

In 2004, Kuschel received the Outstanding Service Provider Award from the Clark County Prosecuting Attorney's Office for service to victims of domestic violence and has presented at several public conferences including the AFSCME Regional Public Safety Conference in 2008 and the End Violence Against Women International Conference in Anaheim, California in 2009.

Kuschel is the vice-president of the Washington Federation of State Employees' (WFSE). She graduated from Oregon State University with a degree in Political Science.

Joel Sacks—Vice Chair



Joel Sacks was elected Vice-Chair of the Washington State Investment Board on July 18, 2017. Sacks was appointed director of the Department of Labor & Industries (L&I) in January, 2013, making him one of three ex-officio members serving on the State Investment Board. He is a member of the Administrative Committee, Audit, and Private Markets Committees.

Previously he worked at the state Employment Security Department for nearly eight years serving as deputy commissioner and assistant commissioner for the Budget, Policy and Communications Division.

Prior to joining Employment Security, he was deputy director of field services at L&I. He also served four years at the Occupational Safety and Health Administration in the U.S. Department of Labor.

Joel holds a Bachelor's Degree in political science from Haverford College and a master's degree in public administration from Syracuse University's Maxwell School of Public Affairs.

Arlista D. Holman



Arlista Holman was reappointed to the Board on December 19, 2013 to serve a full three year term representing participants and beneficiaries of the School Employees' Retirement System. She was first appointed to the Board by the State School Superintendent in June, 2013 to complete the term of a member who retired. Holman is a member of the WSIB's Public Markets and Audit committees.



Since 1989, Holman has worked for the Auburn School District #408 and her current position is registrar for the Auburn Senior High School. Her primary responsibilities include maintaining and updating student records and transcripts and verifying student graduation information for employment purposes.

Holman is extremely active and involved in community and volunteer services. She served on the Wesley Homes Board of Trustees from 2004-2013; was a member of the Green River Community College Board of Trustees for 11 years and served two terms as Board Chair.

Holman received her Bachelor of Science Degree at the University of Phoenix in 2006. Previously she attended Highline Community College in 2001, Green River Community College in 1986, and Seattle University from 1971-1973.

Tracy Guerin



Tracy Guerin, appointed as Director of Department of Retirement Services (DRS) in mid-2016, was named to an ex-officio position with the Washington State Investment Board (WSIB) on September 15, 2016. She also serves as on the Pension Funding Council and the Select Committee on Pension Policy. At the WSIB, her role includes serving on the Audit Committee, Private Markets Committee and Public Markets Committee.

At DRS, Guerin heads a staff of more than 200 who administer a complex public retirement system that serves more than 725,000 current and former public employees in state and local government. Retirement benefits earned by these employees result in more than \$3.5 billion in payments each year, most of which is distributed in the state of Washington.

Guerin began her career in state government with the Department of Labor and Industries. During the past 30 years, she has worked at numerous state agencies, most recently serving as Deputy Director of the Office of Financial Management. She has also served as Chief of Staff for the Department of Social and Health Services, Deputy Director at the Department of Corrections and the Department of Information Services, and as Deputy Secretary for the Office of the Secretary of State.

She was raised in Washington, attended Washington State University and completed her bachelor's degree at The Evergreen State College. She has completed the Strategic Leadership for State Executives program at Duke University as well as executive education programs through the John F. Kennedy School of Government at Harvard University. She received the Governor's Management and Leadership Award in 2012.

Stephen Miller



Stephen Miller was appointed to the Board in January, 2014. He is one of two members appointed by the State School Superintendent and the position for which he was selected represents participants and beneficiaries of Washington's retirement systems for teachers. His Board responsibilities include serving as a member of the WSIB's Public Markets Committee.

Miller is the vice president of the Washington Education Association (WEA) which serves over 82,000 teachers and public school employees. He is a trustee on the WEA Staff Retirement Plan Board of Trustees and is one of the five public citizens appointed in 2007 to serve on the Citizen Commission for Performance Measurement of Tax Preferences.

From 1998-2013, Miller taught secondary social studies in the Bellevue School District. During that time, he served WEA members in Bellevue as a building representative, negotiator, secretary, and as vice president and president of the Bellevue Education Association.

He has participated in multiple WEA leadership roles including serving as a member on the WEA PAC Board, the president of the WEA-Sammamish Council, a member of the WEA Board, and as state director of the National Education Association (NEA). Miller earned an undergraduate degree in Economics and History from U.C. Berkeley and acquired his Master of Arts and Teaching from Lewis and Clark College in 1995.

Greg Markley



Greg Markley, appointed to the Board in July 2017, has served as the Secretary/Treasurer of the Washington State Council of Fire Fighters for the last 14 years. The WSCFF represents 130 local firefighter and paramedic unions across the state of Washington. He continues to assist local unions with collective bargaining and labor-management relations.

Markley chairs that Washington State Council of Fire Fighters (WSCFF) Post-Retirement Medical Expense Reimbursement Plan, serving more than 7,000 professional firefighters and paramedics across four states with more than \$95 million in assets. Markley also chairs the organization's Northwest Fire Fighter Benefits Trust with over 2,000 members and their families across six states.

Markley is a Battalion Chief for the Puget Sound Regional Fire Authority. He has served in that role since 2002 and oversees Governmental Relations, Accreditation and Public Education.

Markley has served on the Bates Technical College foundation for the last eight years and is currently the Treasurer. He has volunteered for the Muscular Dystrophy Association through his local union for over two decades.

Markley is a graduate of Central Washington University where he received a Bachelor of Science in Accounting. He also attended Highline Community College and Olympic Junior College.



WSIB hires new Corporate Governance Officer

(June 15, 2017)

Olympia – The Washington State Investment Board (WSIB) has named Bridget Murphy to the role of Corporate Governance Officer for its asset management program, effective June 15. She takes over the role from Kate Sandboe, who will retire after 12 years of building the corporate governance program for the state’s public trust and retirement funds.

Murphy comes to the WSIB with more than eight years of experience in corporate governance and responsible investment advisory service. She previously served as Director of Engagement at Glass Lewis, a global corporate governance advisory services firm. She also has worked as corporate governance consultant with both Mercer and Guerdon Associates in Sydney, Australia.

At the WSIB, Murphy will be responsible for continued oversight, development and implementation of proxy voting practices in conjunction with an institutional investment program that totals more than \$116 billion. The proxy voting program allows the WSIB to engage with public companies and advocate on shareholder issues on behalf of the state’s public employees, teachers, school employees, firefighters, law enforcement officers and judges.

“Bridget will enable our Board’s corporate governance program to stay right on pace with the broadening demands of responsible engagement on vital investment issues,” said Chris Phillips, WSIB Director of Institutional Relations. “Strong corporate governance has become an essential responsibility for investors focused on sustainable long-term performance and risk management.”

Last year the WSIB corporate governance program voted 3,110 shareholder proxies, including casting votes on more than 27,000 proxy proposals. These proxy votes involved election of directors, compensation plans and other shareholder proposals on issues such as climate change and other environmental and social issues.

Corporate governance efforts are increasingly becoming the basis for constructive exchange of ideas and influence among investors advocating directional or policy changes at the corporate board level.

The WSIB is a global investment management organization with assets of more than \$116 billion and investments across 74 countries worldwide. It manages 17 retirement plans and 18 other public funds for programs such as benefit industrial insurance, colleges, universities and developmental disabilities programs.

WSIB's Theresa Whitmarsh honored as Executive Director of the Year

(May 4, 2016)

Olympia – Theresa Whitmarsh, executive director of the Washington State Investment Board (WSIB), was named Executive Director of the Year at the April 28 Institutional Investor Roundtable for Public Plans.

Institutional Investor's third annual Investor Intelligence Awards were presented to outstanding and innovative public plan sponsors in North America. The honors are an outgrowth of the [Investor Intelligence Network](#), a private online platform organized in 2011 by Institutional Investor to encourage a collaborative exchange of investment ideas and best practices among pension plans, foundations and endowments.

The WSIB's Chief Investment Officer, Gary Bruebaker, also received a nomination for an Investor Intelligence Award for Public/Private Equity.

"Our primary aim is to recognize those individuals considered by peers and industry members to be true innovators, leaders and cutting-edge thinkers," said Katarina Storfer, Executive Director at Institutional Investor.

Ms. Whitmarsh has served as executive director at the WSIB since 2009 and previously worked six years as the WSIB's Chief Operating Officer. In March, she also was elected as board chair of the [Council of Institutional Investors](#), a professional association for employee benefit funds and endowments.

"It's a privilege to work with a terrific board and staff, and it's always energizing to partner at a professional level with peers who are constantly looking for ways to meaningfully improve our industry as a whole," said Whitmarsh.

During her tenure as executive director, Ms. Whitmarsh has spoken out in support of improved long-term investment disciplines, effective governance practices and increased gender diversity within the asset management industry. Prior to working at the WSIB, she worked for a leading health care data and analytics software company. She also served six years at the Washington State Department of Labor and Industries where she managed one of the largest workers' compensation funds in the United States.

The WSIB, created in 1981, manages approximately \$105 billion for the state's 17 public employee retirement plans and 18 other public trust funds in support of state universities, industrial insurance and developmental disabilities programs. The agency employs a staff of 92 to manage a global portfolio of private and public market investments. The WSIB's 15-member governing Board of Trustees consists of 10 voting members and five non-voting members, all of whom serve as independent fiduciaries.

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WSIB Wants More Disclosure on Climate Change Risks

(September 18, 2014)

Olympia – The Washington State Investment Board (WSIB) put its investment partners on notice today that it wants full disclosure of the climate change risks faced by the companies in which it invests and what those companies are doing to manage those risks.

At its meeting today, the Board adopted an investment belief initiated by outgoing Board Chair and state Treasurer James McIntire, which states in part: “We believe that a full disclosure of these (climate change) risks anticipated by the companies in which we invest and the investments managers with whom we partner, along with full disclosure of what they are doing to manage these risks, is necessary for us to invest responsibly”

“As a long-term investor, we simply cannot afford to have our investment partners ignore the increasingly obvious financial risks of climate change. We need this information to prudently manage the risks in our portfolio,” McIntire said. “This is not just about fossil-fuel investments, it’s also about our investments in agriculture, real estate and a myriad of industries with potential vulnerabilities.”

McIntire has chaired the Board for the last three years and has on several occasions expressed the WSIB’s position that it prefers to work with and engage companies on issues of concern, such as climate change and greenhouse-gas emissions, rather than divest. Like other large public pension funds, the WSIB has been urged to sell its holding in fossil-fuel companies.

“Because most of the WSIB’s investments are externally and passively managed, it would be a difficult and costly exercise to divest,” McIntire said. “But more importantly, once you sell your stock, you’ve lost your voice and any influence you had in the way the company is being managed. You’ve sold your seat at the table to someone else.”

In addition to adopting the investment belief, the Board also signaled it would be willing to consider supporting shareholder proposals requiring companies to report on their efforts to address the risks associated with climate change.

The Board approved a new proxy voting guideline on shareholder initiatives. It states that generally, the WSIB “supports shareholder proposals seeking greater disclosure of a company’s practices that address environmental issues and risks. This includes disclosure of actual and potential liabilities and contingency plans that respond to potential risk posed by climate change.”



Washington's Chief State Investment Officer Gary Bruebaker Appointed to Financial Accounting Foundation Board of Trustees

(June 24, 2014)

Olympia – The Financial Accounting Foundation (FAF) today appointed Washington State investment official Gary Bruebaker to the FAF Board of Trustees, effective July 1. Bruebaker currently is the chief investment officer for the Washington State Investment Board (WSIB) in Olympia.

The FAF is the independent, private-sector organization responsible for the oversight of the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

"The Board of Trustees is pleased to welcome Gary as its newest member," said FAF Chairman Jeffrey J. Diermeier. "His extensive background in investment management and oversight will add significant value to the Trustees as we work to support the FASB and the GASB in establishing and improving financial reporting and accounting standards. Gary's experience in financial analysis and planning will be an important asset to the Trustees' Finance and Compensation Committee as it oversees the financial aspects of the FAF."

As the chief investment officer for the WSIB, Bruebaker is responsible for the investment and management of over \$100 billion in Washington's pension and other public fund assets. He establishes investment policies and procedures designed exclusively to maximize investment return at a prudent level of risk. Bruebaker also provides the Investment Board with guidance in financial analysis; including asset allocation modeling, investment risk and return parameters, strategic and tactical investment strategies, and investment performance measurement.

Previously, Bruebaker served as the deputy state treasurer for the Oregon State Treasury, where he formulated and implemented policy, practices, and performance measures for the financial infrastructure of the State of Oregon. While serving as the deputy state treasurer, Bruebaker also served as a member of the Oregon Short-Term Fund Board, the Oregon Municipal Debt Advisory Commission, and the Private Activity Bond Committee.

A holder of the Chartered Financial Analyst designation, Bruebaker received his MBA from the University of Oregon and Bachelor of Science degree in Business with honors from Oregon State University.

Bruebaker's term on the FAF Board of Trustees extends to December 31, 2018. He replaces John J. Brennan, whose term ends June 30. Mr. Brennan, who currently serves as chairman emeritus of Vanguard, was appointed to the FAF Board of Trustees in 2009. He served as the Board's chairman from 2009 through 2012.

About the Financial Accounting Foundation

The FAF is responsible for the oversight, administration, and finances of both the Financial Accounting Standards Board (FASB) and its counterpart for state and local government, the Governmental Accounting Standards Board (GASB). The Foundation is also responsible for selecting the members of both Boards and their respective Advisory Councils.



Theresa Whitmarsh appointed Executive Director of the State Investment Board

(September 17, 2009)

Olympia - The Washington State Investment Board (WSIB) has selected Theresa Whitmarsh as the first woman to head the agency, which is responsible for investing the state's retirement funds. She has served as the WSIB's acting Executive Director for the past six months.

Whitmarsh had been the WSIB's Chief Operating Officer since 2003, where she was responsible for investment operations, technology, research, risk and compliance.

"It is a great honor to be selected for this position," Whitmarsh said. "We have a well positioned investment program that is steadily recovering from the downturn. My goal is to keep the WSIB on course."

Whitmarsh said other major priorities include strengthening the WSIB's program to identify and manage risk, enhance the investment decision process with improved research and analytics and continue to position the WSIB as a sophisticated global asset manager.

"Theresa has done an excellent job as acting Executive Director and the Board believes her vision, expertise, and leadership skills are precisely what the WSIB needs to maintain our reputation as one of the most respected and successful institutional investment organizations in the world," said Pat McElligott, Board chairman.

The WSIB manages over \$65 billion in investment portfolios belonging to 17 separate state retirement plans and 22 other public and trust funds. The agency has a staff of 74 professionals in the areas of investments, information services, accounting and finance, and administrative support.

Whitmarsh's 25-year career in business and government spans insurance, technology and investments. Before joining the WSIB, she spent seven years as vice president for a leading health care data and analytics software company. She served six years at the Washington Department of Labor and Industries and ran the industrial insurance fund, one of the largest workers' compensation funds in the United States. She also served as communications director and editor of an award-winning newsletter for an insurance trade association in San Francisco. She holds a Masters in Business Administration from Pacific Lutheran University and Bachelors in English Literature from Seattle Pacific University.

The WSIB's Executive Director is appointed by the Board every three years to oversee staff, develop and recommend agency and investment policies for Board adoption, and ensure adherence to state policies and laws. Whitmarsh's annual salary will be \$256,000 and she will be subject for reappointment by the Board in October, 2012.



WSIB statement on BGI/BlackRock merger

(June 12, 2009)

Olympia - Although no immediate changes are expected to result from today's announcement that BlackRock, Inc. will buy Barclays Global Investors (BGI) from its parent company Barclays PLC, the Washington State Investment Board (WSIB) will closely monitor the situation as it unfolds.

As of June 8, 2009 the WSIB's investments with BGI and BlackRock totaled \$10.2 billion and \$1.6 billion, respectively.

Both BGI and BlackRock are highly respected organizations in the industry and their executive management teams have established long-term, reliable, and conscientious relationships with the WSIB. Obviously, mergers of this size can be challenging and the WSIB will be carefully observing how they are dealt with and resolved. Our primary interest is making sure the final outcome serves the best interests of those who benefit from the retirement and other public trust funds managed by the WSIB.

[BGI's Press Release](#)



State files suit to recoup investment losses

(May 20, 2009)

Board that oversees state retirement funds says Lehman Brothers failed to disclose its investments in troubled assets

Olympia - The Washington State Investment Board (WSIB) filed a lawsuit Wednesday to recover more than \$100 million in losses related to its purchase of investments from Lehman Brothers Holdings, Inc.

The defendants are former Lehman executives and directors, underwriters for the offerings, and Ernst and Young, the firm's outside auditor. The lawsuit alleges violations of federal and state securities laws, negligent misrepresentation, and breach of fiduciary duty. Lehman is not named as a defendant because the firm filed for bankruptcy protection in September 2008.

"We have a fiduciary duty to pursue recovery of these losses," said WSIB Acting Executive Director Theresa Whitmarsh. "It's our belief that had the defendants been more transparent and accountable, these losses could have been minimized or even avoided."

The suit, filed in Thurston County Superior Court, alleges that documents filed in connection with the securities offerings failed to disclose Lehman's negative returns on troubled mortgages, including sub-prime loans, and the true value of its mortgage-related assets. In addition, the lawsuit alleges that Lehman's financial statements failed to comply with applicable accounting standards.

The suit was filed on WSIB's behalf by the Office of the Attorney General and the law firm of Coughlin Stoia Geller Rudman & Robbins LLP. The Coughlin firm, hired for their expertise in federal securities law and securities litigation, is serving as a special assistant attorney general pursuant to a contract with the AGO. Previously, the firm successfully represented the state in a suit to recover losses related to securities fraud at telecommunications giant Worldcom.

WSIB is responsible for the investment and management of public trust and public employee retirement funds. It invests for 17 retirement plans that benefit 450,000 public employees, teachers, school employees, law enforcement officers, firefighters and judges. WSIB also manages investments for 22 other public funds that benefit industrial insurance, colleges and universities, those with developmental disabilities, and wildlife protection. The agency also manages a public employee deferred compensation program that supplements other retirement benefits.



WSIB appoints Theresa Whitmarsh as acting Executive Director

(February 19, 2009)

Olympia - The Washington State Investment Board (WSIB) today appointed Theresa Whitmarsh to serve as acting Executive Director of the agency responsible for investing the state's retirement funds. The Board also agreed to appoint an ad hoc committee to recommend a process for selecting a permanent director.

Whitmarsh will step in to replace Joe Dear, who begins his new job as Chief Investment Officer for the California Public Employees Retirement System (CalPERS) next month. Whitmarsh, currently Chief Operating Officer, has been with the WSIB since September 2003. Her appointment as acting Executive Director is effective Feb. 28, 2009.

"This is an exciting and tremendous opportunity for me and I'm honored the Board has confidence in my ability to lead this organization in these volatile times," Whitmarsh said.

The WSIB manages over \$67.6 billion in investment portfolios belonging to 17 separate state retirement plans and 22 other public and trust funds. The agency has a staff of 70 people in the areas of investments, information services, accounting and finance, and office/clerical support.

Dear has been the WSIB's executive director since November 2002. His previous positions include director of government affairs at the Russell Company; chief of staff for Governor Gary Locke; assistant secretary of labor for the U. S. Department of Labor/Occupational Safety and Health Administration; and director of the Washington State Department of Labor and Industries.

Before joining the WSIB, Whitmarsh served as vice president for leading health care analytic software firm; assistant and deputy director for the Washington State Department of Labor and Industries running the industrial insurance fund; and communications director for a California based insurance trade association. She received her MBA at Pacific Lutheran University and BA from Seattle Pacific University.



WSIB funds show loss from sale of Washington Mutual

(September 26, 2008)

Olympia - The Washington State Investment Board (WSIB) today estimated the loss to its funds from the Washington Mutual bank failure to be approximately \$47 million to the state's pension and other trust funds managed by the WSIB. The loss represents 0.059% of the WSIB's \$78 billion in total assets under management.

The WSIB's private equity program lost \$41 million and the remaining \$6 million in losses impacts the WSIB's public equity program.

In addition to 17 public pension funds, the WSIB manages investments for 21 other public funds including Labor & Industries' industrial insurance funds and the Deferred Compensation Program

"The WSIB is a large institutional investor with a long term perspective and a high quality well diversified investment strategy that is built to withstand inevitable market ups and downs," said WSIB Executive Director Joe Dear. "This is a period of great turmoil and concern, but we are confident that we will weather this storm."



Council of Institutional Investors Urges Caution on Federal Response to the Financial Crisis

(September 25, 2008)

Olympia - The Washington State Investment Board (WSIB), along with other public pension funds, is urging the Treasury Department, the Federal Reserve and Congress to proceed carefully as they consider responses to the unprecedented financial crisis.

Represented by the Council of Institutional Investors, the funds said that the top priority must be restoring stability to the U.S. financial markets. As significant long-term investors, Council member funds have a deep, abiding interest in ensuring that the capital markets are on a sound footing. Broader, more fundamental reforms, while needed, should not be undertaken in the heat of the current crisis.

"It is in the best interest of investors for U.S. authorities and Congress to focus now on stabilizing the financial markets," said Joe Dear, executive director of the Washington State Investment Board and chair of the Council of Institutional Investors. "You don't rebuild a house in the middle of a hurricane.

Reform of the financial regulatory system requires careful analysis of the factors that fueled the current debacle as well as global market trends. And any regulatory overhaul must ensure independent oversight of market participants, reliable and timely disclosures and, above all, robust investor protections and enforcement of the rules.

"The Council shares the frustration of congressional leaders who are pressing the Bush Administration to require pay curbs for CEOs at financial firms seeking government assistance. Wall Street is awash in platinum-plated CEOs at companies that have amassed staggering losses. Lawmakers should ensure that boards of directors have the necessary tools to effectively recapture ill-gotten gains paid to these corporate executives. The Council has long opposed severance payments, particularly to senior executives of companies that have performed poorly.

Financial authorities and Congress should turn a deaf ear to special pleading from lobbyists for companies whose recklessness sowed the seeds of financial calamity. "Now is not the time to yield to pressure from Wall Street lobbyists to further shelter financial firms," said Ann Yerger, the Council's executive director. The Council is especially alarmed by reports that financial services companies are lobbying to freeze or weaken fair value accounting for financial instruments. This accounting approach requires companies to value certain assets at the price they could get for them on the open market. A Council-commissioned white paper found that fair value accounting offers investors more useful information than alternative accounting approaches. The white paper, written by Stephen G. Ryan, the renowned professor of accounting and Peat Marwick Fellow at New York University's Stern School of Business, can be viewed below.

"Weakening accounting rules on financial instruments would benefit Wall Street at the expense of investors," said Yerger.

The Council of Institutional Investors (CII) is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members, policymakers and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on our members' behalf.



WSIB funds show loss from Lehman Brothers' bankruptcy

(September 15, 2008)

Olympia - The Washington State Investment Board (WSIB) today estimated the loss to its funds from Lehman Brothers' bankruptcy filing at approximately \$130 million.

The bankruptcy filing affects retirement, Labor & Industries, and trust funds managed by the WSIB. The WSIB had \$139 million of Lehman bonds and \$8 million of Lehman equity at cost. The WSIB continues to hold senior debt in Lehman Brothers, which the WSIB believes is worth more than current market value.

The WSIB's total assets under management were \$78 billion as of Friday, September 12, 2008. The loss represents 0.17 percent of assets under management.

[Lehman's Press Release](#)



Washington State Investment Board Calls on Congress to Extend Renewable Energy and Energy Efficiency Tax Credits

(July 29, 2008)

Investor group says 116,000 jobs at stake in solar and wind power industries alone

Washington D.C. - The Washington State Investment Board (WSIB) joined a group of investors today in calling on the U.S. Senate to extend tax credits for renewable energy and energy efficiency projects by at least five years to 2013. The tax credits are set to expire at the end of this year. Investors sent the letter to Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell in advance of expected Senate debate on the topic this week.

The investor group, which manages more than \$1.5 trillion in assets, is organized by Ceres and the Investor Network on Climate Risk (INCR). In addition to the WSIB, the 43 signers include other institutional investors, asset managers, treasurers and comptrollers such as California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS), California State Controller, the New York State Comptroller, New York City Comptroller, New Jersey State Investment Council, and state treasurers from California, Massachusetts, North Carolina, Oregon, Pennsylvania, Rhode Island and Vermont. (See full list below.)

In the letter, investors cite a February 2008 study by the Navigant consulting firm that a failure to enact these tax credit extensions will result in the loss of more than 116,000 jobs and \$19 billion in investment in 2009 in the solar and wind energy industries alone. To avoid these losses and ensure continued investment and growth in the renewable energy and energy efficiency industries, investors stressed that long-term tax credit extensions must be part of a set of comprehensive, supportive policies that Congress has already begun to pass.

"These credits are absolutely vital to provide the certainty necessary for investment in major renewable energy projects," said Mindy S. Lubber, president of Ceres and director of INCR. "Congress will support the continued development of 42,000 megawatts of renewable energy projects in 45 states - equivalent to the capacity of 75 electric power plants - by extending these tax credits."

"These incentives are critically important for CalPERS and our 1.5 million members," said Anne Stausboll, Interim Chief Investment Officer at CalPERS, the nation's largest public pension fund with more than \$250 billion in assets under management. "We're investing hundreds of millions of dollars in initiatives that seek solutions that are more efficient and less polluting than our existing power sources. Tax incentives are making such ventures even more attractive for investors who seek change in an energy-constrained market -- and they will continue to do so if extended."

Lubber said extension of the tax credits will help reduce energy prices as solar energy and other renewable energy sources continue to become more viable as alternatives to fossil fuel-based energy sources.

Full list of signatories:

Pension Funds, State Treasurers, and State/City Comptrollers

- Anne Stausboll, Interim Chief Investment Officer, California Public Employees' Retirement System
- Jack Ehnes, CEO, California State Teachers' Retirement System
- John Chiang, California State Controller
- Bill Lockyer, California State Treasurer
- Timothy P. Cahill, Massachusetts State Treasurer
- Orin S. Kramer, Chair, New Jersey State Investment Council
- William G. Clark, Director, New Jersey Division of Investment
- William C. Thompson, Jr., New York City Comptroller
- Thomas P. DiNapoli, New York State Comptroller
- Richard Moore, North Carolina State Treasurer
- Randall Edwards, Oregon State Treasurer
- Robin L. Wiessmann, Pennsylvania State Treasurer
- Frank T. Caprio, Rhode Island General Treasurer
- Jeb Spaulding, Vermont State Treasurer
- Joseph A. Dear, Executive Director, Washington State Investment Board

Asset Managers, Venture Capitalists, and Financial Service Firms

- Benchmark Asset Managers, LLC
- Judith L. Seid, Blue Summit Financial Group
- Geeta Aiyer, President, Boston Common Asset Management, LLC
- Bennett Freeman, Senior Vice President, Calvert Asset Management Company, Inc.
- Capricorn Investment Group LLC (Stephen J. George, CIO and Managing Principal; Ion Yadigaroglu, Managing Principal; John V. onson, Chief Operating Officer)
- Karina Litvack, Head of Governance & Sustainable Investment, F&C Management Ltd.



Washington State Investment Board Calls on Congress to Extend Renewable Energy and Energy Efficiency Tax Credits

(continued)

- Generation Investment Management US LLP
- Kristina Curtis, President, Green Century Funds
- Mindy S. Lubber, President, Ceres and Director, Investor Network on Climate Risk
- Peter D. Kinder, President and Co-Founder, KLD Research & Analytics, Inc.
- Luan Steinhilber, Director of Social Research, Miller/Howard Investments
- Mark Schwartz, Chairman, MissionPoint Capital Partners
- Mark Regier, Stewardship Investing Services Manager, MMA
- Joseph Keefe, CEO, Pax World Funds

Portfolio 21 Investments

- Richard W. Torgerson, Director of Social Research, Progressive Asset Management
- Joanne Dowdell, Senior Vice President, Director of Corporate Responsibility, Sentinel Financial Services Company
- Joan Bavaria, President, Trillium Asset Management Corporation
- David Berge, Managing Member, Underdog Ventures
- Tim Smith, Senior Vice President, Walden Asset Management
- Jack Robinson, President and CIO, Winslow Management Company

Endowments and Foundations

- Edith T. Eddy, Executive Director, Compton Foundation, Inc.
- Stephen Viederman, Board Member, Needmor Fund
- Rev. William Somplatsky-Jarman, Presbyterian Church (U.S.A.)
- Andrea Panaritis, Executive Director, Christopher Reynolds Foundation
- Timothy E. Wirth, President, United Nations Foundation
- Faith Brown, Acting President, Vermont Community Foundation
- Wren W. Wirth, President, The Winslow Foundation



WSIB Executive Director elected Chair of Board of Directors for Council of Institutional Investors

(July 14, 2008)

Olympia - Joe Dear, executive director of the Washington State Investment Board (WSIB), was elected Chair of the Board of Directors for the Council of Institutional Investors (CII) by his fellow Board members on July 11.

The position of chair became vacant recently when Dennis Johnson, Corporate Governance Director for CalPERS, announced he was leaving the public pension fund for a job in the private sector. Dear was the unanimous choice to succeed Johnson. Dear had been serving as Chair of the Council's Policy Committee since his re-election to CII's Board of Directors in April.

The Council of Institutional Investors is a not-for-profit association of 140 pension funds, including most of the largest pension funds in the U.S., with assets totaling more than \$3 trillion. Founded in 1985, the Council's purpose is to address investment issues important to its members. The council works to educate members and the public about corporate governance, and to advocate for strong governance standards on issues ranging from executive compensation to the election of corporate directors.

"Given the volatile nature of our financial markets today and the increasing call for greater government oversight, CII will play a critical role in representing the interests of its members," Dear said. "There has never been a more important time to have a strong voice advocating on behalf of institutional investors and the millions of shareowners we represent."

This is Dear's second, one-year term on the council's Board of Directors. Dear has served as the WSIB's executive director since November, 2002. Prior to that he was the government relations officer for the Frank Russell Company, chief of staff for Governor Gary Locke, assistant secretary of labor for the U.S. Occupational Safety and Health Administration (OSHA), and director of the Washington State Department of Labor and Industries. As director of Labor and Industries, Dear was a member of the Washington State Investment Board from 1987 to 1992 and served as Board chair from 1989 to 1991.



Investors Managing \$2.3 Trillion Call on Congress to Tackle Global Climate Change

(May 20, 2008)

Washington D.C. - More than 50 leading investors, including the nation's largest public pension fund and the world's largest listed hedge fund, today called on the U.S. Senate to enact strong federal legislation to curb the pollution causing global warming. In advance of the upcoming Senate debate on the Lieberman-Warner climate bill early next month, the group issued a letter today to Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell, calling for a national climate policy to reduce U.S. greenhouse gas emissions by at least 60 to 90 percent below 1990 levels by 2050. The request is similar to reductions that would be achieved under the Lieberman-Warner bill.

The group of investors, organized by Ceres and the Investor Network on Climate Risk (INCR), announced the investor letter at a climate change conference today at the U.S. Chamber of Commerce in Washington. The 52 signers include institutional investors, asset managers, treasurers and controllers such as the California Public Employees' Retirement System (CalPERS), Deutsche Asset Management, F&C Asset Management, the Man Group (the world's largest hedge fund), and treasurers and controllers for California, Connecticut, Maryland, New York City, New York, North Carolina, Oregon, Pennsylvania, Rhode Island and Vermont. (See full list below.)

In sending the letter, investors sent a strong message that climate policy uncertainty and the lack of federal regulations may be undermining companies' long-term competitiveness because it is preventing them from making large-scale capital investments in clean energy and other low-carbon technologies and practices.

"Establishing a strong national climate policy for emissions reductions will help investors manage the enormous risks and opportunities posed by global warming," said Anne Stausboll, interim chief investment officer at CalPERS, the nation's largest pension fund with \$249 billion in assets under management. "In a world where energy consumption and carbon intensity are increasingly important, we must enact climate legislation that enables U.S. companies not only to compete in a carbon-constrained environment, but to lead in the transition to a clean, low-carbon global economy."

"Investors hate uncertainty, and that's the problem they face today," said Mindy S. Lubber, president of Ceres and director of INCR, in remarks being made today at the U.S. Chamber of Commerce. "Strong and decisive action from Washington will open the floodgates on large-scale clean technology investments, enabling U.S. investors and businesses to lead instead of lag on climate change solutions."

"It's time for Congress to step up to the plate and tackle climate change. Any further delay is inexcusable," said Oregon State Treasurer Randall Edwards, whose office manages \$80 billion in assets. "The Lieberman-Warner bill would give investors like me the ability to see the risks involved so we can begin rebuilding our economy by investing in green technologies."

The investor letter also calls on Senate leaders to press U.S. regulatory bodies - specifically, the Securities and Exchange Commission (SEC) - to issue specific guidance on what companies should disclose to investors on risks they face from climate change. Investors made the same such request in a petition they filed with the SEC last fall.

"Enacting climate policy legislation and enforcing climate-related information disclosure by businesses protects both our environment and our bottom line," said Pennsylvania Treasurer Robin L. Wiessmann, whose office oversees \$122 billion in assets. "The actions we call for today will create new investment opportunities in the clean technology sector and allow investors to thoroughly assess the opportunities and risks associated with the companies they do business with."

Climate change is already having far-reaching impacts on businesses and investors. In particular, energy intensive companies in the electric power, oil, and auto sectors face financial risks from carbon-reducing regulations that have been enacted in other countries and parts of the United States. Insurance companies and businesses with facilities in locations vulnerable to extreme weather events also face financial exposure. On the flip side, climate change presents significant economic opportunities for businesses that invest in renewable energy, low-emitting vehicles, and other technologies that save energy and reduce greenhouse gas emissions.

Citing these trends - as well as recent scientific reports concluding that climate change is taking place and that human activities are the primary contributor - investors are calling for the Senate to take the following three actions:

Enact legislation that will reduce greenhouse gas emissions by at least 60-90% by 2050. As noted in the letter, these reduction targets are consistent with last year's report from the Intergovernmental Panel on Climate Change (IPCC), the world's leading body of climate experts, which suggested the need for reductions 25-40% below 1990 levels by 2020 and 80-95% below 1990 levels by 2050).

Realign national energy and transportation policies to stimulate research, development and deployment of new and existing clean technologies at the scale necessary to achieve greenhouse gas reduction goals.

Press the Securities and Exchange Commission (SEC) to define the material climate-related issues that businesses should disclose to help investors understand the risks and opportunities related to climate change.



Investors Managing \$2.3 Trillion Call on Congress to Tackle Global Climate Change

(continued)

Full list of signatories:

Pension Funds, State Treasurers, and State/City Comptrollers

- California Public Employees' Retirement System
- John Chiang, California State Controller
- California State Teachers' Retirement System
- Bill Lockyer, California State Treasurer
- Connecticut Retirement Plans and Trust Funds
- Alex Sink, Florida Chief Financial Officer
- Nancy K. Kopp, Maryland State Treasurer
- Timothy P. Cahill, Massachusetts State Treasurer
- Orin S. Kramer, Chair, New Jersey State Investment Council
- William G. Clark, Director, New Jersey Division of Investment
- William C. Thompson, New York City Comptroller
- Thomas P. DiNapoli, New York State Comptroller
- Richard Moore, North Carolina State Treasurer
- Randall Edwards, Oregon State Treasurer
- Robin L. Wiessmann, Pennsylvania State Treasurer
- Frank Caprio, Rhode Island General Treasurer
- Stephen Abrecht, Service Employees International Union Master Trust Fund
- Jeb Spaulding, Vermont State Treasurer
- Joseph A. Dear, Executive Director, Washington State Investment Board

Asset Managers, Venture Capitalists, and Financial Service Firms

- Geeta Aiyer, President, Boston Common Asset Management
- Bennett Freeman, Senior Vice President for Social Research and Policy Calvert Asset Management Company
- Mike Johnston, Executive Vice President The Capital Group Companies (firm name for identification purposes only)
- Mindy S. Lubber, President, Ceres and Director, Investor Network on Climate Risk
- Francis G. Coleman, Executive Vice President, Christian Brothers Investment Services
- Kevin Parker, Global Head of Asset Management, Deutsche Bank
- Adam M. Kanzer, Managing Director & General Counsel, Domini Social Investments
- Alain Grisay, CEO, F&C Investments Generation Investment Management
- Kristina Curtis, President, Green Century Funds
- Vinod Khosla, Founder, Khosla Ventures
- Peter D. Kinder, KLD Research & Analytics, Inc.
- Jonathan Naimon, CEO, Light Green Advisors
- L. John Doerr, Partner, Kleiner Perkins Caufield & Byers
- Rob O. Challis, Global Head of Corporate Responsibility, Man Group
- Mark Schwartz, Chairman, MissionPoint Capital Partners
- Joseph Keefe, CEO, Pax World Funds
- Stephen Dodson, President, Parnassus Funds
- Joan Bavaria, President, Trillium Asset Management
- Tim Smith, Director of Socially Responsive Investing, Walden Asset Management
- Jack Robinson, President and CIO, Winslow Management Company

Foundations, Endowments and Other Institutional Investors

- Pam Solo, President, Civil Society Institute
- Jesse Fink, President, Betsy and Jesse Fink Foundation
- Germeshausen Foundation
- Rev. William Somplatsky-Jarman, Presbyterian Church (U.S.A.)
- Michael Crosby, OFM Cap, The Province of St. Joseph of the Capuchin Order Sisters of St. Francis of Dubuque, Iowa
- Barbara Kraemer, OSF, U.S. Provincial, School Sisters of St. Francis, Milwaukee, Wisconsin
- Patricia A. Daly, OP, Executive Director, Tri-State Coalition for Responsible Investment
- Timothy Brennan, Treasurer, Unitarian Universalist Association
- Timothy E. Wirth, President, United Nations Foundation
- V. Kann Rasmussen Foundation
- Wren W. Wirth, President, The Winslow Foundation

Ceres is a leading coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges such as global climate change. Ceres directs the Investor Network on Climate Risk, a network of 60 institutional investors focused on the business impacts from climate change. For more information, visit: www.ceres.org or www.incr.com.



SEC deals blow to investor rights, denies shareholders access to ballots

(November 28, 2007)

Olympia - "Shareholders have been dealt a serious injustice today by the very government agency charged with protecting them," said Joe Dear, executive director of the Washington State Investment Board (WSIB).

Dear was referring to Wednesday's vote by the Securities and Exchange Commission to prohibit shareholders from nominating candidates to serve as directors on corporate boards. The rule adopted by the SEC was the more objectionable of two proposals being considered. The proposed rules had generated the largest number of letters in opposition in SEC history - including two from the WSIB.

"As an institutional investor responsible for managing the retirement funds for public employees, teachers, school employees, law enforcement officers, firefighters and judges, we strongly believe that unhampered access to the proxy ballot is necessary to ensure that we are carrying out our duty to protect and enhance shareholder value for our beneficiaries," Dear said.

Noting that SEC Chairman Christopher Cox has stated his intention to revisit the issue of shareholder access to the proxy ballot next year, Dear said shareholders will need to be vigilant in holding Cox to that promise.



State Investment Board makes significant asset allocation changes for state retirement fund investments

(November 15, 2007)

Olympia-The Washington State Investment Board (WSIB) today increased the private equity and real estate asset allocation targets for state retirement systems invested in the \$66.3 billion Commingled Trust Fund (CTF). The private equity asset allocation target will increase from 17 percent to 25 percent and the Board raised the real estate target from 12 percent to 13 percent. The Board also allocated 5 percent to tangible assets, a new asset class for the WSIB, which includes investments such as infrastructure.

"We are mindful of the challenges associated with investing in private equity, but in exchange for assuming the additional risks the state's pension funds are being rewarded with higher and stronger investment returns than could be obtained through more traditional investments," said WSIB Executive Director Joe Dear. "We currently have 20 percent invested in private equity and despite the current turmoil, given our long-term investment horizon the Board believes raising the target to 25 percent is a reasonable and prudent strategy."

The WSIB's allocations to private equity, real estate and international assets are higher in comparison to other public pension funds and the annual rate of return for the CTF as of June 30, 2007 was an impressive 21.3 percent. According to the Wilshire Trust Universe Comparison Service (TUCS), that puts Washington in the top 5 percent of public pension plans with assets greater than \$1 billion. The median performance for funds in that category was 17.7 percent.

The Legislature assumes the WSIB will make an 8 percent annual investment return overall to help provide retirement security for over 440,000 public employees, teachers, school employees, law enforcement officers, firefighters, public safety workers, and judges throughout Washington state.

"Looking forward, over the next 20 years, even 8 percent would be a difficult target to meet if we had to depend on bonds, government securities and publicly traded securities," Dear said. "We have long, established relationships with many of the most successful private equity firms in the world and their demonstrated expertise in identifying and accessing high-quality opportunities makes a significant difference in our ability meet or exceed the assumed rate of return for Washington's retirement funds."

The Board has invested in real estate for more than twenty-five years and believes the increased allocation will continue to deliver significant diversification benefits and long-term, high-quality, stable income streams for the CTF. The move to tangible assets provides valuable diversification and the potential for attractive risk-adjusted returns.

Today's strategic asset allocation decision comes exactly one year after the process began with a series of educational sessions, in-depth discussions and hundreds of hours of analyses. In addition to recommendations from staff, the Board also worked closely with Pension Consulting Alliance, EFI Actuaries, Capital Dynamics, and the Office of the State Actuary.

Find out [detailed information](#) on why the Washington State Investment Board change its strategic asset allocation.



WSIB Executive Director elected to Board of Directors for Council of Institutional Investors

(March 22, 2007)

Olympia - Joe Dear, executive director of the Washington State Investment Board (WSIB), was elected this week to the Board of Directors for the Council of Institutional Investors (CII).

Dear was elected to the board at the council's annual spring conference in Washington, D.C. He is one of only two new members elected to the 15-member board.

The Council of Institutional Investors is a not-for-profit association of 140 pension funds, including most of the largest pension funds in the U.S., with assets totaling more than \$3 trillion. Founded in 1985, the Council's purpose is to address investment issues important to its members. The council works to educate members and the public about corporate governance, and to advocate for strong governance standards on issues ranging from executive compensation to the election of corporate directors.

"With the increasing complexity of today's global financial markets, CII is an important resource in helping us increase shareholder value and carry out our fiduciary obligations," Dear said. "I believe CII is one of the strongest and most effective voices for more accountable, transparent governance practices on behalf of the millions of shareholders its members represent."

Dear, WSIB executive director since November, 2002, will serve a one-year term on the council's board of directors.

State Investment Board joins the call for immediate action on a strong and clear national policy to address climate control

(March 19, 2007)

Olympia - The Washington State Investment Board (WSIB) joined dozens of other institutional investors and business leaders endorsing a Call to Action urging U.S. lawmakers to adopt strong legislation to help curb pollution causing global climate change. The coalition of investors and several leading U.S. companies outlined the business and economic rationale for clear national policy direction to address the risks of climate change which would enable the markets to deploy capital and spur innovation to reduce greenhouse gas emissions to avoid the dangerous impacts of global warming.

The group, organized by Ceres and the Investor Network on Climate Risk, issued a four-page Climate Call to Action at a press conference today in Washington, D.C. The signers include three-dozen public and private institutional investors such as the New York City Comptroller, California Public Employees Retirement System (CalPERS). Leading corporations, including Sun Microsystems, BP America, DuPont, Inc., and Exelon, also joined in the Call to Action.

WSIB Executive Director Joe Dear signed the Call for Action on behalf of the State Investment Board which manages over \$76 billion in state retirement and other public trust fund investments.

"From the perspective of the WSIB and other long term investors we need a national policy to address the issue of climate change," said Dear. "Global warming presents risks and opportunities for US businesses and investors, but the lack of a national climate change policy is hindering our ability to make informed decisions and to respond accordingly."

Some sectors, such as electric power providers, which emit large amounts of greenhouse gases, face high financial risks from carbon-reducing regulations. Insurance companies and businesses with infrastructure in places vulnerable to extreme weather events also face financial exposure. On the flip side, climate change presents significant economic opportunities for businesses that invest in new technologies and products to save energy and reduce greenhouse gas emissions.

The coalitions of investors and companies called for the following three actions:

Leadership by the US government to achieve sizable, sensible long-term reductions of greenhouse gas (GHG) emissions in accordance with the 60-90% reductions below 1990 levels by 2050. Wherever possible, the national policy should include mandatory market-based solutions, such as a cap-and-trade system, that establish an economy-wide carbon price, allow for flexibility and encourage innovation.

A realignment of national energy and transportation policies to stimulate research, development and deployment of new and existing clean technologies at the scale necessary to achieve GHG reduction goals.

The Securities and Exchange Commission (SEC) to clarify what companies should disclose to investors on climate change in their regular financial reporting.

The 65 signatories are as follows:

Pension Funds, Labor, State Treasurers, State/City Comptrollers

- Gerald W. McEntee, President, American Federation of State, County and Municipal Employees
- Bill Lockyer, California State Treasurer
- Fred Buenrostro CEO, California Public Employees' Retirement System
- Jack Ehnes, CEO, California State Teachers' Retirement System
- John Chiang California State Controller
- Denise L. Nappier, Connecticut State Treasurer
- Jonathan Miller, Kentucky State Treasurer
- Sean Harrigan, President, Los Angeles Fire & Police Pension Commission
- David G. Lemoine, Maine State Treasurer
- Nancy K. Kopp, Maryland State Treasurer
- Ann Wagner, CEO, Municipal Employees Retirement System of Michigan
- Bradley I. Abelow, New Jersey State Treasurer
- Orin Kramer, Chair, New Jersey State Investment Council
- William C. Thompson, Jr., Comptroller of the City of New York
- Thomas P. DiNapoli, New York State Comptroller
- Richard Moore, North Carolina State Treasurer
- Randall Edwards, Oregon State Treasurer
- Steve Abrecht, Executive Director, SEIU Master Trust Fund
- Bruce Raynor, President, UNITE HERE
- Leo W. Gerard, International President, United Steelworkers of America
- Jeb Spaulding, Vermont State Treasurer
- Joseph A. Dear, Executive Director, Washington State Investment Board



State Investment Board joins the call for immediate action on a strong and clear national policy to address climate control

(continued)

Financial Service Firms, Asset Managers, Other Leaders in Investing

- Geeta Aiyer President, Boston Common Asset Management
- Barbara Krumsiek, CEO, Calvert
- Mike Johnston*, Executive Vice President, The Capital Group Companies (* signed as an individual)
- Jeff Skoll, Chairman and Stephen George CIO, Capricorn Management LLC
- Michael W. O'Hern, FSC President and CEO, Christian Brothers Investment Services, Inc.
- Amy L. Domini, Founder and CEO, Domini Social Investments LLC
- Alain Grisay, CEO, F&C Asset Management
- Peter S. Knight, President, Generation Investment Management
- Peter D. Kinder, President and Co-Founder, KLD Research & Analytics, Inc.
- Robert A. G. Monks, Founder, LENS Governance Advisors
- Gregory Fleming, President, Global Markets & Investment Banking, Merrill Lynch
- Joe Keefe, CEO, Pax World Funds
- Rev. William Somplatsky-Jarman, Presbyterian Church (U.S.A.) (MORE)
- John P. M. Higgins, CEO, Ram Trust Services
- Patricia A. Daly, Sisters of St. Dominic of Caldwell, New Jersey
- Joan Bavaria President, Trillium Asset Management
- Tim Brennan, Treasurer, Unitarian Universalist Association
- Tim Smith, Senior Vice President, Walden Asset Management
- Jack Robinson, Founder and President, Winslow Management Co.

Foundation Endowments

- Denis Hayes, President and CEO, Bullitt Foundation
- Pam Solo, President, Civil Society Institute
- Ruth G. Hennig, Executive Director, The John Merck Fund
- Lance E. Lindblom, President and CEO, Nathan Cummings Foundation
- Stephen Heintz, President, Rockefeller Brothers Fund
- Tim Little, Executive Director, Rose Foundation for Communities and the Environment
- Jeff Skoll, Chairman and Sally Osberg CEO, Skoll Foundation
- Edward Skloot, President, Surdna Foundation
- Melissa S. Dann Executive Director, Wallace Global Fund
- Wren Wirth, President, The Winslow Foundation
- V. Kann, Rasmussen Foundation

Business Leaders

- Alain J. Belda, Chairman and CEO, Alcoa, Inc.
- Dr. Joachim Faber, Allianz SE
- Robert Malone, Chairman and President, BP America
- Kevin Burke, Chairman, President and CEO, Consolidated Edison, Inc.
- Chad Holliday, Chairman and CEO, DuPont
- John W. Rowe, Chairman, President, and CEO, Exelon Corporation
- Robert P. Stiller, President and CEO, Green Mountain Coffee
- Christopher L. Dutton, President, CEO, Green Mountain Power
- Daniel T. Hendrix, CEO, Interface Inc.
- Cheryl LaFleur Acting U.S. CEO, National Grid
- Peter Darbee CEO, PG&E Corporation
- Johnathan Schwartz CEO, Sun Microsystems, Inc.
- Ted Turner, Turner Enterprises



WSIB's Chief Investment Officer receives award for excellence in investment management

(October 31, 2006)

Olympia - Gary Bruebaker's work building the Washington State Investment Board (WSIB) into one of the nation's largest and most respected institutional investors was honored this week when he was selected for the 2006 Award for Excellence in Investment Management by Institutional Investor.

Bruebaker, Chief Investment Officer for the WSIB since 2001, received the award for Public Plan Sponsor of the Year. The WSIB manages more than \$72 billion in 35 separate funds. Among other investment responsibilities, the WSIB manages the financial future of more than 400,000 public servants through the management of defined benefit and defined contribution retirement plans. As Chief Investment Officer, Bruebaker is responsible for the design and implementation of the overall investment strategy and policy for these funds.

"In accepting the award, I said I was accepting it on behalf of the excellent staff and Board with whom I am fortunate to work," Bruebaker said. "I believe this award is formal recognition of the great work we are all doing together on behalf of those we serve."

Prior to joining the WSIB, Bruebaker served as Deputy State Treasurer for Oregon for eight years, director of the Oregon State Treasury for five years, controller of the Oregon Housing Agency for four years, and senior auditor for the Oregon Secretary of State Division of Audits for five years. He received his Master's Degree in Business Administration from the University of Oregon and his Bachelor of Science Degree with honors in business administration from Oregon State University. He is a Chartered Financial Analyst, a Certified Cash Manager, and a Certified Public Accountant.

The award was announced at the third annual Institutional Investor Awards for Excellence in Investment Management Oct. 23 in Chicago. The awards honor the outstanding achievements of the executives who manage U.S. pension plans, endowments and foundations on behalf of the nation's millions of retirees and other beneficiaries. Bruebaker was honored last year by the Institute for Fiduciary Education with the Leadership Award for his important contributions to the pension industry.



Washington State Investment Board hires new public equity fund managers and approves additional real estate and private equity investments

(September 16, 2005)

Olympia - The Washington State Investment Board (WSIB) selected Barclays Global Investors (BGI), State Street Global Advisors (SSgA), and Western Asset to manage U.S. Enhanced Indexing investment strategies. The three managers were chosen to improve diversification and control risks while seeking higher returns for state's Commingled Trust Fund (CTF) for pension assets.

As of August 31, 2005 the CTF totaled \$48.6 billion with \$16 billion invested in U.S. Equities. The amount of the U.S. Enhanced Indexing mandate for these three managers has not yet been determined.

In other business, the Board selected two new fund managers for the state's Deferred Compensation Program (DCP) and the Judicial Retirement Account (JRA). BGI was selected to manage \$300 million in a U.S. Core Equity investment mandate, and LSV Asset Management was selected to manage \$400 million in an Equity Value option for DCP & JRA participants.

The BGI and LSV funds will replace the Fidelity Independence Fund and the Fidelity Equity Income Fund respectively. BGI and LSV give DCP & JRA participants a unique opportunity to invest with major institutional money management firms which have consistently strong performance over the long term.

The Board also approved final negotiations for the following four new investments totaling \$1.2 billion in the Real Estate and Private Equity programs:

- \$500 million with Corporate Properties of the Americas, LLC
- \$500 million Evergreen Real Estate Partners, LLC.
- \$100 million with Vestar Capital Partners V, L.P.
- \$100 million with OCM Opportunities Fund VI, L.P.

Finally, the Board elected Patrick McElligott as new Board Chair, Deborah Brookman as new Vice Chair, and reappointed WSIB Executive Director Joe Dear to serve his second three-year term.



Washington's Investment Board takes on more active role in the process of influencing good corporate governance

(December 16, 2004)

Olympia – The Washington State Investment Board (WSIB) adopted a new proxy voting policy and guidelines today laying the groundwork to directly vote proxies for the WSIB's \$17.8 billion domestic equity portfolio beginning in 2005.

"This decision is a great step in the right direction and demonstrates the Board's commitment to directly influence good corporate governance and faithfully carry out its fiduciary duty to prudently manage pension and other public fund assets," said State Treasurer Mike Murphy, who serves on the Board and the WSIB's Audit Committee. "The Board believes that good corporate governance is an important tool for monitoring performance and enhancing value. Accountability is critical."

Treasurer Murphy was recently asked to serve on the National Association of State Treasurers' Corporate Governance Committee.

The WSIB's domestic equity portfolios are managed by Barclays Global Investors (BGI). The portfolios include 4200 stocks and are passively invested to match the returns of four index funds including the Dow Jones Wilshire 5000, the Russell 3000, the S&P 500, and the Russell 2000.

Historically, the WSIB domestic equity proxies were indirectly voted through BGI based on the Council of Institutional Investors (CII) corporate governance policies.

The WSIB recently contracted with Glass Lewis & Co., LLC (GL) and Investor Responsibility Research Center (IRRC) to assist in voting U.S. equity proxies in 2005. GL's research team is led by a former chief accountant of the Securities and Exchange Commission (SEC) and will provide proxy voting recommendations, consulting on proxy voting issues, and corporate governance education to the WSIB. The IRRC will provide operational services needed by the WSIB to vote the domestic equity proxies.

[View Proxy Voting Policy](#)



Washington State Investment Board launches new and improved website

(September 23, 2004)

Olympia – The Washington State Investment Board (WSIB) launched a redesigned web site today to improve customer service and provide easier, more intuitive access to investment information about the various retirement and other public trust fund portfolios managed by the WSIB.

While the home page address remains the same - www.sib.wa.gov – the revised content and new graphic design give users straightforward, concise information about the WSIB, the investments we manage, and how those investments are performing. The site is structured to help people quickly and easily find relevant information that serves their specific interests. It offers several “shortcuts” to the most popular investment reports and site pages to save time and minimize frustration.

The most important new design features include:

- A more inviting, people friendly home page that gives users quick and direct links to main sections and topic pages.
- New “Features” and “Popular Picks” links for frequently asked questions (FAQs); a more complete glossary of investment terms; and the most sought after investment reports.
- A new section on Asset Allocation that explains why the WSIB diversifies investments into different asset classes and how those investment programs are managed.
- New section reminder boxes and navigation tabs to easily guide users from one page to the next without getting frustrated and lost in the process.
- Information pages feature new buttons that allow visitors to easily print the page in a user-friendly format.
- Color choices and graphics that are easier to read and print.

“This web site upgrade is a part of our continuing commitment to expand and improve services to our customers,” said WSIB Executive Director Joe Dear.

As with all web sites, the WSIB’s site is and always will be a work in progress. Within the next few weeks, another new and long awaited page will be added featuring pictures and bios for each member of the Investment Board.



Washington State Investment Board approves real estate and private equity investments totaling \$1.25 billion

(September 17, 2004)

Olympia - The Washington State Investment Board (WSIB) approved a follow-on investment with Principal Enterprise Capital (PEC) I, and two new investments with Lone Star Fund V (U.S.) LP and Fortress Investment Fund III LP. All three commitments, which total up to \$1.2 billion, are subject to continued due diligence and final negotiation of terms and conditions.

Details by fund:

Principal Enterprise Capital (PEC) 1, LLC

- Follow-on real estate investment of up to \$600 million
- Combined with WSIB's previous investments, this follow-on brings the WSIB's total equity commitments with PEC to \$1.4 billion.
- The PEC partnership invests in small to medium sized private real estate operating companies who live and work in the communities in which they invest.
- PEC provides the WSIB with attractive, quality, long-term investments compared to traditional real estate investment products.

Lone Star Fund V (U.S.), LP

- Real estate investment of up to \$450 million
- The WSIB has invested in four prior Lone Star funds over the past eight years with commitments of \$50 million, \$200 million, \$400 million, and \$400 million respectively.
- The Lone Star management team is a dominant global franchise in the distressed debt industry.
- The aggregate net projected Investment Rate of Return (IRR) for the previous Lone Star funds since inception is 20.6%.

Fortress Investment Fund (FIF) III LP

- Private equity investment of up to \$200 million
- The WSIB has previously invested in two Fortress funds and one predecessor fund with commitments of \$100 million, \$200 million, and \$100 million.
- The new fund will make controlling investments backed by real estate and other tangible assets that can be acquired at a discount in the U.S. and Western Europe.
- Over the past ten years Fortress has generated an aggregate net IRR of 21.2%.

In other action, Board Chair George Masten and Vice-Chair Patrick McElligott were re-elected to those positions for another one year term.



Washington Investment Board approves two new private equity investments

(June 17, 2004)

Olympia - The Washington State Investment Board (WSIB) today approved plans to invest in a new, multi-stage venture capital fund available through Oak Investment Partners and another fund being raised by Oaktree Capital Management the most active buyers of distressed debt in the U.S.

Details by fund:

Oak Investment Partners XI, L.P.

- WSIB commitment: Up to \$100 million
- Fund type: Multi-stage venture capital fund with primary focus on communications, information technology, healthcare services, and retail.
- Previous experience: The WSIB invested in three Oak funds with commitments of \$20 million in Oak VIII in 1998, \$60 million to Oak IX in 1999, and \$100 million to Oak X in 2000.
- Track record: Oak's net rate of return is 23.5 % since inception

OCM Opportunities Fund V, L.P.

- WSIB commitment: Up to \$50 million total allocated as follows: Initial \$30 million in OCM V with possibility of another \$20 million in OCM Vb depending on investment environment.
- Fund type: Distressed debt
- Previous experience: WSIB invested in OCM funds I, II, III, and IV with commitments of \$38.6 million, \$75 million, \$125 million, and \$100 million, respectively.
- Track record: OCM's net rate of return is 10.9% since 1995

In other action, the Board approved a recommendation from its Public Markets Committee to hire LSV Asset Management as a fund manager for active value international equity. The Chicago based firm is focused on stock selection within countries and will share management of the WSIB's active value international mandate with Delaware International Advisers Ltd..

All investment and the fund manager decisions made by the Board today are subject to continued due diligence and successful negotiations of terms and conditions.

The WSIB was established by the state legislature in 1981 to manage the investments of public retirement and trust fund assets. As of March 31, 2004 the WSIB retirement fund portfolio was valued at \$44 billion and total assets under management were at \$57.6 billion.



Washington State Investment Board poised to select new active value and growth international equity investment managers

(April 7, 2004)

Olympia - The Washington State Investment Board (WSIB) next week will consider recommendations by its Public Markets Committee that, if approved, will finalize a complete restructuring of the WSIB's International Public Equity Program. The Committee met yesterday and today to interview and select final candidates to be recommended to the Board for active value and growth international equity investment managers.

The Committee is recommending the Board approve Delaware International Advisers Ltd. and Causeway Capital Management LLC as the fund managers for active value international equity developed markets. In addition, the Committee is recommending William Blair & Company and Julius Baer Investment Management Inc. as the active growth international equity investment managers.

The WSIB's international equity program represents \$7 billion of the state defined benefit retirement portfolio that, as of March 31, 2004, totaled approximately \$43 billion. In July 2003 the Board approved a plan to restructure and strengthen the entire program, shifting to a higher percent of active management to capture investment opportunities that could result in better returns. The most significant changes to the program include:

- Invest 95 percent of the retirement fund in developed markets and 5 percent in emerging markets. The previous mix was approximately 92 percent developed markets and 8 percent emerging markets.
- The emerging markets allocation is to be 100 percent actively managed and developed markets managers will be allowed to invest up to 15 percent in emerging markets on an opportunistic basis.
- Shift the developed markets component to a 60 percent/40 percent mix between active and passive management. The previous structure was 50/50.
- Invest half of the 40 percent passive allocation in an enhanced strategy.

Since the restructuring process began last July, the Board made the following decisions to fulfill the new International Equity mandate:

- Named Arrowstreet Capital, L.P, Capital Guardian Trust Company, and Fidelity Management Trust Company as the core managers for the WSIB's active international equity developed markets program.
- Approved Barclays Global Investors, N.A. and Goldman Sachs Asset Management to manage 50 percent of the total international developed markets passive equity allocation in enhanced index strategies.
- Selected State Street Global Advisors as the successful offeror for the international developed markets equity index investment allocation.

As of March 31, 2004, approximately \$1.2 billion is targeted for the total allocation to each of the growth and value mandates. If the Board approves the Committee's recommendations for the value and growth international the final outcome will be subject to continuing due diligence and successful negotiation of acceptable terms and conditions.



The Washington State Investment Board and the Washington Technology Center join forces to promote investment in Washington Companies

(January 20, 2004)

Olympia, WA - With the goal of encouraging investments in Washington-based companies, the Washington Technology Center (WTC) and the Washington State Investment Board (WSIB) have entered into a Memorandum of Understanding (MOU) that represents a new level of agency collaboration to improve economic opportunity and growth statewide.

"Washington is rich with investment opportunities, and the incentive for this new partnership between the WSIB and the WTC is to help turn those opportunities into prudent and solid investments that will enhance the state's economic landscape," said WSIB Executive Director, Joe Dear.

This MOU is a direct result of the WSIB's recently adopted Economically Targeted Investment (ETI) policy that was approved by the Investment Board in March 2003. A key policy directive is to facilitate the exchange of information between WSIB's General Partners and appropriate parties and organizations like the WTC. WTC has knowledge of quality, in-state investment opportunities and can help connect potential investors with emerging Washington-based businesses looking for capital.

"WTC is pleased to be able to support a program that will enhance our statewide economic impact while keeping investments within our local communities," said WTC Executive Director, Lee Cheatham.

The primary goals of the MOU are to:

- Provide greater access for General Partners to Washington opportunities.
- Improve company readiness for investment.
- Develop a joint Web page through the WTC's Angel Network that will provide company information to General Partners to help support sustainable economic development throughout the state.
- Under the MOU, the WTC Angel Network will also host various educational and training events for local investors and entrepreneurs. The goal is to create a network that that improves communication and access to investment opportunities and funding, both within and outside a given geographic area.



Washington State Investment Board chooses three firms to manage WSIB's active international developed markets core equity mandate

(January 15, 2004)

Olympia - The Washington State Investment Board (WSIB) today voted to pursue contract negotiations with Arrowstreet Capital, L.P., Capital Guardian Trust Company, and Fidelity Management Trust Company as new core managers for the WSIB's Active International Equity Developed Markets Program.

Subject to continuing due diligence and successful negotiation of acceptable terms and conditions, these firms will manage up to \$1.5 billion in core international equity investments for the WSIB.

In July, 2003, the Board approved a plan to restructure and strengthen its International Public Equity Program, shifting to a higher percent of active management to capture investment opportunities that could result in better returns as the economy improves. Today's decision is a major component of completing that change.



The Washington State Investment Board calls on individual shareholders to act now and get involved in corporate governance!

(December 11, 2003)

Olympia - The Washington State Investment Board has already spoken out in support of corporate reform and is calling on individual shareholders to do the same and to take action by December 22, 2003.

The Securities and Exchange Commission (SEC) is currently looking closely at the rules governing proxy voting (shareholder votes taken at a corporation's annual meeting) and exploring what recourse shareholders might have in replacing corporate directors who are not responsive to the shareholder's needs. As the SEC does their review, they make proposed modifications or new rules and solicit the public's comments on them.

The SEC needs to hear from Washington state's pensioners – the individual stakeholders of the WSIB investment portfolios – in regard to rule S7-19-03, which gives shareholders the right to nominate their own candidates to replace unresponsive and irresponsible corporate board members during elections. Simple logic dictates that faced with the possibility of removal, corporate directors will be forced to pay greater attention to the issues that matter to shareholders.

Please take a few moments to send the SEC a note indicating your support for S7-19-03. The SEC will take public comment into consideration as it embarks on a review of the proxy rules. Our hope is that the SEC study will ultimately lead to an improved process that will permit shareholder-nominated candidates for the board of directors to appear in the corporate proxy statement and as a ballot choice on the corporate proxy card.

All public comments must be submitted by December 22, 2003.

Please note that brevity is important; your message need only be long enough to show your support of the review of the proxy rules. You may write your own message, or use the text supplied below as a cut-and-paste email.

Suggested Message Text

"I support the proposed rule, Security Holder Director Nominations, Section 14 of the SEC Act of 1934, which governs shareholder access to the proxy statement and ballot. I believe improving this access will go a long way toward restoring the confidence of all investors in the capital markets."

Email Instructions

It is important that your subject line read: Re: S7-19-03. You can copy and paste the above text into your own email window and send it to: rule-comments@sec.gov.

For additional information and to view other comments on this issue, you can visit the Securities and Exchange Commission's website.



Washington Investment Board votes to launch immediate search for International Fund Manager to replace Putnam

(November 20, 2003)

Olympia - The Washington State Investment Board (WSIB) directed staff to conduct an immediate search to replace Putnam Investments as the WSIB's core international equity fund manager. The expedited search could be completed as early as January, 2004.

Putnam currently manages a \$585 million international equity portfolio for the WSIB. The company was placed on WSIB's watchlist in October because of concerns about allegations against Putnam and two former managers for improper mutual fund trading practices. Washington's assets with Putnam are in a separate account and are not invested in any mutual funds.

Based on daily communications with Putnam, WSIB staff is satisfied the money is being prudently managed at the present time. In deliberating its decision the Board directed staff to proceed with an expedited search for a developed markets international core manager. The decision enables the WSIB to leave the money where it is until a new manager is hired and to avoid making more than one transition payment to move the assets which saves retirement fund members and beneficiaries a considerable amount of money.

"This is a reasonable and prudent approach," said WSIB Executive Director Joe Dear. "It sends a clear message that the Board has lost confidence in Putnam and establishes WSIB's expectation about what is unacceptable conduct but not in a haphazard fashion."

The WSIB's Public Equity unit monitors and evaluates these managers in areas of performance, philosophy and process, organization, compliance, and client service. The Board may terminate a manager on five-business days' notice.

Earlier this year, the WSIB approved a plan to restructure the international equity program shifting to a higher percent of active management to capture investment opportunities that could result in better returns as the economy improves. As part of the restructuring plan, the WSIB is preparing to begin its search in early December for new contract bids from international equity active investment managers. That search, with the exception of the core manager replacement contract search, will move forward as planned and is expected to be completed no later than April of next year.

Putnam has been under contract with the WSIB since June, 1999. All of WSIB's current international fund manager contracts, including Putnam's, are scheduled to expire in June, 2004.



The Washington State Investment Board adds two new funds to its private equity investment portfolio/Issues RFP for International Equity Managers

(October 17, 2003)

Olympia - The Washington State Investment Board approved investments in two new private equity funds that will target buyouts of undervalued firms and technology companies. The WSIB will invest \$175 million in TPG Partners IV, LP, a private equity fund managed by Texas Pacific Group with a target size of \$4.5 billion.

Three years ago, the WSIB invested \$82 million TPG Partners III, LP which resulted in annual net gains of 12.4 percent. The Board approved the new fund investment based on TPG's strong track record and the opportunity to expand a successful and proven general partnership.

"TPG's talented and experienced management team has demonstrated exceptional competence in finding value in complex transactions and turnarounds of distressed companies that other firms have avoided," said WSIB Executive Director Joe Dear. "This TPG investment, along with the Board's approval today of \$125 million to be invested in a new fund managed by Silver Lake Partners, LP, are extremely attractive and promising opportunities to bolster returns for state pension members and beneficiaries."

As mentioned, the WSIB also approved the investment of \$125 million in Silver Lake Partners II, LP, a new fund with a \$3 billion target that will focus exclusively on companies in the technology sector. As with TPG, the WSIB is an existing investor with Silver Lake Partners, having committed \$60 million to the firm's first fund, SLP I, in 1999. As of June 30, SLP I had a net 25.2 percent internal rate of return for the WSIB and other fund investors.

"Despite a very difficult technology investment environment over the past few years, SLP has achieved remarkable success and strong returns," said Dear. "Over the long-term our portfolio will benefit from the expertise of firms like Silver Lake that are well-positioned as strong leaders in their respective industries. The TPG and Silver Lake investments were approved by the WSIB contingent upon satisfactory negotiations of terms and conditions.

In other action, the WSIB is conducting a competitive search for managers for its entire \$5.3 billion developed markets international equities mandate, which includes active, enhanced index, and passive. Current manager contracts expire June 30, 2004. Incumbent managers are eligible to bid. The process is being managed by the WSIB and investment consultant Callan Associates is assisting with the search.

The WSIB manages investments of about \$40 billion in Washington's public employee pension assets. In 2001, the WSIB increased the private equity target allocation for the total pension fund portfolio from 15 to 17 percent. Currently private equity represents about 14 percent of that portfolio.



Washington State Investment Board inducted into Private Equity Hall of Fame

(September 23, 2003)

Olympia - The Washington State Investment Board today became one of the first public institutional investors to be inducted into the "Private Equity Hall of Fame," awarded each year by Private Equity Analyst newsletter. The WSIB was selected because of its long-term commitment to investments in private equity, which have generated \$3.8 billion in profits for the beneficiaries of pension fund investments managed by the WSIB.

The award was presented to WSIB Executive Director Joe Dear today during the Private Equity Analyst Conference, in New York. "This award is a tribute to several visionary founders and partners of the WSIB, most especially the WSIB's first executive director, John Hitchman; former board members Bob Hollister and Bob Nathane; and private equity partners George Roberts and Henry Kravis of Kohlberg Kravis Roberts & Co., DuBose Montgomery, of Menlo Ventures, and Brooks Zug, of HarbourVest Partners," said Dear. "All of the members of the retirement plans whose investments are managed by WSIB are beneficiaries of their wisdom, courage, and good judgment."

Hall of Fame award winners are selected in consultation with industry veterans to recognize individuals and organizations that have made exemplary and enduring contributions to the private equity asset class. In addition to its long-standing private equity commitment, the WSIB was cited for being one of the first public pension funds to actively embrace private equity and other related investments including venture capital and real estate.

The WSIB made its first private equity investment in 1981, long before most institutions were even aware that such opportunities existed. With a target allocation of 17 percent, private equity currently accounts for 14 percent of the state's retirement fund portfolio, which makes it one of the largest among peer institutional investors.

Other 2003 inductees into the Private Equity Hall of Fame are: Buyout Category: Bain Capital; Venture Capital Category: Paul J. Ferri, Matrix Partners; Institutional Investor & Advisor Category: Oregon State Treasury; Industry Contributor: Richard J. Testa, founding partner Testa, Hurwitz & Thibeault, LLP.



Washington State Investment Board announces two key appointments

(August 11, 2003)

Olympia - The Washington State Investment Board today announced the appointment of Theresa J. Whitmarsh as WSIB's Deputy Director for Operations and Janet M. Kruzel as a new Investment Officer for Private Equity.

The WSIB manages over \$51 billion in public employee retirement and trust fund investments. Whitmarsh, who previously served as a Deputy Director for the state's Department of Labor and Industries, will oversee all accounting and budgeting functions at the WSIB.

"Theresa Whitmarsh is a strategic, energetic, and visionary leader who will help take the WSIB to the next level as an institutional investor known for accounting accuracy, sound financial information and controls, and state-of-the-art management systems that benefit all of the many people we serve," said WSIB Executive Director Joe Dear.

Currently, Whitmarsh is Vice President of Business Development (1996-present) for Solucient, L.L.C., a private sector health care data company based in Evanston, Illinois. Whitmarsh holds a Masters of Business Administration, Technology and Innovation Management degree from Pacific Lutheran University, Tacoma, Washington. And she is a graduate of Seattle Pacific University, with a degree in English Literature.

In her tenure at Labor and Industries, from 1990 to 1996, Whitmarsh improved the financial performance of Washington's industrial insurance fund that resulted in a ten percent rate reduction and a \$200 million customer rebate. She also introduced significant improvements in agency technology and directed a \$100 million biennial operating budget.

Janet Kruzel comes to the WSIB from the Kansas Public Employees Retirement System (KPERS) in Topeka, Kansas. Over the past 12 years at KPERS, Kruzel held three different private equity positions, with each promotion adding an increasing level of responsibility and expertise. During the past six years, Kruzel served as an Alternative Investment Officer for KPERS and was responsible for coordinating the purchase of 54 partnership funds and overseeing daily operations of a well diversified, complex private equity portfolio valued at nearly \$500 million.

"Janet played a key role in developing and improving KPERS's private equity portfolio, especially its economically targeted investment program, and this will be her main focus at the WSIB," said Dear. Kruzel received her Masters of Business Administration degree from Emporia State University and her Bachelor of Arts in Mathematics from Kansas State Teachers College, Emporia, Kansas.

Kruzel began her new duties at the WSIB, Friday, August 1, 2003. Whitmarsh starts on September 2, 2003.



Washington's Investment Board restructures International Equity Program creating opportunities for better performance

(July 17, 2003)

Olympia - The Washington State Investment Board today voted to restructure its International Public Equity Program which, as of June 30, 2003, represents \$5.6 billion of the total \$38.6 billion state retirement funds. The program is invested in both developed and emerging markets and the most significant changes approved by the Board would:

- Invest 95 percent of the fund in developed markets and 5 percent in emerging markets. The current mix is 90 percent developed markets and 10 percent in emerging markets. The 5 percent strategic emerging markets allocation would be 100 percent actively managed.
- Shift the developed markets component of the program to be more actively- managed with a new 60 percent/40 percent mix between active and passive management. The current management structure is 50 percent passive and 50 percent active.
- Subject to Board approval at a later date, half of the 40 percent passive allocation could be moved into and managed within an "enhanced" management strategy that could also result in opportunities for better performance.

"Our international equity program is a strong component of a strategic and well-balanced investment plan and with these changes the intent of the Board is to make it even stronger," said WSIB Executive Director Joe Dear. "With a higher percent of active management and enhanced indexing this restructuring gives the WSIB and fund managers more flexibility to capture investment opportunities that could result in better returns as the economy improves."

The new plan maintains the current 15 percent target allocation for International Equity in the WSIB retirement fund asset mix. Finally, the new plan only impacts program structure. The line-up of fund managers remains the same and no changes are anticipated until after the new international structure is established.

In other significant news, WSIB staff reported that for the first time in two years, the total retirement fund rate of return ended in positive territory. As of June 30, 2003 the fund was up by 3.1 percent compared to -6.4 percent for the same time period a year ago and -6.0 percent for 2001.



The Washington State Investment Board unveils new, improved web site

(July 1, 2003)

Olympia - The Washington State Investment Board today launched a newly-redesigned web site that significantly improves access to information about how billions of dollars in investments for state retirement and other public trust fund assets are being managed and performing.

"Technology has come a long way since our first site was developed," said WSIB Executive Director Joe Dear. "The new design is a big step forward in providing a full range of new online features for quicker access to user-friendly information about who we are, what we do, and how we're performing."

The original web site was several years old and difficult to navigate. The new design is part of a larger effort by the WSIB to improve communications and customer service overall. The new site (at www.sib.wa.gov) offers several notable features including:

- Fresh, conversational and friendly content written to match the interests and needs of the various audiences who frequent the site, including financial and investment experts, the news media, and members of the state pension plans.
- Easy-to-find links to monthly, quarterly, and annual financial performance reports including the highly sought after Investment Rate of Return (IRR) report for the WSIB's private equity and venture capital program.
- More complete and useful information about the 15 members who serve on the Investment Board, their background, responsibilities, and fiduciary duties.
- Agendas and minutes of the Board and Committee meetings. Soon to come will be links to electronic copies of meeting handout materials.
- Embedded links that allow visitors to jump directly to related web sites, source documents, and a glossary of investment terminology definitions.

The new web site redesign was a team effort developed by WSIB staff and design experts with the Department of Information Services. As part of its debut, the new design will be featured on the Inside Washington statewide intranet to help other state agencies notify their employees, pension plan members and beneficiaries, and public trust fund constituents about the new site.



WSIB Monthly Performance Results now available on the Web

(June 11, 2003)

Olympia - Starting this week, monthly performance results for defined benefit retirement and other funds managed by the Washington State Investment Board will be available via the internet for easier access and review. Investment performance numbers for May, 2003 will be posted on WSIB's website at www.sib.wa.gov by Friday, June 13, 2003. Our goal is to post updated numbers by close of business on the 10th business day of each month.

Please help spread the word about this new feature to all public employees, retirees, beneficiaries, and trust fund constituents. Options include posting a special notice on office intranets, agency websites, or sending a broadcast email to interested parties within your purview about this new feature and how it will improve the ability to closely monitor and track investment performance for Washington's retirement systems and public trust funds.



The Washington State Investment Board continues to show strong, relative investment return performance

(May 15, 2003)

Olympia - First quarter results show the Washington State Investment Board (WSIB) outperformed the median return of other public investment funds with assets under management greater than \$1 billion as measured by the Trust Universe Comparison Service (TUCS) in the quarter ending in March 2003 and the 1 year, 3 year, 5 year, and 10 year.

The WSIB oversees \$48.1 billion of the state's public trust and retirement funds. The latest WSIB investment performance report was released at the Board's regular monthly meeting in Olympia today.

Commenting on the report, WSIB Executive Director Joe Dear said "Washington's investment strategies maintain a disciplined focus on long term investment performance, and despite extremely difficult recent financial markets, our 10 year performance of 7.79 percent is still 58 basis points ahead of the 7.21 percent total for the median public fund with assets greater than \$1 billion under management in TUCS. That's the result of solid management practices and good investment strategies."

In other business today, the WSIB approved one-year extensions for six active international developed markets public equity investment manager extensions. These extensions, through June 30, 2004, were approved for Artisan Partners (Artisan), Delaware International Advisers (Delaware), Dresdner RCM Global Investors (Dresdner RCM), Nicholas-Applegate Capital Management (NACM), Putnam Investments (Putnam), and Pyrford International (Pyrford).

The WSIB's Public Equity unit monitors and evaluates these managers in areas of performance, philosophy and process, organization, compliance, and client service. The Board may terminate a manager on five-business days' notice.

The Board also voted in favor of a one-year contract extension with Cost Effectiveness Measurement, Inc. (CEM) which provides cost-effectiveness and benchmark analysis services relative to the Board's defined benefit plan. The CEM contract was also extended through June 30, 2004.

Copies of WSIB's first quarter performance results and asset allocation results are attached or available on line at www.sib.wa.gov.