



**Thursday, April 7, 2022
Private Markets Committee**

Call to Order - 9:00 A.M.

**The Committee meeting will be conducted via Webex video conference.
Members of the public will be provided access via teleconference.**

1. Call to Order (9:00a)

2. Adoption of the Minutes (9:00-9:05)

A. Adoption of the December 2, 2021 Minutes

3. Private Equity Investment Recommendation (9:05-10:45)

A. The Rise Fund III (9:05-9:50)

B. Break (9:50-10:00)

C. TPG Healthcare Partners II (10:00-10:45)

4. Closing Log (10:45-10:50)

A. Closing Log

5. Other Items (10:50-10:55)

6. Adjourn (10:55a)

**WASHINGTON STATE INVESTMENT BOARD
Private Markets Committee Meeting Minutes
April 7, 2022**

The Private Markets Committee met in open public session via Webex video conferencing, with dial-in access to the public.

Members Present: Tracy Guerin, Acting Private Markets Committee Chair
Ada Healey
Judy Kuschel
Yona Makowski
Senator Mark Mullet
David Nierenberg

Other Board Members
Present:

Bill Longbrake

Members Absent: Joel Sacks

Also Present:

Allyson Tucker, Chief Executive Officer
Chris Hanak, Chief Investment Officer
Fabrizio Natale, Senior Investment Officer – Private Equity
Michael J. Nelson II, Investment Officer – Private Equity
Julia Ferreira, Investment Officer – RMAA
Deanne Lee, Administrative Assistant

Tor Jernudd, Assistant Attorney General
Tom Cawkwell, Albourne America LLC
James Coulter, TPG Inc.
Maya Chorengel, TPG Inc.
Maryanne Hancock, Y Analytics
Alastair Bushby, TPG Inc.
Jack Weingart, TPG Inc.
Todd Sisitsky, TPG Inc.
Jeffrey Rhodes, TPG Inc.
Katherine Wood, TPG Inc.

CALL TO ORDER

Acting Chair Guerin called the meeting to order at 9:00 a.m. and took roll call.

ADOPTION OF THE December 2, 2021, MINUTES

**Acting Chair Guerin moved to adopt the December 2, 2021, minutes.
Ms. Kuschel seconded, and the motion carried unanimously.**

**PRIVATE EQUITY INVESTMENT RECOMMENDATION – THE RISE FUND III,
L.P.**

Mr. Natale shared background on the investments and explained the reasoning for presenting the proposed investments in The Rise Fund III, L.P. and TPG Healthcare Partners II, L.P. to the Private Markets Committee for a recommendation to the Board.

Ms. Ferreira presented the staff recommendation for an investment of up to \$250 million in The Rise Fund III, L.P. The proposed investment was included in the Board-approved 2022 private equity annual plan, and the investment is consistent with the model portfolio. Through the Innovation Portfolio, the WSIB has invested in three prior funds from the Rise platform, and through its private equity portfolio, the WSIB has invested in eleven other funds sponsored by TPG Inc. (TPG) over the last 22 years.

Ms. Ferreira stated that The Rise Fund III, L.P. represents an attractive opportunity for the WSIB to obtain additional exposure to high-performing, impact-related sectors of growth equity and smaller buyout transactions that would add diversification to the WSIB's private equity portfolio. She highlighted that the fund will employ the usual TPG Growth performance underwriting strategy, combined with a rigorous impact underwriting framework performed by Y analytics, a public benefit corporation affiliated with TPG, and audited by KPMG. She noted that the mission and visibility of the Rise funds have made a difference in access preference, and they have an advantage in sourcing deals and unlocking value in impact investing. She discussed the Rise team, led by James Coulter, Maya Chorengel, Stephen Ellis, and Michael Stone, and she commented on the strong performance results, noting that there is some concern over the unproven realized track record in impact investing.

Mr. Nierenberg recused himself from the discussion due to the appearance of a conflict.

Discussion ensued regarding the pace of realizations of investments in The Rise Fund, L.P.

Ms. Tucker reiterated the reasoning behind staff's presentation of the proposed investments to the Committee for recommendation to the Board.

Mr. Cawkwell discussed Albourne's due diligence of TPG, relaying that Albourne America LLC has been covering TPG since 2019, they have conviction in TPG, and the firm is supportive of the investment. He noted that TPG has been able to do impact funds with real scale, and he highlighted that although TPG is highly institutional, they have a highly entrepreneurial culture.

Discussion ensued regarding compensation of the members of TPG's Global Advisory Board.

Mr. Coulter addressed the strategy of the fund and the Rise funds' proven impact investing at scale, noting that the Rise funds are generating impact while delivering market returns. He discussed how impact capital is supporting impact entrepreneurs, explaining the era of "and" where investors are seeking impact along with performance.

Ms. Chorengel stated that the Rise funds represented the development of a special ecosystem. She explained the funding gap for impact entrepreneurs, noting that the Rise funds are bringing solutions to big problems. She discussed the targeted sectors for the proposed fund and shared a video to demonstrate the important work of the Rise funds' portfolio companies. She summarized the history and performance of the Rise funds, including recent realizations.

Discussion ensued regarding the Rise funds' conservation efforts.

Ms. Hancock discussed Y Analytics and the impact underwriting methodology. Mr. Coulter addressed the importance of environmental, social and governance (ESG), commenting that the Rise platform has led to TPG often being the partner of choice for entrepreneurs.

Discussion ensued regarding one of the Rise funds' portfolio companies and competitors in the market.

Acting Chair Guerin moved that the Private Markets Committee recommend the Board invest up to \$250 million, plus fees and expenses, in The Rise Fund III, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Ms. Kuschel seconded, and the motion carried unanimously.

[The Committee recessed at 10:06 a.m. and reconvened at 10:11 a.m.]

PRIVATE EQUITY INVESTMENT RECOMMENDATION – TPG HEALTHCARE PARTNERS II, L.P.

Mr. Nelson presented the staff recommendation for an investment of up to \$120 million in TPG Healthcare Partners II, L.P. (THP II), which is a healthcare-focused sidecar being raised concurrently with TPG Partners IX, L.P. (TPG IX). The proposed investment is consistent with the private equity model portfolio. The WSIB has a long relationship with TPG, having invested in 14 prior TPG funds over the last 22 years.

Mr. Nelson stated that an investment in THP II represents an attractive opportunity to continue the WSIB's relationship with a high quality global general partner, while at the same time increasing exposure to TPG healthcare deals, which are the types of transactions at which TPG is strongest. He highlighted that TPG Capital now has a more invigorated and focused team that has had significant success with more recent vintage funds, including with respect to returning capital to investors. He discussed the TPG team, led by Todd Sisitsky, Nehal Raj, and Jeffrey Rhodes, as well as concerns over the recent initial public offering of TPG.

Discussion ensued regarding TPG's dividend policy.

Mr. Cawkwell discussed Albourne's due diligence of TPG since 2007 and highlighted its established senior team on the healthcare side. He stated that the sidecar is a great way to get exposure, and there are a limited number of groups who can provide this scale as competitors are raising smaller funds.

Mr. Weingart introduced the TPG team. Mr. Sisitsky reviewed the team, scale, capital deployed, and returns. He discussed the side-by-side construct of THP II investing alongside TPG IX, noting that TPG believes it is working well. He highlighted the healthcare ecosystem, along with the long-term healthcare track record, healthcare themes, and resilience through market cycles. Mr. Rhodes discussed recent fund performance, deal flow, investment pace, and recent realizations. Ms. Wood explained how TPG gets their results, including leveraging long-term relationships, focusing on core themes, backing exceptional management teams, and strategic acquisitions.

Discussion ensued regarding TPG's initial public offering.

Acting Chair Guerin moved that the Private Markets Committee recommend the Board invest up to \$120 million, plus fees and expenses, in TPG Healthcare Partners II, L.P. subject to continuing due diligence and final negotiation of terms and conditions. Ms. Kuschel seconded, and the motion carried unanimously.

PRIVATE MARKETS CLOSING LOG

The Private Markets Closing Log was presented for informational purposes.

OTHER ITEMS

There were no other items to come before the Committee, and the meeting adjourned at 10:57 a.m.