



STATE OF OREGON
OFFICE OF THE STATE TREASURER
16290 SW UPPER BOONES FERRY ROAD
TIGARD, OREGON 97224

OREGON INVESTMENT COUNCIL
DECEMBER 7, 2016
MEETING MINUTES

- Members Present: Katy Durant, Rukaiyah Adams, Ted Wheeler, Rex Kim, John Russell and Steve Rodeman
- Staff Present: Darren Bond, John Skjervem, Deena Bothello, Karl Cheng, May Fanning, Karl Hausafus, Michael Langdon, Perrin Lim, Paola Nealon, Jen Plett, Jen Peet, David Randall, Priyanka Shukla, James Sinks, Michael Viteri, Garrett Cudahey, Tony Breault, Amanda Kingsbury, Darren Bond, Kristin Dennis, Austin Carmichael, Dana Millican, Ricardo Lopez, William Hiles, Andrew Coutu, Jo Recht, Roy Jackson, Mark Selfridge, Christian Maynard-Philipp, Amanda Hampton, Angela Schaffer, Ben Mahon, Mike Mueller, Carmen Leiva, Debra Day and Marjorie Taylor
- Consultants Present: Tom Martin (TorreyCove); John Linder, David Glickman, Allen Emkin and Christy Fields (PCA); Janet Becker-Wold, Uvan Tseng and James Callahan (Callan)
- Legal Counsel Present: Dee Carlson, Oregon Department of Justice

The December 7th, 2016 OIC meeting was called to order at 9:02 am by Kay Durant, OIC Chair.

I. 9:04 am Review and Approval of Minutes

MOTION: With corrections, Mr. Russell moved approval and Ms. Adams seconded a motion to approve the October 26, 2016 OIC meeting minutes which then passed by a 5/0 vote.

Committee Reports

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the October 26, 2016 OIC meeting:

Private Equity Committee

November 29, 2016	TDR Capital Fund IV	€200 million
November 29, 2016	Veritas Capital Fund VI	\$250 million

Alternatives Portfolio Committee

November 17, 2016	Tillridge Global Agribusiness Partners II	\$100 million
-------------------	---	---------------

Opportunity Portfolio Committee

None

Real Estate Committee

None

Other

November 22, 2016 Taurus Mining Finance Annex Fund¹ \$50 million

II. 9:05 am JPMCB Strategic Property Fund – OPERF Real Estate Portfolio

Tony Breault, Senior Investment Officer, Real Estate presented Ann Cole, Managing Director & Portfolio Manager, J.P. Morgan Asset Management and Alexia Gottschalch, Managing Director & Head of Client Strategy, J.P. Morgan Asset Management who talked about the JPMCB Strategic Property Fund (“SPF” or the “Fund”) in further detail.

Founded in 1799 by J. Pierpont Morgan, JPMorgan Chase & Co. (“JPM”) is a financial services institution with global capabilities across a wide range of products and services for both retail and institutional clients. As a publicly-traded firm with approximately \$2.4 trillion of assets under management at December 31, 2015, JPM is a global leader in asset management, investment banking, consumer finance, small businesses and commercial banking, financial transaction processing, and private equity. SPF falls under JPMIM, a SEC-registered investment advisor, and is managed by the Global Real Assets (“GRA”) division within the JP Morgan Asset Management (“JPMAM”) business line.

The selection of SPF for OPERF’s real estate portfolio was the result of a robust analysis during which Staff evaluated all 24 funds currently included in the NFI-ODCE Index. Specifically, Staff and PCA reviewed each fund’s underlying assets, performance characteristics, sector and geographic exposures, and historical returns. An in-depth performance assessment was then conducted over different investment horizons using simulated bull or bear market conditions, while also comparing volatility, Sharpe ratios and standard deviation to the index.

Mr. Breault recommended approval of an up to \$300 million commitment to SPF, subject to the satisfactory negotiation of all terms and conditions with Staff working in concert with legal counsel.

MOTION: Mr. Russell moved approval of the staff recommendation. Mr. Kim seconded the motion, which then passed by a 4/0 vote.

Note: OIC Chair, Katy Durant abstained from participating in and voting on this agenda item due to a self-disclosed conflict of interest.

III. 9:47 am EQT Infrastructure Fund III – OPERF Alternative Portfolio

Ben Mahon, Senior Investment Officer, Alternatives introduced Andreas Huber, Partner, EQT Partners (“EQT” or the “Firm”) who provided the Council with a presentation on EQT’s history, strategy and achievements.

EQT is a global alternative asset manager formed in 1994. With origins in the Swedish Wallenberg family, the Firm is rooted in a long industrial heritage, and applies the same strategic investment concepts across the organization. Since inception, EQT has raised approximately €30 billion of capital commitments in 20 funds across three overall investment strategies: real assets; private

¹ Approved using staff discretion per OIC Policy ADV 702.

capital; and credit. EQT's efforts in infrastructure are included in the Firm's real assets investment strategy.

Staff and consultants TorreyCove recommended a €200 million commitment to EQT Infrastructure III (No. 2) SCSp ("EQT Infra III" or the "Fund") for the OPERF Alternatives Portfolio, subject to the satisfactory negotiation of terms and conditions with Staff working in concert with legal counsel.

MOTION: Mr. Russell moved approval of the staff recommendation. Mr. Kim seconded the motion which then passed by a vote of 5/0.

IV. 10:40 am Fixed Income Program Review – OPERF Fixed Income Portfolio

Tom Lofton, Investment Officer, Fixed Income presented the OPERF Fixed Income Portfolio annual review including a summary of the portfolio's objectives, investment strategy and performance. He then recommended select policy revisions to accommodate the application of updated portfolio management capabilities to internally-managed fixed income mandates.

MOTION: Mr. Kim moved approval of Staff's proposed Appendix B revisions and deferred a vote on Staff's proposed Appendix C revisions. Mr. Russell seconded the motion which then passed by a vote of 5/0.

V. 11:22 am OSTF Review – Oregon Short Term Fund

Garrett Cudahey, Investment Officer, Fixed Income and Angela Schaffers, Investment Analyst, Fixed Income provided the Council with an informational update and annual review of the Oregon Short Term Fund including a summary of the fund's objectives, investment strategy, performance and governance structure.

VI. 11:36 am Q3 2016 Performance & Risk Report – OPERF

Karl Cheng, Investment Officer, Portfolio Risk & Research presented and discussed an updated view of the OPERF risk dashboard, while Janet Becker-Wold from Callan Associates provided a corresponding update on OPERF performance for the period ended September 30, 2016.

VII. 11:51 am Currency Project Introduction – OPERF

Jiangning (Jen) Plett, Senior Internal Investment Auditor and Karl Cheng provided the OIC with an introduction to the OPERF currency project and discussed the merits of a strategic currency management policy.

VIII. 12:20 pm IAP Update Discussion – OPERF

Karl Cheng and David Randall, Director of Operations gave an update on the Individual Account Program.

IX. 12:36 pm Asset Allocation & NAV Updates

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended October 31, 2016.

X. 12:36 pm Calendar – Future Agenda Items

A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council's meeting material.

XI. 12:36 pm Other Items

Ms. Adams announced that this OIC meeting will be the last for Chair Durant and Treasurer Wheeler as the term for both will end this month.

12:37 pm Public Comments

Michael Pineschi, Researcher with UniteHere! submitted written materials to Council members regarding Oaktree HUD loans, while Bill Parish from Parish & Company provided a public statement. In his remarks, Mr. Parish encouraged a closer focus on tax policy in light of the Trump Administration's proposed changes thereto. Specifically, Mr. Parish highlighted corporate deductions and net operating losses as areas of particular concern.

Ms. Durant adjourned the meeting at 12:41 pm.

Respectfully submitted,



May Fanning
Executive Support Specialist