



STATE OF OREGON
OFFICE OF THE STATE TREASURER
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97301-3896

OREGON INVESTMENT COUNCIL
MAY 29, 2013
MEETING SUMMARY

Members Present: Rukaiyah Adams, Paul Cleary, Katy Durant, Keith Larson, Dick Solomon, Ted Wheeler

Staff Present: Darren Bond, Tony Breault, Karl Cheng, Garrett Cudahey, Sam Green, Andy Hayes, John Hershey, Julie Jackson, Mary Krehbiel, Perrin Lim, Tom Lofton, Ben Mahon, Mike Mueller, Tom Rinehart, James Sinks, John Skjervem, Michael Viteri, Byron Williams

Consultants Present: David Fann, Jeff Goldberger, and Tom Martin (TorreyCove); John Meier and Deb Gallegos (SIS); Christy Fields, John Linder, Dillon Lorda, Mike Moy and Neil Rue (PCA), Nori Gerardo Lietz (Arete)

Legal Counsel Present: Dee Carlson, Oregon Department of Justice
Deena Bothello, Oregon Department of Justice

The May 29, 2013 OIC meeting was called to order at 9:02 am by Keith Larson, Chair.

Time Agenda Item

9:02 am 1 REVIEW AND APPROVAL OF MINUTES

MOTION: The May 1, 2013 meeting minutes were approved by a vote of 4/0 (Treasurer Wheeler was away for the vote).

John Skjervem, Chief Investment Officer, informed council members of the following action taken by the real estate committee since the last OIC meeting:

- May 23, 2013 KTR Industrial Fund III \$100 million commitment

9:04 am 2 KKR NORTH AMERICA FUND XI – OPERF PRIVATE EQUITY

Staff recommended that the OIC authorize an additional \$250 million commitment (original commitment in January 2011 was \$500 million) to KKR North America Fund XI, L.P., on behalf of OPERF, subject to satisfactory negotiation of terms and conditions and completion of requisite documentation by DOJ legal counsel working in concert with OST staff.

MOTION: Staff's recommendation passed on a 4/1 vote (Treasurer Wheeler dissented).

- 9:45 am 3 SOLERA CAPITAL PARTNERS II – *OPERF PRIVATE EQUITY*
- Staff recommended a \$50 million commitment to Solera Partners II, L.P.
- The board raised several issues and asked staff to perform additional analysis. No vote taken on this proposal.
- 10:55 am Mr. Larson reintroduced newest OIC member, Rukaiyah Adams. He also gave an update on Senate Bill 120.
- 11:07 am 4 AMSTAR – OPERF REAL ESTATE
- Staff recommended a \$200 million commitment to Amstar, subject to satisfactory negotiation of terms and conditions and completion of requisite documentation by DOJ legal counsel working in concert with OST staff.
- MOTION:** Staff’s recommendation passed unanimously.
- **11:48 am PUBLIC COMMENTS (TAKEN OUT OF ORDER)
- Bill Parrish made comments about private equity and tax issues.
- Representatives from Unite Here in Las Vegas testified about working conditions at Caesars Entertainment subsequent to its 2008 buy-out by private equity firms Apollo Management Group and TPG.
- The SEIU’s Linda Burgin shared concerns her organization has with Oaktree Capital Management’s potential sale of various media properties.
- 12:10 pm 5 OIC REAL ESTATE CONSULTANT RECOMMENDATION
- The OIC’s contract with Areté Capital (its current Real Estate consultant) expires June 30, 2013, and a search committee charged with selecting a successor recommended a new contract with Pension Consulting Alliance, Inc. (“PCA”) commencing July 1, 2013.
- MOTION:** Staff’s recommendation to accept the search committee’s selection of PCA passed unanimously.
- 12:13 pm 6 OPERF ALTERNATIVE PORTFOLIO REVIEW
- John Hershey gave an update and overview of the OPERF Alternatives portfolio.
- 12:32 pm 7 OPERF 1ST QUARTER PERFORMANCE UPDATE
- John Meier from SIS provided an update on OPERF’s 1st Quarter investment performance.
- 12:43 pm 8 ASSET ALLOCATIONS AND NAV UPDATES
- Mr. Skjervem reviewed asset allocations and NAV’s across OST-managed accounts for the period ended April 30, 2013.
- 12:45 pm 9 CALENDAR – FUTURE AGENDA ITEMS

Mr. Skjervem presented a revised schedule of future OIC meetings and agenda topics.

12:45 pm 10 OTHER BUSINESS

None

The meeting adjourned at 12:45 pm.