



**OREGON  
STATE  
TREASURY**

# State of Oregon

## Office of the State Treasurer

16290 SW Upper Boones Ferry Road  
Tigard, Oregon 97224

### OREGON INVESTMENT COUNCIL

July 22, 2020

#### Meeting Minutes

Members Present: John Russell, Tobias Read, Patricia Moss, Cara Samples, Monica Enand and Kevin Olineck

Staff Present: Rex Kim, David Randall, Debra Day, Kristi Jenkins, Geoff Nolan, Michael Viteri, Wil Hiles, May Fanning

Staff Participating virtually: Jeremy Knowles, Ryan Man, Michael Langdon, Andrey Voloshinov, Eric Messer, Aliese Jacobsen, Ian Huculak, Ahman Dirks, Paul Koch, Fawn Hubbard, Perrin Lim, Robin Kaukonen, Sam Spencer, Steve Kruth, John Hershey, Mark Selfridge, Amanda Kingsbury, Amy Bates, Tyler Bernstein, Anna Totdahl, Jen Plett, Sommer May, Austin Carmichael, David Elott, Roy Jackson, Mike Mueller, Chris Ebersole, Dana Millican, Deena Bothello, Faith Sedberry, Kenny Bao, Claire Illo, John Lutkehaus, Will Hampson, Sam Spencer, Lisa Pettinati, Krystal Korthals, Karl Cheng, Mohammed Quraishi, Anthony Breault, Joe Hutchinson, Jo Recht, Monique Sadegh, Tiffany ZhuGe, Caitlyn Wang, Michael Kaplan, Andrew Coutu, Ahman Dirks, Andrew Hillis,

Consultants Present: Allan Emkin & David Glickman (Meketa Investment Group, Inc.); Jim Callahan, Janet Becker-Wold & Uvan Tseng (Callan LLC); David Fann (TorreyCove Capital Partners)

Legal Counsel Present: Steven Marlowe, Department of Justice

Before proceeding with the OIC meeting, Chief Investment Officer, Rex Kim provided a disclosure pertaining to the virtual set-up of this OIC meeting, informing those in attendance (virtual and in person) of the guidelines in which this meeting will proceed.

The July 22<sup>nd</sup>, 2020 OIC meeting was called to order at 9:00 am by John Russell, OIC Chair. Chair Russell then officially welcomed new Council member, Monica Enand, to the Oregon Investment Council and asked Treasurer Read who's had the chance to meet her in person, to provide a short intro about Ms. Enand's experience and accomplishments.

#### **I. 9:01 am Review and Approval of Minutes**

**MOTION:** Chair Russell asked for approval of the June 3<sup>rd</sup>, 2020 OIC regular meeting minutes. Treasurer Read moved approval at 9:04 am, and Ms. Samples seconded the motion which then passed by a 5/0 vote.

#### **II. 9:04 am Committee Reports and Opening Remarks**

**Committee Reports:** Mr. Kim, gave an update on the following committee actions taken since the June 3, 2020 OIC meeting:

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Oregon Investment Council



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**Opportunity Portfolio Committee**

June 4, 2020	Sixth Street Partners Specialty Lending Europe II, L.P.	\$125M
July 9, 2020	Oak Hill Advisors Tactical Investment Fund	\$300M
	Owl Rock Capital Corporation III	\$150M

**Private Equity Committee**

June 25, 2020	OCM Opportunities Fund XI, L.P.	\$350M
	TPG Growth V, L.P.	\$250M

**Alternatives Portfolio Committee**

July 9, 2020	FORT Global Trend, L.P.	\$250M
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**Real Estate Committee**

None

Mr. Kim also provided opening remarks with a preview of the Market Commentary from the Co-Chairman at Oaktree Capital Management LP, Fixed Income Manager & OSGP Consultant Recommendations. In addition to that, he went over the review items that included, Securities Lending and the Annual Operations updates.

**III. 9:06 am Market Environment**

Chair Russell introduced, Mr. Howard Marks, Co-Chairman, Oaktree Capital Management LP, who provided a presentation focusing on the current market environment. He also spent some time sharing his investment philosophy and how that has guided Oaktree Capital Management over the years, in addition to briefly going over a few other topics.

**IV. 10:03 am OPERF Fixed Income Recommendation**

Chair Russell deferred this agenda item to the September meeting.

**V. 10:04 am OSGP Consultant Recommendation**

Michael Viteri, Senior Investment Officer, Public Equity and Wil Hiles, Investment Officer, Public Equity, addressed the Council with the Oregon Savings Growth Plan general consulting contract, which expires on August 31, 2020.

Callan LLC (Callan) was initially retained with a three-year contract that began on September 1, 2017. Under OST Policy INV 210: Consulting Contracts, new contracts are awarded for three-year periods and a) can be renewed no more than twice and b) are limited to a final expiration date no more than four years beyond the contracts' original expiration date. At the end of seven years, contracts must be re-bid and a new seven-year cycle can begin. Additionally, the OIC retains the contractual right to terminate such contracts, at any time, upon written notice.

In recognition of the contributions made by Callan, Staff proposes that the OIC extend its current contract, subject to satisfactory negotiation of all terms and conditions, for a two-year period beginning September 1, 2020

**MOTION:** Treasurer Read, moved approval at 10:07 am, to extend the current contract for a two-year period beginning September 1, 2020, and Ms. Moss seconded the motion which then passed by a 5/0 vote.



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**VI. 10:07 am Securities Lending**

Geoff Nolan, Senior Investment Officer, Fixed Income, introduced Johnson Shum, Vice President, State Street Global Markets and Tom Connelley, Vice President, State Street Global Markets who then provided a presentation that included an overview of Securities Lending, the role of State Street Global Advisors Cash Management Team in the Securities Lending program, a Securities Lending Market Update and Performance Review in addition to the Securities Lending Cash Collateral Portfolio Review and Market Update.

**VII. 10:59 am Annual Operations Update**

David Randall, Director of Investment Operations, Debra Day, Investment Reporting Manager and Kristi Jenkins, Investment Operations Manager, gave an update on the Investment Operations that included an executive summary of their group's various activities and accomplishments and an updated OST Investment Division Org Chart.

**VIII. 11:31 am Asset Allocation & NAV Updates**

Mr. Kim reviewed asset allocations and NAVs across OST-managed accounts for periods ended May 31, 2020.

**IX. 11:32 am Calendar – Future Agenda Items**

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

**X. 11:33 am Open Discussion**

Chair Russell opened the discussion by highlighting the importance of reserving time after the meeting to have conversations, not necessarily for the purpose of a resolution but rather to bring up topics that might not come up periodically in meetings. He then brought up these three important and difficult questions:

- 1) Whether and to what extent the OIC invests in Oregon.
- 2) Whether and to what extent the OIC invests in Venture Capital and Angel Funds.
- 3) How to know if the Council is abiding by the wishes of the beneficiaries?

Ms. Enand agreed on the importance of the Venture Capital and Angel Funds conversation, as she referred back to the earlier Market Environment presentation by Mr. Marks. She is looking forward to future in-depth discussions.

Ms. Samples referred to the upcoming ESG Update topic for the September OIC meeting, she acknowledged the ongoing conversations that have been taking place, nevertheless had two requests:

- 1) Provide the Council enough time in the event their input on this topic is requested, as it's necessary to be able to reflect and think about this important matter before being able to have a well-rounded conversation during the actual meeting.
- 2) Request the Council and Staff to make it a priority to have and, implement a Policy Statement as a Council on the ESG or possibly part of the Investment Beliefs and Framework.

Continuing the ESG conversation, Ms. Moss provided her thoughts on the importance of starting at the philosophical belief statement level rather than implementation. She trusts that making this a priority will subsequently help the Council avoid being at risk of repeatedly having to interject and answer questions. Also, in relation to this, Chair Russell circled back to his initial question about finding a way to determine beneficiaries needs. Treasurer Read believes the Council is on very solid ground with respect to beneficiaries. He sees that by paying attention to ESG issues, quantifying them, managing and monitoring them leads to better returns, and that is something one can reasonably assume, beneficiaries have as an interest.



**11:39 am Public Comments**

None

Mr. Russell adjourned the meeting at 11:39 am.

Respectfully submitted,

*May Fanning*

May Fanning  
Executive Support Specialist