I. 9:00 am Review and Approval of Minutes

MOTION: Chair Adams asked for approval of the October 31st, 2018 OIC regular meeting minutes. Member Russell moved the motion, and Treasurer Read seconded the motion which then passed by a 4/0 vote.

II. 9:04 am Committee Reports and CIO Update

Committee Reports: Mr. Skjervem gave an update on the following committee actions taken since the October 31st, 2018 OIC meeting:

Private Equity Committee

<table>
<thead>
<tr>
<th>Date</th>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 7, 2018</td>
<td>ClearVue Partners III</td>
<td>$200M</td>
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<tr>
<td></td>
<td>USV 2019 &amp; USV Opportunity 2019</td>
<td>$50M</td>
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Alternatives Portfolio Committee

November 30, 2018  
EQT Infrastructure IV  
$300M

Opportunity Portfolio Committee

None

Real Estate Committee

November 27, 2018  
Blackstone Real Estate Partners IX  
$300M

DivcoWest Core-Plus Separate Account  
$250M

Mr. Skjervem then provided opening remarks which included context for the agenda’s Alternatives Portfolio and Public Equity Portfolio investment recommendations as well as an explanation for staff’s proposed Public Equity and Fixed Income policy updates. He also previewed both the Q3 2018 Risk & Performance Report and the annual Fixed Income Review.

III. 9:51 am Global Infrastructure Partners IV, L.P. – OPERF Alternatives Portfolio

Mahon, Senior Investment Officer, Alternatives, recommended a $400 million commitment to Global Infrastructure Partners Fund IV, L.P. for the OPERF Alternatives Portfolio. This proposed commitment represents the continuation of a relationship on behalf of OPERF. Oregon’s relationship with GIP dates back to 2011, and consists of three mandates across two strategies and cumulatively comprises $750 million in capital commitments.

Mr. Mahon then presented Bayo Ogunlesi, Chairman & Managing Partner, Global Infrastructure Partners who provided the Council with a presentation on his firm and the investment opportunity represented by Global Infrastructure Partners Fund IV.

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

IV. 10:39 am Global Low Volatility Mandate – OPERF Public Equity Portfolio

Michael Viteri, Senior Investment Officer, Public Equity, recommended funding Dimensional Fund Advisors with an $800M global low volatility mandate.

Staff has funded global low volatility mandates with four external managers (Los Angeles Capital, Acadian, AQR, and Arrowstreet), and internally-manages a Developed ex-U.S. multifactor strategy that includes a “low vol” tilt. Current exposure to global low vol strategies relative to the total OPERF Public Equity portfolio stands at approximately 17 percent. As of October 31, 2018, OPERF’s combined global low vol allocation outperformed the MSCI ACWI IMI (net) over both trailing 1-year and since-inception (January 1, 2018) periods.

Mr. Viteri then presented Gerard O’Reilly, Co-Chief Executive Officer and Chief Investment Officer of Dimensional Fund Advisors, and Joe Young, Vice President and Regional Manager, Dimensional Fund Advisors who together provided an overview of their firm with specific comments in connection with its approach to risk premia in general and the proposed low vol strategy in particular.

MOTION: Treasurer Read moved approval, and Mr. Kim seconded the motion which then passed by a 4/0 vote.
V. 10:56 am  **Capital Markets Policy Updates – OPERF**
Jennifer Peet, Corporate Governance Director, and Michael Viteri recommended the following: 1) updates to two policies governing the OPERF Fixed Income Portfolio; and 2) benchmark changes for two mandates within the OPERF Public Equity Portfolio.

1. **Fixed Income:** Staff recommended revisions to certain fixed income policies consistent with similar revisions proposed and approved at the October 31 OIC meeting. Specifically, staff recommended reducing the number of policies in the OPERF Fixed Income Portfolio from three to two, as follows:
   a. INV 401: Strategic role of Fixed Income for OPERF;
   b. INV 402: Internal Fixed Income Portfolio Investments; and
   c. INV 403: Fixed Income Investments: Investment Manager Selection, Monitoring, and Termination (RETIRE and fold relevant portions into INV 401).

2. **Public Equity:** Due to FTSE Russell decommissioning certain benchmarks, staff recommended making benchmark changes for the following two externally-managed mandates:
   a. DFA Global ex-U.S. Micro Cap Value – from the Russell Global ex-U.S. Microcap Index to the FTSE Global ex-U.S. Micro Cap Index; and
   b. EAM International Micro Cap – from the Russell Global ex-U.S. Microcap Index to the FTSE Global ex-U.S. Micro Cap Index.

**MOTION:** Mr. Russell moved approval of the staff recommendations, and Treasurer Read seconded the motion which then passed by a 4/0 vote.

VI. 11:26 am  **Q3 2018 Performance & Risk Report – OPERF**
Karl Cheng, Senior Investment Officer, Portfolio Risk & Research and Janet Becker-Wold, Senior Vice President, Callan LLC, presented the quarterly OPERF investment performance and risk report for the calendar year and cumulative period ended September 30, 2018.

VII. 12:12 pm  **Fixed Income Review – OPERF and other OST-managed funds**
Geoff Nolan, Senior Investment Officer, Fixed Income, Tom Lofton, Investment Officer, Fixed Income, and Garrett Cudahey, Investment Officer, Fixed Income, delivered the annual Fixed Income Portfolio Review and shared with the Council their plans for the Portfolio in 2019.

VIII. 12:13 pm  **Asset Allocation & NAV Updates**
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended October 31, 2018.

IX. 12:13 pm  **Calendar – Future Agenda Items**
A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council’s meeting material.

X. 12:14 pm  **Open Discussion**
Treasurer Read shared some thoughts about the Council’s investment beliefs and suggested that more explicit language related to diversity and inclusion should, in his opinion, be included in the belief statements. He noted the Investment Division’s good progress in this area, and said he would like to make advancing diversity and inclusion an enduring theme of Treasury. Treasurer Read then made an open request of staff and Allan Emkin, Managing Director, Pension Consulting Alliance (PCA), to provide the
Council with a proposed belief statement amendment that would project a more explicit and forceful position in support of diversity and inclusion.

Chair Adams then told the audience that each Council member would be putting in extra work across multiple Council objectives in the coming months. Specifically, she mentioned that she and Mr. Skjervem will be working together on governance issues, while Mr. Skjervem, Vice Chair Russell and Member Olinek would work together to foster open interaction in preparation for both the Council’s annual Strategic Asset Allocation presentation in April and the PERS Board’s biennial rate crediting process in July. Finally, she mentioned that Member Kim is working with Mr. Skjervem and other investment staff on the Strategic Asset Allocation presentation, and encouraged the audience to contact individual OIC members with any questions.

12:18 pm  Public Comments
Jim Baker, from the Private Equity Stakeholder Project, updated the Council with his concerns related to Endeavour Capital, with which Oregon has previously invested. Mr. Baker indicated that Endeavour Capital would soon seek additional capital from the Council, and argued that based upon the firm’s recent investment track record, a new capital commitment from Oregon could not be justified. Mr. Baker then discussed the firm’s investments in bail bonds and for-profit colleges, both of which he described as unsuccessful and inconsistent the Council’s fiduciary duty.

Chris Groener, Lead Representative for United Food and Commercial Workers Union Local 555, then addressed the Council. Mr. Groener said his union represents over 25,000 workers in retail grocery, food processing and healthcare throughout Oregon, and that other union representatives had shared similar concerns about Endeavour Capital during the public comment period of the Council’s September meeting.

Mr. Groener then read aloud a letter written by Oregon State Rep. Rob Nosse in which Rep. Nosse also expressed concerns about Endeavour Capital and the Council’s previous investments therewith.

Ms. Adams adjourned the meeting at 12:30 pm.

Respectfully submitted,

May Fanning
Executive Support Specialist