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OREGON INVESTMENT COUNCIL
MARCH 14, 2018
MEETING MINUTES

- Members Present: Rukaiyah Adams, Tobias Read, John Russell, Rex Kim, Rick Miller and Steve Rodeman
- Staff Present: John Skjervem, Darren Bond, Perrin Lim, David Randall, John Hershey, Deena Bothello, Susan Wilson, Karl Cheng, Tony Breault, May Fanning, Michael Langdon, Jen Plett, Michael Viteri, Austin Carmichael, Dana Millican, Ben Mahon, Jo Recht, Ricardo Lopez, Garrett Cudahey, Debra Day, Andy Coutu, Eric Messer, Aliese Jacobsen, Amanda Kingsbury, Paul Coch, Tim Baumert, Ahman Dirks, Tiffany Zhuge, Ryan Mann, Dmitri Palmateer, James Sinks, Jackie Steffans and Amy Wojcicki
- Consultants Present: Tom Martin and David Fann, (TorreyCove); Allan Emkin, Christy Fields and Brandon Ross (PCA); Janet Becker-Wold and Jim Callahan (Callan)
- Legal Counsel Present: Steven Marlowe, Department of Justice

The March 14th, 2018 OIC meeting was called to order at 9:02 am by Rukaiyah Adams, OIC Chair.

- I. **9: 03am Review and Approval of Minutes**
MOTION: Treasurer Read moved approval of the February 1st, 2018 OIC meeting minutes, and Mr. Kim seconded the motion which then passed by a 5/0 vote.
- II. **09:05 am 2018 and 2019 OIC Meeting Schedules**
OIC Chair, Ms. Adams presented the proposed 2018 and 2019 OIC meeting dates. A finalized version will be set in the coming weeks.
- III. **9:20 am Committee Reports and CIO Update**
Committee Reports: Mr. Skjervem gave an update on the following committee actions taken since the February 1, 2018 OIC meeting:

Private Equity Committee

None

Alternatives Portfolio Committee

None

Opportunity Portfolio Committee

None

Real Estate Committee

None

Mr. Skjervem then gave opening remarks which included a revised report on 2017 OPERF investment performance, a summary of proposed policy updates, and a brief description of the Real Estate, Securities Lending and Overlay annual reviews. Mr. Skjervem also introduced several newly hired OST investment officers.

IV. 9:34 am OIC Policy Updates

Mr. Skjervem recommended Council approval of staff's proposed updates to the following policies:

1. INV 605: Exercise of Voting Rights Accompanying Equity Securities; and
2. Alternative Assets Investments Committee Series (INV 501 & 701)

A discussion ensued. The staff recommendation was amended to delete Section III.A, a provision that allowed the CIO, for purposes of establishing a quorum under unforeseen circumstances, to substitute a Senior Investment Officer and endow such person with voting rights at OST Investment committee meetings, from both INV 605, INV 501 and INV 701.

MOTION: Mr. Russell moved approval of Staff's recommendation, as amended to INV 605, and Mr. Kim seconded the motion which then passed by a 5/0 vote.

MOTION: Treasurer Read moved approval of staff's recommendation, as amended to INV 501 & 701, and Mr. Kim seconded which then passed by a 5/0 vote.

V. 9:39 am OIC Real Estate Consultant Recommendation

Tony Breault, Senior Investment Officer, Real Estate provided an update on the status of the Council's current real estate consulting contract with Pension Consulting Alliance (PCA) which reaches the end of its first two-year extension on June 30, 2018.

Staff proposed extending PCA's current contract, on behalf of the OIC, under terms and conditions similar to the existing contract, for a second, and final, two-year extension period ending June 30, 2020.

MOTION: Mr. Russell moved approval of staff's recommendation, and Treasurer Read seconded the motion which then passed by a 5/0 vote.

VI. 10:40 am Real Estate Annual Review and 2018 Plan – OPERF Real Estate Portfolio

Tony Breault, along with Christy Fields, Managing Director, Pension Consulting Alliance, presented the Real Estate Annual Review and 2018 Plan. This presentation included a review of OPERF real estate strategy, an annual and cumulative performance update for the period ended December 31, 2018, and a preview of likely portfolio activity during the coming year.

Mr. Breault introduced Mr. Ken Riggs, President, Situs RERC who described his firm and its valuation services and remarked on current conditions and trends in commercial real estate markets.

VII. 11:20 am Q4 2017 Performance & Risk Report – OPERF

Karl Cheng, Senior Investment Officer, Portfolio Risk & Research and Janet Becker-Wold, Senior Vice President, Callan Associates, presented the quarterly OPERF investment performance and risk report for the calendar year and cumulative period ended December 31, 2018.

VIII. 11:44 am Securities Lending Update – OPERF/SAIF/CSF/OSTF/Agency Accounts

Perrin Lim, Director of Capital Markets introduced Mr. Tom Connelley, Vice President, Senior Portfolio Manager, State Street Global Advisors and Mr. Johnson Shum, Vice President, Securities Finance, State Street Global Markets who provided State Street's annual update on its securities lending activities on behalf of OPERF and other OST-managed accounts.

IX. 12:04 pm Overlay Review – OPERF

Karl Cheng presented Mr. Greg Nordquist, Director, Overlay Strategies, Russell Investments and Ben Linford, Portfolio Manager, Overlay Strategies, Russell Investments who presented Russell's annual report on the OPERF overlay program and that firm's management thereof.

X. 12:05 pm Asset Allocation & NAV Updates

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended January 31, 2018.

XI. 12:06 pm Calendar — Future Agenda Items

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

XII. 12:07 pm Open Discussion

Ms. Adams provided comments on talks she and Mr. Skjervem held in connection with the strategic issues discussion scheduled for Friday afternoon, April 27. Specifically, Chair Adams emphasized that the best use of Council members' time that afternoon would be to discuss strategic, not operating issues. She shared that some of today's Council conversations would help clarify and inform her thoughts about the strategic issues discussion, namely outlining a framework for the discussion or deferring it until later in the year.

12:16 pm Public Comments

1. Diane Freaney of Rooted Investing shared some thoughts and suggestions on investment matters relating to education and student financial aid.
2. Michael Pineschi of UniteHere! gave remarks in connection with his organization's support of hotel and hospitality workers. Specifically, Mr. Pineschi announced organizing efforts at a KKR-owned property in Waikiki, HI, and requested that Council members encourage KKR to remain neutral during the organizing process.

Ms. Adams adjourned the meeting at 12:16 pm.

Respectfully submitted,



May Fanning
Executive Support Specialist