



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

OREGON INVESTMENT COUNCIL
APRIL 25, 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, Karl Cheng, Tony Breault, May Fanning, Jen Plett, Michael Viteri, Austin Carmichael, Dana Millican, Ben Mahon, Andy Coutu, Angela Schaffers, Eric Messer, Mark Selfridge, Michael Mueller, Tom Lofton, Jennifer Peet, Aliese Jacobsen, Paul Koch, Tim Baumert, Ryan Mann, Dmitri Palmateer, James Sinks, Kelly Cook, Kim Olson, and Amy Wojcicki

Consultants Present: Tom Martin and David Fann, (TorreyCove); Allan Emkin and Brandon Ross (PCA); Janet Becker-Wold, Uvan Tseng and Jim Callahan (Callan)

Legal Counsel Present: Steven Marlowe, Department of Justice

The April 25th, 2018 OIC meeting was called to order at 8:58 am by Rukaiyah Adams, OIC Chair.

Before the official agenda items were discussed, Treasurer Read led a conversation in which he and the other Council members acknowledged Steve Rodeman's forthcoming retirement and thanked him for his many years of service at PERS and multiple contributions to the Council and its mission.

I. 9: 00am Review and Approval of Minutes

Chair Adams recommended amending some wording in the OIC Policy Updates section to reflect approved changes to the following policies:

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

MOTION: Treasurer Read moved approval of the proposed changes to the March 14th, 2018 OIC meeting minutes, and Mr. Russell seconded the motion which then passed by a 5/0 vote.

II. 09:00 am 2018 and 2019 OIC Meeting Schedules

Chair Adams presented the final 2018 and 2019 OIC meeting dates. Chief Investment Officer, John Skjervem mentioned that the 2019 dates had already been informally approved, but that consensus on a specific date for the August 2018 meeting remained outstanding. Chair Adams announced that despite her planned absence, the Council would convene on August 8th, 2018 and Vice Chair Russell would serve as Chair for that particular meeting.

MOTION: Treasurer Read moved approval of the revised 2018 and final 2019 OIC meeting dates. Mr. Kim seconded the motion which then passed by a 5/0 vote.

III. 9:06 am Committee Reports and CIO Update

Committee Reports: Mr. Skjervem gave an update on the following committee actions taken since the March 14, 2018 OIC meeting:

Private Equity Committee

March 22, 2018 KSL Capital Partners V \$200 million

Alternatives Portfolio Committee

None

Opportunity Portfolio Committee

None

Real Estate Committee

None

Mr. Skjervem then delivered opening remarks which included a summary of proposed policy updates, a brief description of the Alternatives Portfolio and SAIF Annual reviews, and a preview of the planned Strategic Asset Allocation & CMA Update discussion.

IV. 9:15 am OIC Policy Updates

Mr. Skjervem and Jennifer Peet, Corporate Governance Director, recommended Council approval of proposed updates to the following policies:

1. INV 702 & 703: Alternative Investment and Opportunity Portfolio, Standards and Procedures; and
2. A new policy on continuing education for OIC members. Specifically, ORS 293.712 requires the OIC Chair to consult with the Treasurer and prescribe continuing education requirements for OIC members. The goal of the policy proposed by staff is to provide OIC members with guidance on and opportunities for meeting that statutory requirement.

MOTION: Mr. Miller moved approval of staff's recommended changes to INV 702 & 703, changes identical to those approved last month for the Private Equity and Real Estate committees, namely 1) increase the committee approval ceiling for new relationships from \$150M to \$250M, and 2) increase the committee approval ceiling for re-ups from \$250M to \$350M. Treasurer Read seconded the motion which then passed by a 5/0 vote.

MOTION: Treasurer Read moved approval of staff's recommended policy for meeting OIC members' continuing education requirements. Mr. Kim seconded which then passed by a 5/0 vote.

V. 10:17 am Strategic Asset Allocation & Capital Markets Assumptions – OPERF

Karl Cheng, Senior Investment Officer, Portfolio Risk & Research, Janet Becker-Wold, Callan Associates and Allan Emkin, Pension Consulting Alliance, provided updated Capital Market Assumptions, and revised estimates of OPERF's long-term, forward-looking risk and return.

Staff recommended the approval of minor changes to OIC Policies INV 215 (OPERF Asset Allocation and Rebalancing Policy) and INV 1203 (Statement of Investment Objectives and Policy Framework for OPERF).

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

- VI. 11:05 am Alternatives Portfolio Review – OPERF**
Ben Mahon, Senior Investment Officer, Alternatives along with Tom Martin, TorreyCove and Jim Callahan, Callan Associates, presented the Alternatives Portfolio 2017 Annual Review and 2018 Plan. This presentation included a discussion of the Alternatives Portfolio's background/objectives, a 2017 review of portfolio performance and investment activity as well as an update on staff's portfolio construction and 2018 investment plans.
- VII. 11:38 am State Accident Insurance Fund – Annual Review**
Perrin Lim, Director of Capital Markets introduced the SAIF Annual Update and presenters Kerry Barnett, President & CEO and Gina Manley, Vice President, Finance & CFO of the State Accident Insurance Fund (SAIF). This presentation covered annual investment performance as well as provided an update on SAIF's business activity and operating trends.
- VIII. 11:39 am Asset Allocation & NAV Updates**
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended March 31, 2018.
- IX. 11:39 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. 11:40 am Open Discussion**
Chair Adams reminded the audience that funds for which the OIC has oversight responsibility include pension, endowment and liability-matching assets. She added that the strategic issues discussion planned for Friday, April 27 was timely given the Council's broad scope of fiduciary oversight. Chair Adams asked if there were any additional forms of investment management for which the Council had responsibility. Mr. Skjervem responded by noting the Council's purview over several separate accounts managed on behalf of other state agencies.
- 11: 44 am Public Comments**
1. Diane Freaney of Rooted Investing shared her thoughts on several investment matters including a suggestion to implement a more simplified approach of informing PERS members regarding the investment of their retirement funds.

Ms. Adams adjourned the meeting at 11:45 am.

Respectfully submitted,



May Fanning
Executive Support Specialist