The September 19th, 2018 OIC meeting was called to order at 9:00 am by Rukaiyah Adams, OIC Chair.

I. 9:00am Review and Approval of Minutes

MOTION: Chair Adams moved approval of the August 8th, 2018 OIC regular meeting minutes. Member Russell moved the motion, and Member Kim seconded the motion which then passed by a 3/0 vote.

II. 9:05 am Committee Reports and CIO Update

Committee Reports: Mr. Skjervem gave an update on the following committee actions taken since the August 8th, 2018 OIC meeting:

**Private Equity Committee**

August 30, 2018  General Atlantic Managed Account Program  $250M

**Alternatives Portfolio Committee**

August 17, 2018  Digital Colony Partners  $150M

**Opportunity Portfolio Committee**

None
Real Estate Committee

None

Mr. Skjervem then provided opening remarks which included a brief introduction of the revised OIC Member Orientation Manual, background on the McKinsey survey results, and context for the Equity Market update. He also mentioned the Q2 2018 OPERF results and annual OSGP review, and emphasized the importance of the annual CEM Benchmarking report. Finally, Mr. Skjervem introduced newly hired OST employees, David Elott, Assistant General Counsel and Kasey Krifka, Oregon Savings Network Engagement Director.

III. 9:08 am Policy Updates
Jennifer Peet, Corporate Governance Director presented the Council with a recently revised version of the OIC Orientation Manual and gave a brief description of the document’s purpose.

MOTION: Mr. Kim moved approval of the OIC Orientation Manual, and Mr. Russell seconded the motion which then passed by a 3/0 vote.

9:15 am Treasurer Read arrived.

IV. 9:39 am McKinsey Survey Results – OST Investment Division
Bryce Klempner, Principal, and Elizabeth Skovira, Associate Partner of McKinsey & Company, Inc. summarized for the Council the results of the organizational health survey McKinsey conducted on and for the benefit of the Oregon State Treasury Investment Division. Results were presented relative to McKinsey’s other survey composites which included both a public agency composite, an institutional investor composite and a much broader composite comprising all organizations participating in the McKinsey survey. Ms. Skovira shared that the investment division's overall scores were high relative to each of the comparative composites, while she and Mr. Klempner both noted select areas that represented opportunities for improvement.

V. 10:33 am Equity Market Update and Discussion – OPERF
Ronald Temple, CFA, Managing Director, Co-Head of Multi-Asset and Head of U.S. Equity, Lazard Asset Management delivered a comprehensive overview of and update on global equity markets.

VI. 11:09 am Q2 2018 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 June 30, 2018.

VII. 11:36 am CEM Benchmarking Report – OPERF
Karl Cheng introduced Mr. Mike Heale, Principal, CEM, who presented the OPERF investment cost analysis performed by CEM Benchmarking Inc. for both the calendar and five-year period ended December 31, 2017. Among other highlights, Mr. Heale noted that OPERF’s overall annual costs decreased by 4 basis points in 2017.

VIII. 12:06 pm Oregon Savings Growth Plan – Annual Review and Update
With support and assistance from the OST Investment Division, the Oregon Investment Council is responsible for investment choices within the Oregon Savings Growth Plan (OSGP), a 457(b) deferred compensation plan that provides Oregon public employees a convenient way to save for retirement on either a pre- or after-tax (Roth) basis.
Michael Viteri, Senior Investment Officer, Public Equity, Wil Hiles, Investment Analyst II, Public Equity and Uvan Tseng, Senior Vice President, Callan Associates, recommend approval of three OSGO investment option changes:

1) Add Arrowstreet ACWI ex-US to and remove BlackRock ACWI ex-US from the Plan’s International Equity Option;
2) Consolidate Capital Preservation Options and remove the existing Short-Term Fixed Income Option; and
3) Simplify the Real Return Option by removing GMO Benchmark Free Allocation and Wellington Real Total Return.

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

IX. 12:07 pm Asset Allocation & NAV Updates
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended July 31, 2018.

X. 12:07 pm Calendar — Future Agenda Items
A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council’s meeting material.

XI. 12:08 pm Open Discussion
Chair Adams thanked investment division staff and the Treasurer for the success of the September 6 Sustainability Summit in Portland. Additionally, Treasurer Read wanted to acknowledge all the efforts the investment team made, particularly with bringing together so many quality presenters. He also thanked the Capitol staff for working hard to make sure the summit ran smoothly.

12:09 pm Public Comments

1. Aaron Brenner of UFCW and Peter Strazynski of NAP, addressed the Council concerning Endeavor Capital, and asked the Council to conduct a thorough review of the OIC’s relationship with the firm prior to making any additional capital commitments.

2. David Rogers, Executive Directors, ACLU of Oregon, Maria Elena Morales of ACLU and Jim Baker, Private Equity Stakeholder Project, addressed the Council to bring attention to Endeavour Capital’s current investment in Aladdin Bail bonds and associated insurance company Seaview.

Ms. Adams adjourned the meeting at 12:28 pm.

Respectfully submitted,

May Fanning
Executive Support Specialist