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# State of Oregon

## Office of the State Treasurer

16290 SW Upper Boones Ferry Road

Tigard, Oregon 97224

### OREGON INVESTMENT COUNCIL

March 13, 2019

#### Meeting Minutes

Members Present: Rukaiyah Adams, John Russell, Tobias Read, Rex Kim, and Kevin Olineck

Staff Present: John Skjervem, Perrin Lim, David Randall, Karl Cheng, Anna Totdahl, Roy Jackson, Austin Carmichael, Tim Baumert, Paul Koch, David Elott, May Fanning, Tony Breault, Jen Plett, Debra Day, Dana Millican, Caitlyn Wang, Ben Mahon, Jo Recht, Tom Lofton, Kathie Garcia, Mark Selfridge, Amanda Kingsbury, Aliese Jacobsen, Eric Messer, Kristel Flores, Ricardo Lopez, Michael Langdon, Joe Hutchinson, Michael Viteri, Jennifer Peet, William Hiles, Michael Mueller, Kristel Flores, Andy Coutu, Angela Schaffers, James Sinks, Dmitri Palmateer, Amy Wojcicki, Ahman Dirks, Robin Kaukonen, Chris Ebersole Faith Sedberry, Sam Spencer, Tyler Bernstein, Scott Robertson, and Krystal Mclean

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

Legal Counsel Present: Steven Marlowe, Department of Justice

The March 13<sup>th</sup>, 2019 OIC meeting was called to order at 9:00 am by Rukaiyah Adams, OIC Chair.

#### **I. 9:00 am Review and Approval of Minutes**

**MOTION:** Chair Adams asked for approval of the January 31, 2019 OIC regular meeting minutes. Member Russell moved the motion at 9:00 am, and Treasurer Read seconded the motion which then passed by a 4/0 vote.

#### **II. 9:01 am Committee Reports and CIO Update**

**Committee Reports:** Mr. Skjervem gave an update on the following committee actions taken since the January 31<sup>st</sup>, 2019 OIC meeting:

##### **Private Equity Committee**

February 14, 2019	Genstar Capital Partners IX, L.P. & Opportunity Fund	\$200M
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##### **Alternatives Portfolio Committee**

February 25, 2019	Bridgewater Optimal Portfolio	\$250M
	GMO Systematic Global Macro Fund	\$250M
	Northern Shipping Fund IV, L.P.	\$150M



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**Opportunity Portfolio Committee**

None

**Real Estate Committee**

None

Mr. Skjervem then provided opening remarks which included a summary of 2018 and cumulative OPERF investment performance, a preview of the CSF Annual Review, as well as brief remarks on staff's recommended IAP updates and its inaugural OPERF Liquidity Analysis. Mr. Skjervem also previewed staff's annual Real Estate review, and highlighted the important progress achieved in that asset class. Finally, he introduced two new OST staff members, Krystal Mclean, Legal Assistant, Legal & Compliance and Sam Spencer, Investment Officer, Real Estate, and updated the Council on other personnel transfers and promotions.

**III. 9:14 am Common School Fund Annual Review – Common School Fund**

Michael Viteri, Senior Investment Officer, Public Equity, provided the Oregon Investment Council with an update on the Common School Fund for the period ended December 31, 2018, and sought approval for changes to OIC's Common School Fund Policies and Procedures.

Mr. Viteri then introduced Bill Ryan, Deputy Director for Operations, Department of State Lands who provided an overview of the Common School Fund and its history as well as an update on his department's current priorities.

Jennifer Peet, Corporate Governance Director, recommended a select list of updates to as well as a sweeping consolidation of the OIC's Common School Fund investment policies.

**MOTION:** Mr. Kim moved approval at 9:46 am, and Treasurer Read seconded the motion which then passed by a 4/0 vote.

**IV. 9:55 am IAP Update – OPERF**

Jennifer Peet, and Christopher Nikolich, Head of Glide Path Strategies (U.S.), AllianceBernstein provided a status report for the Individual Account Program, which comprised a review of the IAP program, implementation and ongoing services, demographic analysis and a glide path design refresher and finally, a performance and benchmark review.

Upon the conclusion of Mr. Nikolich's remarks, Ms. Peet recommended approval of proposed policy changes as outlined in policy INV 218.

**MOTION:** Mr. Russell moved approval of the recommendation at 10:09 am, and Treasurer Read seconded the motion which then passed by a 4/0 vote.

**V. 10:09 am Q4 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 December 31, 2018.

**VI. 10:47 am Real Estate Portfolio Review – OPERF**

Tony Breault, Senior Investment Officer, Real Estate, along with Christy Fields, Managing Director, Pension Consulting Alliance, presented the Real Estate Annual Review and 2019 Plan. This presentation included a



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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 2019.

Mr. Breault introduced Ms. Mary Ludgin, Managing Director, Head of Global Research for Heitman, who presented her firm's real estate market overview, and added some specific commentary on various property types.

**VII. 11:49 am Liquidity Update & Analysis – OPERF**

Jen Plett, Senior Investment Analyst, and Karl Cheng provided the OIC with an introduction to the OPERF cash flow and liquidity project, which included a restatement of and discussion of the collective understanding of OPERF's short- and long-term investment objectives.

**VIII. 12:28 pm Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended January 31, 2019.

**IX. 12:28 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. 12:29 pm Open Discussion**

Council Member Kim thanked OST investment staff the meeting agenda and supporting material, and said he particularly appreciated the liquidity analysis and portfolio risk discussion. He also said he believes the Council has come a long way on those topics, and that he would like to continue this discussion in a manner that includes looking at different public peer fund practices, both in terms of return level pursued and risk level taken.

**12:20 pm Public Comments**

None.

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

Respectfully submitted,

*May Fanning*

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Executive Support Specialist