



**OREGON
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State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

December 7, 2022

Meeting Minutes

Members Present: Cara Samples, Lorraine Arvin, Tobias Read, Kevin Olineck, John Russell, Pia Wilson-Body

Staff Present: Rex Kim, John Hershey, Michael Langdon, David Randall, Karl Cheng, Michael Mueller, Chris Ebersole, Alli Gordon, Louise Howard, Wil Hiles, Claire Illo, Kenny Bao, Doug Greiner

Staff Participating Virtually: Aaron Schaffer, Ahman Dirks, Aliese Jacobsen, Amanda Kingsbury, Amy Bates, Andrew Coutu, Andrew Hillis, Andrew Robertson, Andrey Voloshinov, Austin Carmichael, Ben Mahon, Bradley Curran, Caitlyn Wang, Chuck Christopher, Dana Millican, David Elott, Debra Day, Deena Bothello, Eric Messer, Faith Sedberry, Ian Huculak, Jen Plett, Jeremy Knowles, Jo Recht, John Lutkehaus, Josh Jones, Krystal Korthals, Lisa Pettinati, Mark Selfridge, Mohammed Quraishi, Paul Koch, Perrin Lim, Philip Larrieu, Roy Jackson, Ryan Auclair, Ryan Mann, Sam Spencer, Scott Robertson, Sebrina Gridley, Sommer May, Tan Cao, Taylor Bowman, Tiffany Zahas, Tim Miller, Tim Powers, Tyler Bernstein, Will Hampson

Consultants Present: Colin Bebee, Allan Emkin, Paola Nealon, Mika Malone, Christy Fields (Meketa Investment Group, Inc); Ada Lin (Milliman); Raneen Jalajel (Aon), Ben Bronson, Trevor Jackson, Tom Martin, (Akesia)

PERS Present: Kevin Olineck

Legal Counsel Present: Steve Malone (Department of Justice)

The December 7, 2022 OIC meeting was called to order at 9:00 am by Cara Samples, Chair.

I. 9:00 am Review and Approval of Minutes

MOTION: Chair Samples asked for approval of the November 2, 2022 OIC regular meeting minutes. Chair Samples moved approval at 9:01 am, and Treasurer Read seconded the motion which then passed by a 5/0 vote.

II. 9:01 am Committee Reports

Private Equity Committee:

December 6	GGV IX, IX Plus & Discovery IV	\$150M
December 6	GTCR XIV	\$250M



**OREGON
STATE
TREASURY**

Real Estate Committee:

None

Opportunity Committee:

None

Alternatives Portfolio Committee:

November 8	Marshall Wace Alpha Plus (US) Fund II	\$200M
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Staff Discretion:

Common School Fund

November 8	Marshall Wace Alpha Plus (US) Fund II	\$7.5M
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December 6	GTCR XIV	\$15M
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III. 9:02 am OPERF Asset Allocation/Liability Analysis

Karl Cheng, Senior Investment Officer, Portfolio Risk & Research introduced the presenters. Allan Emkin, Managing Principal, Meketa and Raneen Jalajel, Associate Partner, Aon, provided a presentation about OPERF Asset and Liability Analysis, including a review of liquidity risk under the various proposed options.

Staff and consultants provided to the Council for consideration three options, with each at a different level of risk. Each of the three options provides a varying degree of allocation to public equity and fixed income, which provides for different levels of portfolio volatility. Staff recommends approval of one of three asset allocation options and associated policy revisions.

At the November board meeting, investment consultants and staff presented three options for OPERF asset allocation, including a recommendation for what was then labeled "Option 2". At the conclusion of that presentation, the Council requested analyses by the investment consultants of two additional asset allocations, labeled "Option 2A" with more Public Equity and "Option 2B" with more Fixed Income. Each of the options removes Risk Parity, adding that amount to Public Equity and Fixed Income rather than Private Equity.

MOTION: Chair Samples moved approval of "Option 2A", the motion was seconded by Member Russell and passed by a vote of 5/0.

Staff recommended approval of the proposed revision to INV 1203 updated with the asset allocation just approved by OIC.

MOTION: Treasurer Read moved approval of staff recommendation, the motion was seconded by Member Russell and passed by a vote of 5/0.

IV. 9:13 am OPERF Opportunity Portfolio Consultant Approval

Mike Mueller, Investment Officer, Alternatives gave an update on the OPERF Opportunity Portfolio Investment Policy.

On July 12, 2022, the OST Investment Division issued an RFP for Opportunity Portfolio Consulting services on behalf of the OIC. A total of three proposals were received and independently reviewed and scored by the Committee members who met on September 15, 2022. Subject to the satisfactory negotiation of terms and conditions with Staff working in concert with legal counsel, the Opportunity Portfolio Consulting services search Committee unanimously recommends that the OIC pursue a non-discretionary, consulting contract with Aksia LLC beginning January 1, 2023. The Committee further recommends pursuing an initial three-year contract term with two pre-negotiated two-year extensions, available at the Council's discretion.



**OREGON
STATE
TREASURY**

MOTION: Member Russell moved approval of staff recommendation, the motion was seconded by Treasurer Reed passed by a vote of 5/0.

V. 9:15 am OPERF Public Equity Annual Review

Louise Howard, Senior Investment Officer, Public Equity introduced the presenters in addition two new members to the Public Equity Team, Kenny Bao and Doug Greiner. Louise Howard, Senior Investment Officer, Wil Hiles, Investment Officer, Public Equity, Claire Illo, Investment Officer, Public Equity, Raneen Jalajel, Associate Partner, Aon, Paola Nealon, Managing Partner, Meketa presented the OPERF Public Equity Portfolio Annual Review.

Public equity represented 19.4% of OPERF as of September 30, 2022. Total Public Equity is \$18.1 Billion and 32 Accounts. Internally-managed portfolios comprise 39.1 % of public equity assets. Staff continues to evaluate exposures with respect to size and value along with low volatility.

VI. 10:20 am OPERF Q3 Performance Review

Mika Malone, Managing Partner, Meketa, Allan Emkin, Managing Partner, Meketa, Paola Nealon, Managing Partner, Meketa presented the OPERF Q3 Performance Review.

Meketa provided a review of the Economic and Market Update, Executive Summary for Q3 and a Performance Update all as of September 30, 2022.

VII. 10:48 am Asset Allocation & NAV Updates

Rex Kim, Chief Investment Officer presented the asset allocation and NAV updates.

VIII. 10:49 am Calendar – Future Agenda Items

Rex Kim presented the forward calendar. Some modest changes are being made to the forward calendar and several topics will remain the same. The updated forward calendar will be presented during January's board meeting.

IX. 10:50 am Open Discussion

Chair Samples opened the floor for discussion.

Chair Samples thanked Treasurer Reed for bringing forth the issue of decarbonization of the portfolio and requested establishing a workplan for how the OIC can prepare for an educated and well considered debate on the issue when more details are brought forward by the Treasurer.

Member Arvin noted studies will need to be incorporated and associated costs reviewed.

Member Russell read the following statement pertaining to the Treasury and staff:

“I’d like to read a statement, so why a statement, and the answer is simple. I’m talking about a sensitive topic, and I didn’t want anybody to be surprised. What I’m about to read has been at least reviewed with Rex, Tobias and Cara. Not that they endorse it, but they’re not going to be surprised by it.

So, several recent incidents have alarmed me. I’m concerned for the reputation and effectiveness of both the Investment Council and the Treasury. The incidents call into question the relationship between treasury and its employees. I’m a believer in the potential for stories to illuminate a larger issue that’s true for these instances, my opinion. The larger issue is the relationship between employers and employees in all sections and sectors of the economy. In no way do I wish to single out individuals for criticism. As I understand it, in all these incidents our



**OREGON
STATE
TREASURY**

employees were working within the rules established by the current administration, and negotiations with the effective public employee unions. One example was the report of a treasury employee who had moved to Texas and continued to work remotely. When asked by the treasury to return to the office in Salem, the employee stated that he would only return if his round-trip airfare was paid by either Oregon Taxpayers or by our beneficiaries. The report got national attention because it was thought to be such an egregious example of entitlement and disrespect of his employer.

Another was a recent presentation to us in person in our auditorium by people who had flown from Chicago to make a presentation. Presenters are always introduced by staff. In this case our staff member chose to do that remotely. At the end of the presentation, I asked the staff member, after reminding him that he works for the treasury and not for the council, why he concluded that he didn't need to attend in person. He said, "it seemed better for me". I was stunned that his calculus didn't apparently consider what was best for his employer. Yet another example is that the real estate committee meetings that I prize so much are being done partially virtually. It's true that if a proposal gets to the committee, it almost certainly will pass, so there's no suspense and often no disagreement. However, I miss the pre and post discussions among the staff, Rex and me, particularly the post meeting discussions about folks' opinions about trends that we should be paying attention to. Can that happen virtually? Of course, but it doesn't. So, in conclusion I'd like to ask Treasurer Read to give us, in the future, his assessment, at a subsequent meeting, of the effect on the OIC and the Treasury of the personnel policies that have enabled these examples of recurring employee entitlement."

Kevin Olineck stated that at the most recent PERS board meeting, Milliman presented their 2022 Financial Modeling Presentation which is currently available on the PERS website for review.

X. 10:57 am Public Comments

Chair Samples opened the floor to public comments. Public comments have also been submitted electronically and included with the public meeting book.

Ms. Samples adjourned the meeting at 11:18 pm.

Respectfully submitted,
Alli Gordon
Executive Support Specialist