

State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

October 25, 2023

Meeting Minutes

Members Present: Cara Samples, Treasurer Tobias Read, Lorraine Arvin, Pia Wilson-Body, Alline Akintore, Kevin Olineck

Staff Present: Rex Kim, David Randall, Michael Langdon, Karl Cheng, Ben Mahon, Louise Howard, Gloria Gil, Ahman Dirks, Wil Hiles, Rupa Raman, Philip Larrieu, Michel Makale, Chuck Christopher, Bryson Pate, Jennifer Kersgaard

Staff Participating Virtually: Jaime Alvarez, Ryan Auclair, Sarah Bagdriwicz, Sara Bayes, Tyler Bernstein, Taylor Bowman, Tan Cao, Austin Carmichael, Collin Cousar, Andrew Coutu, Kiara Cruz, Bradley Curran, Ashley Daigle, Debra Day, Eric Engelson, Alli Gordon, Annie Gregori, Julie Hall, Will Hampson, Ania Henton, Ian Huculak, Claire Illo, Roy Jackson, Aliese Jacobsen, Kristi Jenkins, Josh Jones, Michael Kaplan, Young Kim, Amanda Kingsbury, Jeremy Knowles, Paul Koch, John Lutkehaus, Ben Mahon, Michael Makale, Tim Miller, Mike Mueller, George Naughton, Dmitri Palmateer, Jen Plett, Mohammed Quraishi, Rupa Raman, Jo Recht, Peter Rector, Talia Riordan, Andrew Robertson, Scott Robertson, Holly Rohwer, Angela Schaffers, Faith Sedberry, Mark Selfridge, Alli Sorensen, Anna Totdahl, Kottur Vasanth, Andrey Voloshinov, Rachel Wray, Tiffany Zahas

Consultants Present: Allan Emkin, Mika Malone, Colin Bebee, Eric Larsen, Tom Martin, Raneen Jalajel, Paola Nealon, Ashley Woeste, Ryan Fitzgerald, Chip Terhune, Gina Manley, Christopher Doll, Steve Cummings

PERS Present: Kevin Olineck

Legal Counsel Present: Steve Marlowe (Department of Justice)

The October 25, 2023, OIC meeting was called to order at 9:05 am by Cara Samples, Chair

<u>Time</u>	<u>Tab</u>		<u>Presenter</u>
9:05	1	Review & Approval of Minutes September 6, 2023	Cara Samples OIC Chair

Chair Samples opened the meeting and asked for approval of the September 6, OIC regular meeting minutes. At 9:06 am Treasurer Read moved approval; Member Pia Wilson-Body seconded the motion which then passed by a 4/0 vote.

Cara Samples
Chair

Lorraine Arvin
Vice-Chair

Pia Wilson-Body
Member

Alline Akintore Kabbatende
Member

Tobias Read
State Treasurer

Kevin Olineck
PERS Director

2 **Committee Reports**

Rex Kim
Chief Investment Officer

Private Equity Committee:
None

Real Estate Committee:
None

Opportunity Committee:
None

Alternatives Portfolio Committee:
September 11 Capstone Dispersion Master Fund LP \$250M USD

Staff Discretion
None

9:05 – 9:45

3 **State Accident Insurance Fund**

Karl Cheng
Senior Investment Officer, PR&R
Chip Terhune
President, SAIF
Gina Manley
Chief Financial Officer, SAIF

Chip Terhune and Gina Manley from SAIF provided a thorough background information of SAIF, including the objectives and purpose for the organization and the role of the SAIF investment portfolio. SAIF began an asset allocation study in September of this year in partnership with Treasury, and the results will be reviewed and approved in 2024. The portfolio is up 3.78% for the first half of 2023 and outperformed the benchmark by 63 basis points.

9:45 – 10:20

4 **CEM Benchmarking**

Dave Randall
Chief Investment Operating Officer
Christopher Doll
Director, CEM Benchmarking

Christopher Doll with CEM Benchmarking provided a review of OPERF from multiple perspectives including performance and fees. Our 5-year net total return was 7.7%, outperforming the US Public median of 5.9% and the peer median of 6.5%. Our 5-year policy return was 5.7%, outperforming the US Public Median of 4.7% and the peer median of 5.1%. Investment fees were 69.8 basis point, lower cost than the 71.2 basis points of our peers.

--- BREAK ---

10:20 – 10:30

5 **Asset Class Consultant**
(Action Item: Private Equity Consultant Recommendation)

Ahman Dirks
Investment Officer, Private Equity

Ahman Dirks, Investment Officer, presented the recommendation that OIC renew a consulting contract with Aksia beginning 1/1/2024 for an initial 3-year contract and 2 pre-negotiated 2-year extensions at the Council's discretion.

At 10:32 Treasurer Read moved approval; Vice-Chair Lorraine Arvin seconded the motion which then passed by a 5/0 vote.

10:30 – 10:55 6 **Common School Fund Review** Louise Howard
Senior Investment Officer
Michael Langdon
Director of Private Markets
Wil Hiles
Investment Officer, Public Equity

Michael Langdon, Louise Howard and Wil Hiles presented the Common School Fund Review. The fund adopted an updated asset allocation strategy in November of 2022, which will reduce exposure in Global Equity and Fixed income as well as funding up Real Assets and Private Equity.

As of June 30, 2023, the total fund returned 7.0% for the year, underperforming the benchmark by .1%. The Fund's 3-year relative performance was 8.9%, outperforming the benchmark by 1.2%. Global Equity and Real Assets provided strong returns over the prior year.

10:55 – 11:05 7 **Public Equity** Louise Howard
(Action Item: Manager Recommendation) Senior Investment Officer

Louise Howard, Senior Investment Officer, presented a recommendation to convert the current EAM US and non-US Micro Cap mandates into US Small Cap and Non-US Small Cap mandates. At 11:20 Treasurer Read moved for approval; Member Pia Wilson-Body seconded the motion which then passes by a vote of 5/0.

--- BREAK ---

11:35 – 12:10 8 **OPERF Investment Policy Statement** Mika Malone
Managing Principal, Meketa
Raneen Jalajel
Associate Partner, Aon

Consultants Mika Malone, Steve Cummings and Raneen Jalajel discussed the key components of the IPS, received feedback for redlines and edits. A redline IPS will be brought to the December 6 OIC Meeting.

12:10 9 **Calendar – Future Agenda Items** Rex Kim

Chair Samples requested a special meeting be scheduled in early 2024 dedicated to Net Zero.

Open Discussion OIC Members, Staff, Consultants

Public Comments