



STATE OF OREGON
OFFICE OF THE STATE TREASURER
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97301-3896

OREGON INVESTMENT COUNCIL
DECEMBER 3, 2014
MEETING MINUTES

Members Present: Rukaiyah Adams, Katy Durant, Steve Rodeman, Dick Solomon

Member on Phone: Keith Larson

Member Absent: Treasurer Ted Wheeler

Staff Present: Darren Bond, Tony Breault, Karl Cheng, Michael Cox, Garrett Cudahey, Sam Green, John Hershey, Julie Jackson, Perrin Lim, Tom Lofton, Ben Mahon, Mike Mueller, Paola Nealon, Tom Rinehart, Priyanka Shukla, John Skjervem, Michael Viteri

Consultants Present: David Fann and Tom Martin (TorreyCove); Allan Emkin, Christy Fields, David Glickman, John Linder and Dillon Lorda (PCA); Jim Callahan, Jason Ellement, Gene Podkamina and Uvan Tseng (Callan)

Legal Counsel Present: Dee Carlson and Deena Bothello, Oregon Department of Justice

The December 3, 2014 OIC meeting was called to order at 9:00 am by Dick Solomon, Chair.

I. 9:00 am Review and Approval of Minutes

MOTION: Ms. Durant moved approval of the November 5, 2014 meeting minutes. Ms. Adams seconded the motion, which then passed by a 4/0 vote.

COMMITTEE REPORTS

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the September 24, 2014 OIC meeting:

Private Equity Committee – 2014:

NONE

Alternatives Portfolio Committee – 2014:

NONE

Opportunity Portfolio Committee – 2014:

NONE

Real Estate Committee – 2014:

NONE

II. 9:02 am OPERF Investment Beliefs and Statement of Investment Objectives and Policy Framework

Mr. Skjervem presented proposed revisions to the OIC's Statement of Investment and Management Beliefs document. After some discussion, Council members agreed to adopt the revisions as proposed but added one modification thereto.

MOTION: Ms. Adams moved approval of the revised and modified Investment Beliefs document. Ms. Durant seconded the motion, which then passed on a 4/0 vote.

Mr. Skjervem also presented an updated and revised version of the Statement of Investment Objectives and Policy Framework document, and noted that the material changes thereto were concentrated in section five, Public Equity Strategy.

MOTION: Ms. Adams moved approval of the revised Investment Objectives document. Ms. Durant seconded the motion, which then passed on a 4/0 vote.

III. 9:20 am CEM Benchmarking

Bruce Hopkins, Vice President of CEM provided a comprehensive, annual review of OPERF costs in both absolute and peer-relative terms.

9:55 am: Keith Larson withdrew from the meeting.

IV. 9:55 am Common School Fund Annual Review

In accordance with OIC Policy 4.08.07, Mike Mueller, OST Deputy Chief Investment Officer and Mary Abrams, Director with the Department of State Lands provided an update on the Common School Fund (CSF) for the one-year period ended September 30, 2014 with specific emphasis on CSF's investment performance, portfolio structure and asset allocation.

V. 10:20 am OPERF Alternatives Portfolio Annual Review

Ben Mahon, Investment Officer presented the Alternatives portfolio annual review and provided an update on that portfolio's strategic focus and transaction pipeline.

VI. 10:37 am OPERF Opportunity Portfolio Annual Review

John Hershey, Director of Alternative Investments presented the Opportunity portfolio annual review and provided an update on that portfolio's strategic focus and transaction pipeline.

VII. 10:50 am OPERF Q3 Performance Review

Jim Callahan with Callan Associates gave an update on OPERF investment performance for the third quarter of 2014.

VIII. 11:20 am Asset Allocation & NAV Updates

Mr. Skjervem reviewed asset allocations and NAV's across OST-managed accounts for the period ended October 31, 2014.

IX. 11:21 am Calendar and Future Agenda Items

Mr. Skjervem presented a revised schedule of future OIC meetings and associated agenda topics.

X. 11:22 am Other Items
None

11:22 am Public Comments

Bill Parish, an independent Registered Investment Advisor, addressed the Council regarding its private equity and hedge fund investments. Specifically, he again requested that the Council post annual audit reports and other partnership documents. He added that in his opinion, these documents should not be considered proprietary, and, if posted, would provide needed insight into what he described as tax inversion practices. He also suggested that some specific strategies such as drug royalty investments raise important public policy questions given that these strategies' revenue support originates from Medicare and Medicaid reimbursements.

Mr. Solomon adjourned the meeting at 11:24 am.

Respectfully submitted,



Julie Jackson
Executive Support Specialist