OREGON INVESTMENT COUNCIL
MARCH 5, 2014
AMENDED MEETING MINUTES

Members Present: Rukaiyah Adams, Paul Cleary, Katy Durant, Keith Larson, Dick Solomon, Ted Wheeler

Staff Present: Anthony Breault, Austin Carmichael, Karl Cheng, Garrett Cudahey, Sam Green, Andy Hayes, John Hershey, Brooks Hogle, Perrin Lim, Tom Lofton, Ben Mahon, Mike Mueller, Tom Rinehart, Priyanka Shukla, James Sinks, John Skjervem, Michael Viteri, Michelle Winegar

Consultants Present: David Fann and Tom Martin (TorreyCove); Alan Emkin, David Glickman, John Linder and Mike Moy (PCA); Jim Callahan, Uvan Tseng

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

The March 5, 2014 OIC meeting was called to order at 9:01 am by Dick Solomon, Chair.

I. 9:01 am Review and Approval of Minutes
MOTION: Treasurer Wheeler moved approval of the January 29, 2014 meeting minutes. Ms. Durant seconded the motion, which then passed by a 5/0 vote.

9:02 AM COMMITTEE REPORTS
John Skjervem, CIO gave an update on committee actions taken since the January 29, 2014 OIC Meeting:

Private Equity Committee
None

Alternatives Portfolio Committee – February 13, 2014:
The Forest Company Limited $100 Million
NGP Agribusiness Follow-On Fund LP $100 Million
Alterna Capital Assets Fund II, LP $100 Million

Opportunity Portfolio Committee
None

Real Estate Committee – February 25, 2014:
DivcoWest Fund IV REIT, L.P. $100 Million
Waterton Residential Fund XII, L.P. $100 Million
Talmage Total Return Partners, LLC $100 Million
II. 9:03am International Micro Cap Recommendation
Within the OPERF International Equity Portfolio, staff and Callan recommend hiring Dimensional Fund Advisors (DFA) and EAM Investors (EAM) for micro-cap value and micro-cap growth mandates, respectively.

International equity micro-cap represents a unique segment of public equity markets with characteristics such as lower market capitalization, reduced liquidity and higher volatility compared to large, mid and small cap stocks. Micro-cap exposures should realize differentiated performance and provide broader opportunities for portfolio diversification. Micro-cap securities also tend to be underfollowed and under-researched by institutional investors.

Staff believes the OPERF International Equity portfolio can capture excess returns, net of fees, through well-designed strategies focused on investments in international micro-cap stocks.

MOTION: Treasurer Wheeler moved approval of the staff recommendation. Ms. Durant seconded the motion, which passed by a vote of 5/0.

III. 10:03am OPERF Private Equity Review & 2014 Plan
Sam Green, David Fann and Tom Martin presented the OPERF Private Equity Review & 2014 Plan.

IV. 10:58am Proxy Voting Annual Review
Bob McCormick from Glass Lewis & Co. presented an annual review and update on proxy voting issues.

V. 11:24am OIC Policy Updates
Mike Mueller, Perrin Lim and John Hershey presented a review of and recommended updates to several specific OIC policies.

MOTION: Chair Richard Solomon moved approval of staff’s policy update recommendations. Keith Larson seconded the motion, which passed by a vote of 5/0.

VI. 11:31am Information Items
PCA’s Allan Emkin reviewed the OPERF 4th Quarter and calendar year 2013 performance report.

VII. 11:43am Asset Allocations & NAV Updates
John Skjervem reviewed asset allocations and NAVs across various OST-managed accounts including the Oregon Public Employees Retirement Fund, SAIF Corporation, Common School Fund and Higher Education Pooled Endowment Fund for the period ending December 31, 2013.

11:45 Calendar – Future Agenda Items
John Skjervem reviewed the forward calendar and currently planned OIC meeting agendas.

11:45 Other Items
None
11:45am  Public Comment
Bill Parish, an independent Registered Investor Advisor, commented on the impact and influence of proxy firms particularly with respect to corporate mergers and acquisitions and the treatment of Net Operating Losses (NOLs).

Mr. Solomon adjourned the meeting at 11:48am.

Respectfully submitted,

Michelle Winegar
Executive Assistant