The October 28, 2015 OIC meeting was called to order at 9:00 am by Katy Durant, Chair.

I. 9:00 am Review and Approval of Minutes
MOTION: Mr. Larson moved approval of the September 9, 2015 meeting minutes. Ms. Adams seconded the motion, which then passed by a 4/0 vote (Treasurer Wheeler had not yet arrived).

COMMITTEE REPORTS: John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the September 9, 2015 OIC meeting:

Private Equity Committee:
None

Alternatives Committee:
None

Opportunity Portfolio Committee:
None

Real Estate Committee:
None

II. 9:02 am Stonepeak Infrastructure Fund II, L.P.
Ben Mahon, Alternatives Investment Officer introduced Michael Dorrell and Trent Vichie, Senior Managing Directors and Co-Founders of Stonepeak Infrastructure Partners (“Stonepeak” or the “Firm”). Stonepeak is an independently owned investment firm formed in 2011 by Messrs. Dorrell and Vichie, both formerly of The Blackstone Group and Macquarie. Oregon’s relationship with
Stonepeak dates back to 2012, when the OIC committed $100 million of OPERF capital to Stonepeak Infrastructure Fund I, L.P. Accordingly, this proposed commitment should be considered a “re-up” to an existing relationship.

Consistent with its history, Stonepeak will focus Fund II capital on U.S. and Canadian middle-market infrastructure investments, primarily in the power, water, energy, communications, renewables, and transportation sectors. Target returns will include a balance of income and capital appreciation, and the Firm expects to make individual equity investments of between $75 million and $300 million and generally aims to secure a controlling stake.

Staff and TorreyCove recommended a $400 million commitment to the Stonepeak Infrastructure Fund II for the OPERF Alternatives Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel.

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

III. 10:00 am CEM Benchmarking
Bruce Hopkins, Vice President of CEM provided a comprehensive, annual review of OPERF investment costs in both absolute and peer-relative terms.

IV. 10:30 am OSTF Annual Review
Garrett Cudahey, Fixed Income Investment Officer presented the Oregon Short Term Fund (OSTF) annual review and related policy revisions. These revisions were recommended in order to update outdated language, separate policy from procedure (as part of an OST-wide effort), align fixed income policy with BlackRock’s Aladdin methodology and improve the policies’ overall readability.

Substantive OSTF policy revisions include the following:

1. Policy & Procedure Separation – OST is undergoing an agency-wide effort to separate policy from procedure. In conjunction with this effort, Staff consolidated and separately partitioned all OSTF-related procedural elements.
2. Update to Government Guaranteed Securities – Staff removed outdated TLGP language and inserted language pertaining to securities guaranteed by a government entity.
3. Updated Maturity Language – Staff updated and clarified language for securities with more than one maturity date proxy.
4. Municipal Security Exposure – Staff introduced an OSTF policy limitation for municipal securities and issuers of municipal securities.
5. Ratings Grid Modification – Staff modified the OSTF policy ratings grid to conform to the compliance features of the BlackRock Aladdin operating platform.

MOTION: Mr. Larson moved approval of the recommended OSTF policy updates. Ms. Adams seconded the motion, which passed by a vote of 5/0.

V. 10:47 am OIC Policy Updates
Mike Mueller, Deputy CIO presented various OIC policy updates in connection with OST’s on-going migration to its PolicyStat application.

MOTION: Ms. Adams moved approval of the recommended updates. Treasurer Wheeler seconded the motion, which passed by a vote of 5/0.
VI. **10:53 am** **OPRF Actuarial Valuation Update**
Steve Rodeman, PERS Director gave an update on the recently-completed PERS actuarial study, and noted that OPRF’s funding ratio has declined from 96% to 84% due to a variety of factors, most notably the State Supreme Court’s recent *Moro* decision which invalidated the Legislature’s 2013 PERS reforms.

VII. **11:35 am** **Asset Allocation & NAV Updates**
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended September 30, 2015.

VIII. **11:36 am** **Calendar – Future Agenda Items**
Mr. Skjervem presented an updated calendar of future OIC meetings and planned agenda topics.

IX. **11:36 am** **Other Items**
None

**11:38 am** **Public Comments**
Bill Parish, Registered Investment Advisor with Parish & Company, addressed the OIC regarding private equity fee disclosure, private equity fund audit reports and investments in drug and medical procedure cash flows. Specifically, Mr. Parish advocated for OIC disclosure of both private equity firms’ carried interest and the audit reports for each private equity investment partnership. Mr. Parish also shared his concerns regarding drug and medical procedure costs, and noted larger policy implications for related royalty investment strategies.

Ms. Durant adjourned the meeting at 11:40 am.

Respectfully submitted,

[Signature]
Julie Jackson
Executive Support Specialist