



**STATE OF OREGON**  
**OFFICE OF THE STATE TREASURER**  
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SALEM, OREGON 97301-3896

OREGON INVESTMENT COUNCIL  
FEBRUARY 3, 2016  
MEETING MINUTES

Members Present: Rukaiyah Adams, Katy Durant, Keith Larson, Steve Rodeman, John Russell, Ted Wheeler

Staff Present: Darren Bond, Deena Bothello, Tony Breault, Karl Cheng, Debra Day, Sam Green, Karl Hausafus, Andy Hayes, John Hershey, Julie Jackson, Michael Langdon, Carmen Leiva, Perrin Lim, Tom Lofton, Mike Mueller, Paola Nealon, Jen Peet, Jen Plett, Dave Randall, Tom Rinehart, Angela Schaffers, James Sinks, John Skjervem, Michael Viteri

Consultants Present: David Fann, Jeff Goldberger and Tom Martin (TorreyCove); Christy Fields and John Linder (PCA); Janet Becker-Wold, Jim Callahan, Uvan Tseng (Callan)

Legal Counsel Present: Dee Carlson, Oregon Department of Justice

The February 3, 2016 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. Russell moved approval of the December 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 December 9, 2015 OIC meeting:

**Private Equity Committee:**

February 1, 2016	Union Square Ventures 2016, L.P.	Up to \$20 million
February 1, 2016	GGV Capital VI, L.P.	\$45 million
February 1, 2016	GGV Capital VI Plus, L.P.	\$15 million
February 1, 2016	GGV Discovery I, L.P.	\$20 million
February 1, 2016	Green Equity Investors VII, L.P.	Up to \$250 million

**Alternatives Committee:**

None

**Opportunity Portfolio Committee:**

None

**Real Estate Committee:**

None

**II. 9:02 am Vista Equity Partners Fund VI, L.P. - OPERF Private Equity Portfolio**

Andy Hayes, Investment Officer and David Fann and Tom Martin with TorreyCove recommended a \$500 million commitment to Vista Equity Partners VI, L.P. (the "Fund VI") for the OPERF Private Equity Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel.

Vista Equity Partners ("Vista" or the "Firm") was founded in 2000 and is led founders Robert Smith, CEO and Brian Sheth, President. The Firm maintains offices in San Francisco, Chicago, and Austin and currently employs 69 investment professionals and 83 professionals in its consulting group, Vista Consulting Group.

Vista's focus for Fund VI will be similar to that pursued in its previous flagship equity funds. The Firm will seek to acquire "mission critical" enterprise software or technology-enabled companies with high recurring revenue and high customer retention. Vista will position Fund VI to continue the platform and add-on focus of past funds, targeting company acquisitions with enterprise values generally between \$400 million and \$5 billion. Fund VI will typically invest at least \$200 million in a platform company, while also adding smaller-sized 'add-on' transactions to each platform.

Relative to its past funds, Vista is increasing the prospective size of Fund VI in order to a) opportunistically pursue larger companies without running into allocation limits and b) enhance vintage year diversification.

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

**III. 9:55 am Private Equity Review and 2016 Plan**

Michael Langdon, Senior Private Equity Investment Officer and TorreyCove's David Fann and Tom Martin presented the OPERF Private Equity Review and 2016 Plan.

Staff recommends a forward commitment pace of \$2.5-3.5 billion over the next several vintage years, a recommendation inclusion of the following primary considerations:

- ▶ As illustrated in the TorreyCove presentation, pacing at this level allows for a gradual move of the allocation down to 17.5% over several years;
- ▶ The Program's GP roster has been rationalized significantly over the past several years, and Staff recommends maintaining the current roster of roughly 50 managers which would dictate making 10-15 commitments per annum;
- ▶ Staff recommends a continued push to tighten the band of commitment sizes around an average commitment of \$250-300 million to allow for more effective diversification and less reliance on mega funds;
- ▶ The proposed range would continue to use a \$500 million soft cap while migrating the minimum check size up toward \$100-150 million over time; and
- ▶ Staff recently undertook an exhaustive market mapping exercise tracking 1,000 scale managers, of which roughly 10% are either in the Program today or part of a candidate list for possible inclusion going forward.

From an implementation standpoint, staff recommends maintaining a focus on primaries with continued emphasis on due diligence and monitoring process enhancements. Staff will also continue its exploration of co-investment models as well as separate accounts/strategic relationships, but those initiatives are not prioritized above continuous improvement initiatives in the primary underwriting process.

From a monitoring standpoint, staff will investigate solutions for the mature portion of the portfolio. More than half of the portfolio's current value is held in funds that commenced investing before 2009, and *end-of-fund-life* issues are becoming an increasing burden on staff time and resources.

Specifically, staff will study secondary and advisory solutions that may create additional leverage and allow for more effective monitoring and value optimization.

Other 2016 priorities include the Program's consultant RFP process as well as continued collaboration on the internal risk and audit work already underway.

**IV. 10:55 am Annual Placement Agent Report**

John Hershey, Director of Alternative Investments, presented the annual placement agent report.

**V. 10:56 am Proposed 2017 OIC Meeting Dates**

John Skjervem proposed the following 2017 OIC meeting dates:

Wednesday, February 1, 2017  
Wednesday, March 15, 2017  
Wednesday, April 26, 2017  
Wednesday, June 7, 2017  
Wednesday, August 9, 2017  
Wednesday, September 20, 2017  
Wednesday, November 1, 2017  
Wednesday, December 13, 2017

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

**VI. 10:57 am Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended December 31, 2015.

**VII. 10:58 am Calendar – Future Agenda Items**

Mr. Skjervem updated OIC members on the forward OIC meeting calendar.

**VIII. 11:00 am Other Items**

Mr. Skjervem gave a summary of the information he presented at the previous Friday's PERS Board meeting.

**11:15 am Public Comments**

Alyssa Giachino with Unite Here gave public comment about Leonard Green Partners and the firm's use of private air transportation.

Ms. Durant adjourned the meeting at 11:20 am.

Respectfully submitted,



Julie Jackson  
Executive Support Specialist