Members Present: Rukaiyah Adams, Katy Durant, Rex Kim, Steve Rodeman, John Russell, Ted Wheeler

Staff Present: Darren Bond, Deena Bothello, Karl Cheng, May Fanning, Karl Hausafus, Kathie Garcia, Debra Day, Michael Langdon, Carmen Leiva, Perrin Lim, Paola Nealon, Jen Plett, Dave Randall, Angela Schaffers, Priyanka Shukla, James Sinks, John Skjervem, Michael Viteri, Lisa Massena, Garrett Cudahey, Andy Hayes, Tony Breault, Amanda Kingsbury, Mike Mueller, Tom Lofton, Jen Peet, Sam Green, Austin Carmichael

Consultants Present: David Fann and Jeffrey Goldberger (TorreyCove); Allan Emkin, Christy Fields and John Linder (PCA); Janet Becker-Wold, James Callahan and Uvan Tseng (Callan)

Legal Counsel Present: Dee Carlson, Oregon Department of Justice

The June 1st, 2016 OIC meeting was called to order at 8:57 am by Katy Durant, Chair.

I. 8:57 am Review and Approval of Minutes

MOTION: Mr. Russell moved approval of the April 20, 2016 regular meeting minutes. Mr. Kim seconded the motion, which then passed by a 5/0 vote.

COMMITTEE REPORTS

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the April 20, 2016 OIC meeting:

Private Equity Committee:
None

Alternatives Committee:
April 22, 2016 Warwick Partners III, LP $150 million

Opportunity Portfolio Committee:
May 17, 2016 Owl Rock Capital Corporation $150 million

Real Estate Committee:
None
II. **9:00 am** **Permira VI, L.P. – OPERF Private Equity Portfolio**

For the OPERF private equity portfolio, and subject to satisfactory negotiation of terms and conditions, staff and TorreyCove recommended a $250 million commitment to Permira VI, L.P. Sam Green, Investment Officer introduced Tom Lister, Co-Managing Partner of Permira who presented his firm’s history, performance and investment strategy in support of the combined staff and TorreyCove recommendation.

The Fund is being formed and sponsored by Permira Holdings Limited (“Permira” or the “Firm”), and will continue the successful sector-focused, growth-oriented buyout strategy employed in the Firm’s first five funds. Permira’s history began in 1985, when Schroder Ventures began forming a series of country specific funds in Europe. In 1996, Schroder Ventures merged the existing U.K., French, German, and Italian teams to create Schroder Ventures Europe, a pan-European investment platform, which raised its first pan-European fund in 1997. In 2001, the affiliation with Schroders was severed, and the resulting independent, pan-European private equity firm was rebranded as Permira. Since gaining independence, Permira has steadily expanded its geographic coverage and reach, first within Europe, then opening two offices in the United States and four in Asia. While a majority of Fund VI’s investments are expected to be European businesses, the Firm is gradually migrating toward a global investment mandate. Permira is targeting €6.5 billion of commitments for Fund VI and has set a hard-cap of €7.25 billion.

Permira Fund VI, L.P. represents an attractive opportunity to invest with a high-quality global buyout partner, and will increase European exposure within the OPERF private equity portfolio.

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

III. **9:44 am** **OIC Real Estate Consultant Recommendation**

Tony Breault, Senior Investment Officer addressed the OIC’s real estate consultant contract which expires on June 30, 2016. Staff proposes extending PCA’s current contract, subject to existing fees and terms, for an additional two-year period ending June 30, 2018.

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

IV. **9:51 am** **Oregon Savings Growth Plan – Annual Review and Update**

Karl Cheng, Investment Officer provided an annual update on the Oregon Savings Growth Plan, he has also submitted the following recommendations for OIC approval:

1. **Extend the consulting contract with SageView Advisory Group for an additional, one-year term:** In August 2009, Americh Massena (“AM”) was retained as the OSGP investment consultant. In March 2016, Jake O’Shaughnessy and Stuart Payment, the investment consultants leading the OSGP engagement, left AM to join SageView Advisory Group (“SageView”) as part of a transition the two firms agreed to earlier in the year. Given that Messrs. O’Shaughnessy and Payment would continue to work with OSGP, staff assigned the investment consulting contract, set to expire in August 2016, over to SageView. Since then, PERS has initiated a strategic review of OSGP. Therefore, staff will postpone the previously-scheduled investment consultant RFP, and recommends the OIC approve a one-year contract extension with SageView.

2. **Relax the limitations on the Self-Directed Brokerage Account option:** OSGP participants are currently able to invest in other funds through a Schwab self-directed brokerage account (“SDBA”). At present, there are three OIC-set limitations on this option:
   - SDBA investments are limited to U.S.-listed securities, mutual funds, and exchange-traded funds;
   - To open a SDBA, Plan participants must have a minimum OSGP balance of $10,000; and
In a Plan participant’s OSGP account, the maximum percentage allocation to the SDBO is set at 50%.

As of March 31, 2016, the SDBO had 117 participants and 0.40% of total plan assets. Almost all OSGP participants are vested with Oregon PERS and can expect a relatively stable income stream at retirement. At their February 2016 meeting, the Advisory Committee considered relaxing both the minimum balance and maximum percentage allocation limitations. The Advisory Committee ultimately agreed to recommend raising the maximum percentage allocation to 75%, but deferred its review on lowering the minimum balance requirement.

Staff recommends relaxing two of the constraints beyond the Advisory Committee’s recommendation, with the expectation that the Advisory Committee’s more conservative guidelines would set limitations. The proposed changes are:

- Reduce the required minimum OSGP balance to $5,000; and
- Maintain the maximum SDBO allocation at 90%.

Participation in OSGP is elective for PERS-eligible members and the SDBO provides an alternative for participants wanting greater flexibility than what they can accomplish with the other options. One motivation for this proposal is that it affects only a small group of participants. In fact, since the OIC approved the SDBO in February 2011, SDBO participation has never exceeded 0.50% by assets. Another motivation is that the Advisory Committee is still reviewing the SDBO limitations. Providing the Advisory Committee greater flexibility will allow it to make further small changes without requiring another decision by the OIC.

MOTION: Treasurer Wheeler moved approval of both the staff recommendations. Mr. Kim seconded the motion which passed by a vote of 5/0.

A third and final part of this agenda item was a presentation from Roger Smith, OSGP Manager, and Kathy Gannon, OSGP Program Coordinator who provided background on the Oregon Savings Growth Plan, and talked about its purpose, participants and other relevant information.

V. 10:15 am Oregon Intermediate Term Pool - Annual Review and Update
Tom Lofton, Investment Officer, presented an Informational update on the Oregon Intermediate Term Pool (OITP).

Overview:
- OITP launched in 2010 for qualified state agency funds.
- Serves as an investment vehicle for surplus funds with a longer-term investment horizon, and is expected to generate higher returns than available from the Oregon Short Term Fund (OSTF).
- Total return mandate with fluctuating NAV per share.

Developments:
- AUM increased 28% year-over-year as of April 30, 2016 to $299.5 million.
- As of April 30, 2016, there were 9 state agency fund participants.

VI. 10:47 am OST Compliance Program – Initial Report
Priyanka Shukla, Senior Investment Compliance Officer, and Karl Hausafus, General Counsel & Chief Compliance Officer described how OST’s utilization of Aladdin has helped improve the compliance group’s capabilities, as well as the group’s current priorities, staffing level and future goals.

VII. 11:01 am OPERF Performance & Risk Update – Q1 2016 Report
Jim Callan and Janet Becker-Wold with Callan presented an OPERF performance and risk report for the period ending March 31, 2016.
VIII. **11:37 am  Asset Allocation & NAV Updates**
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended April 30, 2016.

IX. **11:37 am  Calendar – Future Agenda Items**
Mr. Skjervem presented and briefly discussed the OIC’s forward meeting calendar.

X. **11:38 am  Other Items**
Investment Officers Garret Cudahey and Angela Schaffers guided a brief discussion of negative interest rates and associated implications for global bond markets.

**12:00 pm  Public Comments**
Sharon Maxwell, General Contractor of Maxwell Institute commented on the importance of investing in human capital within the local community to help promote economic growth, social equity, diversity and inclusion.

Michael Pineschi (Unite Here), Dr. Sylvester Rogers (Mt. Sinai Missionary Church in Las Vegas) and Larry Holt (Palms Casino) commented on the recently proposed sale of the Palms Casino, and asked OIC members to urge TPG Capital and Leonard Green & Partners to make job preservation and retention a transaction imperative.

Ms. Durant adjourned the meeting at 12:16 pm.

Respectfully submitted,

May Fanning
Executive Support Specialist