The March 9, 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 February 3, 2016 meeting minutes. Ms. Adams 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 February 3, 2016 OIC meeting:

Private Equity Committee:
March 8, 2016 ACON Equity Partners IV, L.P. $150 million

Alternatives Committee:
None

Opportunity Portfolio Committee:
None

Real Estate Committee:
None

II. 9:01 am Lone Star Real Estate Fund V - OPERF Real Estate Portfolio
Staff and Pension Consulting Alliance recommended a $300 million commitment to Lone Star Real Estate Fund V for the OPERF Real Estate Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with legal personnel.
Lone Star Real Estate Fund V ("LSREF V") is a continuation of Lone Star Real Estate Fund IV (LSREF IV) which had its first and final close in April 2015 under a similar macro-economic investment environment. LSREF IV raised $5.8 billion in capital commitments and must be at least 85% committed prior to the first closing of LSREF V. Given the size of loan pools and capital reserve requirements for European banks, Lone Star has committed LSREF IV capital at a more rapid pace than originally anticipated and has thus returned to the market with this subsequent fund raise with largely the same strategy and market outlook.

LSREF V has a targeted fund size of $5.0 billion with a hard cap of $5.5 billion. Similar to the prior Lone Star Real Estate Funds, the investment objective of LSREF V is to capitalize on market dislocations and acquire commercial real estate-related investments at a significant discount to intrinsic value. Lone Star will target a broad range of financial instruments and other investment assets in global commercial real estate markets including, but not limited to, the following: equity real estate investments; investments in or originations of loans; securitized products; other equity investments; and derivative instruments related to any of the foregoing.

LSREF V may invest globally in the three regions (Western Europe, the Americas and Asia) in which Lone Star and Hudson Advisors have an established footprint. Given the current investable opportunity for Lone Star’s opportunistic strategy, LSREF V is anticipated to have an approximate 75% allocation to Europe, 15% to the Americas and 10% in Asia. Two notable changes from LSREF IV include: (i) expanding Lone Star’s geographic opportunities to pan-Asia instead of the prior fund restriction to Japan-only; and (ii) broadening the Americas investment opportunities to include South America, subject to a 10% maximum exposure within LSREF V.

**MOTION:** Mr. Russell moved approval of the staff recommendation. Ms. Adams seconded the motion which passed by a vote of 4/1 with Treasurer Wheeler voting no.

**III. 9:50 am Brookfield Infrastructure Fund III, L.P. - OPERF Alternatives Portfolio**

Staff and TorreyCove recommended a $400 million commitment to Brookfield Infrastructure Fund III, L.P. ("BIF III") for the OPERF Alternatives Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with legal personnel.

Consistent with its history, Brookfield (the “Firm”) will focus BIF III capital on high-quality, core infrastructure investments, primarily in the transportation, renewable power, utilities, and energy sectors. Moreover, BIF III capital will be invested in geographies where Brookfield has an operating presence, namely North America, Europe, South America and Australasia. Brookfield is differentiated by its owner-operator legacy and a key feature of its BIF III strategy is the Firm’s operations-oriented investment approach which incorporates technical insight into valuation and execution decisions. Brookfield will also leverage the scale and expertise of its existing operating platforms in order to add value post-acquisition. To effect this strategy, Brookfield seeks sufficient influence over its investments through control or co-control, targeting investments ranging from $400 million to $1 billion in size.

The Alternatives Portfolio target allocation to infrastructure is 20% to 30% (or approximately $1.7 billion to $2.5 billion at current OPERF NAV). To date, OIC has approved $1.95 billion in aggregate commitments to the sector, and Staff considers BIF III an anchor commitment within the OPERF infrastructure portfolio. Brookfield is differentiated by their vertical integration and focus on mature, core infrastructure assets, and a commitment to BIF III would provide an attractive complement to other existing portfolio positions.

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

**IV. 10:40 am OPERF Real Estate Portfolio – Policy and Benchmark Update**

At the December 9, 2015 OIC meeting, staff and PCA presented a revised vision for OPERF’s real estate portfolio. This vision included evaluating future real estate investments relative to a more narrowly-defined role within the broader OPERF portfolio.
Recommendations

1. Revise OPERF’s real estate allocation targets as outlined below:

<table>
<thead>
<tr>
<th>Real Estate Classification</th>
<th>Current Allocation</th>
<th>Current LTV Limit</th>
<th>Recommended Allocation</th>
<th>Recommended LTV Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>25-35%</td>
<td>50%</td>
<td>45-65%</td>
<td>45%</td>
</tr>
<tr>
<td>Public REITs</td>
<td>15-25%</td>
<td>N/A</td>
<td>0-10%</td>
<td>N/A</td>
</tr>
<tr>
<td>Value Add</td>
<td>15-25%</td>
<td>70%</td>
<td>10-30%</td>
<td>65%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>20-40%</td>
<td>N/A</td>
<td>10-30%</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTAL PORTFOLIO</td>
<td>100%</td>
<td>60%</td>
<td>100%</td>
<td>50%</td>
</tr>
</tbody>
</table>

2. Revise OPERF’s real estate performance benchmark to match the revised investment and portfolio construction strategy:

<table>
<thead>
<tr>
<th>Real Estate Classification</th>
<th>Current Benchmark</th>
<th>Recommended Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>5% real return / NPI</td>
<td>ODCE</td>
</tr>
<tr>
<td>Public REITs</td>
<td>5% real / NAREIT; FTSE/EPRA/NAREIT</td>
<td>NAREIT; FTSE/EPRA/NAREIT</td>
</tr>
<tr>
<td>Value Add</td>
<td>6% real / NPI + 100 bps</td>
<td>ODCE + 100 bps</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>7% real / NPI + 200 bps</td>
<td>ODCE + 300 bps</td>
</tr>
<tr>
<td>OPERF Real Estate</td>
<td>N/A</td>
<td>ODCE + 50 bps</td>
</tr>
</tbody>
</table>

3. Revise OIC Policy INV 501, attached, incorporating the above allocation targets and benchmark recommendations. Further revise OIC Policy INV 501 to adopt previously updated policy and formatting standards now used for other OPERF Alternatives Program portfolios. Finally, approve recommended edits to the following appendices (attached herewith):

I. Appendix A, Investments Valuation Policy – conforms real estate portfolio policy to that governing other Alternatives Program investments.
II. Appendix C, Appraisals Policy – clarifies existing real estate portfolio policy.
III. Appendix G, Non-Mandate Property Exceptions – clarifies existing Non-Mandate Property Exceptions policy.
IV. The remaining appendices listed in INV 501 conform to, without changes, existing real estate or Alternatives Program policy documents.
MOTION: Treasurer Wheeler moved approval of the staff recommendation. Mr. Russell seconded the motion which passed by a vote of 5/0.

V. 10:45 am Oregon Local Government Intermediate Fund - Policy Update
Staff provided background on the Oregon Local Government Intermediate Fund ("OLGIF") and presented OLGIF guidelines for approval.

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

VI. 10:50 am OPERF Q4 2015 Performance and Risk Report
Janet Becker-Wold from Callan Associates gave a fourth quarter 2015 investment performance update on OPERF.

VII. 11:20 am State Accident Insurance Fund – Annual Review and Update
Kerry Barnett and Gina Manley from SAIF gave an annual review and update.

VIII. 11:40 am Asset Allocation & NAV Updates
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended January 31, 2016.

IX. 11:43 am Calendar – Future Agenda Items
Mr. Skjervem presented the updated OIC forward calendar.

X. 11:45 am Other Items
Mr. Skjervem gave an OPERF performance review for the period ended December 31, 2015.

11:50 am Public Comments
None

Ms. Durant adjourned the meeting at 11:52 am.

Respectfully submitted,

Julie Jackson
Executive Support Specialist