The June 7th, 2017 OIC meeting was called to order at 9:02 am by Rukaiyah Adams, OIC Chair.

I. 9:00am Review and Approval of Minutes
MOTION: Mr. Russell moved approval of the April 26, 2017 OIC meeting minutes, and Mr. Kim seconded the motion which then passed by a 5/0 vote.

II. 9:27 am Committee Reports and CIO Update
Committee Reports: John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the April 26, 2017 OIC meeting:

Private Equity Committee
May 24, 2017 CVC Capital Partners VII, L.P. $250 million
May 24, 2017 Tailwind Capital Partners III, L.P. $200 million

Alternatives Portfolio Committee
None

Opportunity Portfolio Committee
None

Real Estate Committee
None
Mr. Skjervem then gave opening remarks which included comments on the OPERF Strategic Asset Allocation presented at the April OIC meeting as well as a preview of planned presentations for both CSF and internal OST investment operations.

III. 09:07 am Strategic Asset Allocation Policy Revision & Capital Market Assumptions Update – OPERF Real Estate Portfolio

Karl Cheng, Investment Officer, Portfolio Risk & Research, asked the Council to approve a revision to INV 1203: Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund (OPERF). The most significant change to the policy is the proposed separation of expected policy return due to asset allocation from target excess return due to active management in Fixed Income, Public Equity and Real Estate. Using the OIC-approved asset allocation targets approved by the Council at its April 26, 2017 meeting, and the 2017 capital market assumptions provided by Callan, the Council’s investment consultant, the expected, annual policy return is 7.1% for the succeeding, 10-year forecast period. In addition, the OIC’s approved, excess return expectation for OPERF over this same forecast period is 0.4% on an annual basis.

MOTION: Treasurer Read moved approval of staff’s recommendation, and Mr. Kim seconded the motion which then passed by a 4/1 vote. Member Miller cast a dissenting vote.

IV. 9:30 am Common School Fund – Annual Review

In accordance with OIC Policy 4.08.07, Paola Nealon, Investment Officer, Public Equity provided the Council with an update on the performance, structure and asset allocation of the Common School Fund (CSF or the Fund) as of December 31, 2016.

For the five-year period ended December 31, 2016, the CSF earned 9.1 percent on an annualized basis, outperforming its policy benchmark by 28 basis points. Over a one-year period, the CSF portfolio delivered 6.1 percent, but, on a relative basis, lagged its benchmark. Much of last year’s shortfall can be attributed to broad-based underperformance in the Fund’s allocations to both public and private equity.

<table>
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<tr>
<th>Period Ending 12/31/2016</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
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<tbody>
<tr>
<td>Common School Fund</td>
<td>6.09</td>
<td>4.36</td>
<td>9.13</td>
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<tr>
<td>CSF Policy Benchmark</td>
<td>8.01</td>
<td>4.39</td>
<td>8.85</td>
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<td>Excess Return</td>
<td>-1.92</td>
<td>-0.03</td>
<td>0.28</td>
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Note: Returns for periods longer than 1-year are annualized.

The CSF investment objective is to deliver long-term investment results that meet the Fund’s distribution requirements – currently set at 4% – while allowing its asset base to grow in real (i.e., inflation-adjusted) terms. Over the previous ten years, the Fund returned 4.49 percent on an average, annualized basis, lagging its policy benchmark by 25 basis points but achieving its stated investment objective.

As per Callan’s recommendation, staff requested that the Council approve new policies and procedures for the CSF, specifically INV 906: Real Estate and INV 907: Alternative Investments as well as a new public equity benchmark for CSF with corresponding amendments to INV 903: Public Equity.

MOTION: Mr. Kim moved approval of staff’s recommendation and Mr. Russell seconded the motion which then passed by a 5/0 vote.

V. 10:17 am Q1 2017 Performance & Risk Report – OPERF
Mr. Cheng presented and discussed an updated view of the OPERF risk dashboard, while Uvan Tseng from Callan Associates gave a first quarter 2017 investment performance report on OPERF.

VI. 10:50 am  Corporate Governance Update – Annual Report
Michael Viteri, Senior Investment Officer, Public Equity, Jennifer Peet, Director of Legal Affairs, and Aaron Bertinetti, Vice President of Research and Engagement from Glass, Lewis and Co. (Glass Lewis) summarized the current corporate governance landscape and remarked on areas of particular emphasis by both staff and Glass Lewis.

Mr. Viteri noted that shortly after the retention of Glass Lewis in 2006, the OIC adopted the MSCI All Country World Investable Market Index (ACWI IMI) as its Public Equity benchmark in order to broaden OPERF’s public equity allocation and reduce its “home country” bias. As a result of that benchmark change, the number of securities comprised by OPERF’s Public Equity portfolio has increased substantially, as has the corresponding number of proxy votes managed by Glass Lewis.

The year-over-year increase in proxy voting since 2006 is summarized below:

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<tbody>
<tr>
<td>Meetings</td>
<td>2,323</td>
<td>2,672</td>
<td>4,306</td>
<td>4,816</td>
<td>5,669</td>
<td>6,006</td>
<td>7,563</td>
<td>6,766</td>
<td>7,638</td>
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<td>Resolutions</td>
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<td>27,328</td>
<td>45,584</td>
<td>51,340</td>
<td>63,449</td>
<td>62,760</td>
<td>63,839</td>
<td>74,972</td>
<td>66,308</td>
<td>73,018</td>
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Mr. Bertinetti provided a presentation with information regarding the current corporate governance landscape and updates on his company’s overall position and performance on several proxy-related matters.

VII. 11:28 am  OST Investment Operations Update – OPERF & Other OST-managed Accounts
David Randall, Director of Investment Operations, Debra Day, Investment Reporting Manager and Ron Allen, Managing Director, Blackrock Solutions (BRS) provided the Council with a broad review of staff and BRS efforts within OST’s recently-created investment operations group.

VIII. 11:55 am  Asset Allocation & NAV Updates
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended April 30, 2017.

IX. 11:55 am  Calendar — Future Agenda Items
A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council’s meeting material.

X. 11:56 am  Joint OIC/PARB Discussion
The following members of the PERS Board joined the Council for a joint discussion of expected OPERF returns and the implications for the PERS Board’s upcoming decision on the assumed rate: John Thomas; Stephen Buckley; and Lawrence Furnstahl. During this part of the discussion, Steve Rodeman participated in his role as PERS Director.

Consultants participating in the discussion included Mr. Tseng and Jim Callahan from Callan as well as Matt Larrabee and Scott Preppernau from Milliman.

12:46 pm  Public Comments
None

Ms. Adams adjourned the meeting at 12:46 pm.

Respectfully submitted,

May Fanning
Executive Support Specialist