The September 20th, 2017 OIC meeting was called to order at 8:59 am by Rukaiyah Adams, OIC Chair.

I. 9:01am Review and Approval of Minutes
   MOTION: Treasurer Read moved approval of the August 9th, 2017 OIC meeting minutes, and Mr. Kim seconded the motion which then passed by a 5/0 vote.

II. 9:06 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 August 9, 2017 OIC meeting:

   **Private Equity Committee**
   - September 5, 2017 GTCR XII $150 million
   - September 5, 2017 Francisco Partners V $250 million

   **Alternatives Portfolio Committee**
   - August 17, 2017 NGP Natural Resources XII $250 million

   **Opportunity Portfolio Committee**
   - None

   **Real Estate Committee**
   - None
Mr. Skjervem then gave opening remarks which included comments on the Alternatives Manager Presentations as well as the Individual Account Program (IAP). He also mentioned that staff would present follow-up policy recommendations for the Common School Fund, Real Estate and Fixed Income portfolios, and high-lighted the importance of the annual CEM Benchmarking report.

III. 09:54 am Stonepeak Infrastructure Partners III, L.P. – OPERF Alternatives Portfolio
Ben Mahon, Senior Investment Officer, Alternatives recommended approval of a $400 million commitment to Stonepeak Infrastructure Fund III, L.P. (“Stonepeak III”) for the OPERF Alternatives Portfolio, subject to the satisfactory negotiation of all terms and conditions with Staff working in concert with legal counsel. Mr. Mahon then introduced Mr. Michael Dorrell and Trent Vichie, Senior Managing Directors & Co-Founders who provided the Council with a presentation on the Fund, their firm and their firm’s strategy.

Stonepeak Infrastructure Partners is an independently-owned investment firm formed in 2011 by Mike Dorrell and Trent Vichie, formerly of The Blackstone Group and Macquarie. Oregon’s relationship with Stonepeak dates back to 2012, when the OIC committed $100 million to Stonepeak Infrastructure Fund I, L.P. (“Stonepeak I”). A subsequent $400 million commitment was made to Stonepeak Infrastructure Fund II, L.P. (“Stonepeak II”) in 2015. Thus, this proposed investment would represent the OIC’s third Stonepeak fund commitment. The Firm’s focus with Stonepeak III will be on middle-market, value-add infrastructure investments, a strategy that complements OPERF’s existing infrastructure portfolio, which is currently tilted toward larger infrastructure assets or more opportunistic strategies.

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

IV. 10:32 am J.P. Morgan Systematic Alpha – OPERF Alternatives Portfolio
Mike Mueller, Investment Officer, Alternatives recommended approval of a $500 million commitment (comprised of an initial investment of $250 million with additional funding at Staff discretion) to the JPMorgan Asset Management (“JPMAM”) Systematic Alpha (“SA”) strategy for the Diversifying Strategies sleeve of the OPERF Alternatives Portfolio, subject to the satisfactory negotiation of terms and conditions with Staff working in concert with legal counsel. This proposed commitment represents a new investment manager relationship on behalf of the OPERF Alternatives Portfolio.

Mr. Mueller then introduced Mr. Yazann “Yaz” Romahi, CIO, Quantitative Strategies and Mr. Darren Smith, Managing Director who provided the Council with a presentation on their firm and its SA strategy. JPMAM, with $1.5 trillion in assets under management, has managed dedicated alternative risk premia strategies since 2009, with nearly $4 billion of AUM in those strategies today. JPMAM’s SA strategy will provide OPERF with complementary manager diversification in the risk premia space, and increase OPERF’s exposure closer to the OIC’s Diversifying Strategies target allocation.

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

V. 11:53 am AB Individual Account Program (IAP) Presentation – OPERF
Dave Randall, Director of Investment Operations and Karl Cheng, Senior Investment Officer, Portfolio Risk & Research submitted to The Council the following recommendations for the Individual Account Program:

1. Retain AB for glide path design and management;
2. Approve AB’s proposed glide path and corresponding creation of ten specific Target Date Funds;
3. Retain State Street Global Advisors to manage certain index strategies for inclusion in the proposed Target Date Fund series;
4. Create a new Individual Account Program fund that invests solely in the Oregon Short Term Fund; and
5. Update the recently-approved Individual Account Program policy.

The Individual Account Program ("IAP" or the "Program") is a member-funded Defined Contribution Retirement Plan created by the Oregon Legislature in 2003. Since inception, IAP assets have been invested alongside of defined benefit pension assets and represent a growing fraction of the Oregon Public Employees Retirement Fund (OPERF). As of June 2017, IAP comprised $8.2 billion or 11.3% of total OPERF net asset value.

Oregon State Treasury (OST) and the Public Employees Retirement System (PERS) staff have collaborated for the past two years to improve IAP so its investments would better match the risk-return profile of the Program's approximately 250,000 individual participants. To that end, the Council approved at its August 2017 meeting a policy directing staff to establish a set of Target-Date Funds (TDFs) available for PERS to assign to each Program participant.

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

VI. 12:05 pm Common School Fund – Asset Allocation Recommendation

Mike Viteri, Senior Investment Officer, Public Equity, and Janet Becker-Wold, Callan Associates recommended approval of the following asset allocation targets and ranges for the Common School Fund (CSF):

<table>
<thead>
<tr>
<th>Common School Fund</th>
<th>Current Target</th>
<th>Current Ranges</th>
<th>Proposed Target</th>
<th>Proposed Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>60%</td>
<td>50% - 70%</td>
<td>45%</td>
<td>40% - 50%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>10%</td>
<td>0% - 12%</td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30%</td>
<td>25% - 35%</td>
<td>25%</td>
<td>20% - 30%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0%</td>
<td>N/A</td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>0%</td>
<td>N/A</td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0% - 3%</td>
<td>0%</td>
<td>0% - 3%</td>
</tr>
</tbody>
</table>

10 Yr Expected Return (Geo Mean) 6.5% Proposed 6.6%
Projected Standard Deviation 14.5% Proposed 13.2%

Source: Callan 2017 Capital Market Assumptions.

This recommendation is consistent with existing policy and practice in OPERF as well as the following excerpts from INV 1201: Statement of OIC Investment Management and Beliefs:

A. Asset allocation is the OIC’s primary policy tool for managing the investment program’s long-term risk/return profile; and
B. Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.

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

VII. 12:11 pm LaSalle REIT Mandate Revision – OPERF Real Estate Portfolio

Austin Carmichael, Investment Officer, Real Estate and Amanda Kingsbury, Senior Investment Analyst, recommended amending OPERF’s investment mandate with LaSalle Investment Management to a more narrowly defined universe of niche, publicly-traded real estate securities ("REITs") in order to meet the revised role of REITs within the OPERF real estate portfolio. A customized benchmark consisting of diversifying real estate asset types was also proposed for this sub-portfolio.
MOTION: Mr. Russell moved approval of staff’s recommendation, and Treasurer Read seconded the motion which then passed by a 5/0 vote.

VIII. 12:20 pm Fixed Income Policy Update – OITP
Tom Lofton, Investment Officer, Fixed Income recommended guideline changes for the Oregon Intermediate Term Pool (OITP) to enable more efficient and effective portfolio management. OITP’s market value was $114.09 million as of July 31, 2017, and its benchmark is the Bloomberg Barclays 3-5 year U.S. Aggregate index. As described in his remarks, Mr. Lofton said Staff now seeks guideline changes to better manage OITP’s risk and return profile relative to its benchmark.

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

IX. 12:35 pm CEM Benchmarking Annual Report – OPERF
Karl Cheng introduced Mr. Mike Heale, Principal, who presented the OPERF investment cost analysis performed by CEM Benchmarking Inc. (“CEM”) for both the calendar and five-year period ended December 31, 2016.

X. 12:54 pm Q2 2017 Performance & Risk Report – OPERF

XI. 12:55 pm Asset Allocation & NAV Updates
Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended July 31, 2017.

XII. 12:55 pm Calendar — Future Agenda Items
A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council’s meeting material.

XIII. 12:58 pm Open Discussion
Ms. Adams, OIC Chair, had proposed earlier in the year to discuss investment complexity and whether or not the OIC has been rewarded for OPERF’s increased complexity. She suggested complexity as the focus for the strategic issues discussion planned for the November 1 OIC meeting. Ms. Adams also wanted to hear from other Council member’s and get their thoughts on this and any other topics that should be considered for the November discussion.

Treasurer Read noted that Ms. Adams is the only current member who participated in the development of the Council’s current investment beliefs and that re-examining those beliefs would be a worthwhile discussion topic.

Mr. Kim said he would like to see the OIC and Treasury investment staff aspire to become “best in class” but that such aspirations most likely require an approach different from peers. He then asked rhetorically, “how are we different” and/or “how should we be different” in the future? Mr. Kim added that he doesn’t know the pension landscape as well as others, but does wonder how much OPERF is starting resemble its peer funds, and noted that peer funds “are certainly starting to look more like” OPERF. “So what are we doing,” he asked, to stay ahead of the curve?

11:39 am Public Comments
1. Michael Pinceschi, Researcher with Unite Here, along with workers from two different Brookfield-owned properties urged the Council to ask Brookfield to engage constructively with its workforce at the Hard Rock Hotel and Casino in Las Vegas and ensure a fair process in deciding whether or not those workers should unionize.
2. Diane Freaney of Rooted Investing shared some thoughts and emphasized her desire for more transparency into OIC-directed investments.
Ms. Adams adjourned the meeting at 1:13 pm.

Respectfully submitted,

May Fanning
Executive Support Specialist