



**OREGON
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State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

April 22, 2020

Meeting Minutes

Members Present: John Russell, Tobias Read, Patricia Moss, Cara Samples and Kevin Olineck

Staff Present: Rex Kim, Tony Breault, Karl Cheng, May Fanning

Staff Participating virtually: Jennifer Peet, Scott Robertson, Faith Sedberry, Paul Koch, Tyler Bernstein, Eric Messer, Aliese Jacobsen, Meredith Coba, John Hershey, Krystal Korthals, Dmitri Palmateer, Jeremy Knowles, Caitlyn Wang, Chris Ebersole, Sommer May, Michael Langdon, Will Hampson, Robin Kaukonen, Jen Plett, Michael Viteri, Amanda Kingsbury, Kaellen Hessel, Jo Recht, Dana Millican, Tiffany ZhuGe, Monique Sadegh, Geoff Nolan, Mohammed Quraishi, Claire Illo, Perrin Lim, Kelly Cook, Ahman Dirks, James Sinks, Ben Mahon, Ryan Mann, Angela Schaffers, Joe Hutchinson, Sam Spencer, Sabra Purifoy, Ian Huculak, Deena Bothello, Wil Hiles, Mark Selfridge, David Randall, Steve Kruth, Roy Jackson, Austin Carmichael, Mike Mueller, Andrey Voloshinov, Michael Kaplan, Debra Day, Anna Totdahl, Amy Bates, Lisa Pettinati, Kristi Jenkins, David Elott, Kenny Bao,

Consultants Present: Allan Emkin (Meketa Investment Group, Inc.); Janet Becker-Wold and Jim Callahan (Callan LLC)

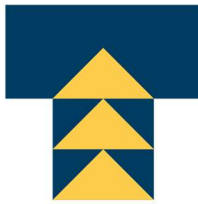
Legal Counsel Present: Steven Marlowe, Department of Justice

Before proceeding with the OIC meeting, Chief Investment Officer, Rex Kim provided a disclosure pertaining to the first-time virtual set-up of this OIC meeting, informing those in attendance (virtual and in person) of the guidelines in which this meeting will proceed.

The April 22nd, 2020 OIC meeting was called to order at 9:02 am by John Russell, OIC Chair. After doing the roll call, Mr. Russell wanted to acknowledge the shift that recently occurred in the Council, with Treasurer Read appointing Vice Chair, Rex Kim as the new OST, Chief Investment Officer. He went on to express the appreciation that both Council and Staff have in this regard.

I. **9:03 am Review and Approval of Minutes**

MOTION: Chair Russell asked for approval of the March 11, 2020 OIC regular meeting minutes. Treasurer Read moved approval at 9:04 am, and Ms. Moss seconded the motion which then passed by a 4/0 vote.



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II. 9:04 am Special Officer Election

MOTION: Treasurer Read nominated Patricia Moss as the OIC, Vice Chair, and Mr. Russell seconded the motion at 9:05 am, which then passed by a 3/0 vote.

III. 9:05 am Committee Reports and Opening Remarks

Committee Reports: Mr. Kim, gave an update on the following committee actions taken since the March 11, 2020 OIC meeting:

Private Equity Committee

March 20, 2020	Mayfield XVI, L.P.	\$30M
	Mayfield Select II, L.P.	\$20M
April 13, 2020	Francisco Partners VI, L.P.	\$250M
	Francisco Partners Agility II, L.P.	\$50M

Alternatives Portfolio Committee

February 11, 2020	LS Power Bolt Energy LLC top-off	\$11m
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(Per INV 702 and ORS 293.736, John Skjervem approved the above add-on investment with recommendation from the Director of Alternative Investments and TorreyCove, the Advisor to the Alternatives Portfolio.)

Real Estate Committee

None

Opportunity Portfolio Committee

None

Mr. Kim also, provided opening remarks which started with his expressed appreciation for the opportunity to work with everyone in his new role at OST. He then provided a quick OIC agenda overview which included, the Market Commentary from Meketa and Callan, Real Estate Consultant Recommendation, and Strategic Policy for Risk Parity, in addition to the Asset Allocation, NAV and forward calendar.

IV. 9:10 am Real Estate Consultant Recommendation, L.P. – OPERF

Tony Breault, Senior Investment Officer, Real Estate, along with the Committee, recommends that the Oregon Investment Council pursue a non-discretionary, full retainer consulting contract with Meketa Investment Group, Inc (“Meketa”) beginning July 1, 2020 for the OPERF Real Estate Portfolio. The Committee further recommends pursuing an initial three-year contract term with two, pre-negotiated 24-month extensions available at the Council’s discretion

With the contract expiring in June 2020, a Committee was formed to undertake a formal Request for Proposals process to identify candidate firms to provide Real Estate Portfolio consulting services. The Committee commenced a formal search process by issuing an RFP for Real Estate Portfolio consulting services on August 27, 2019. The RFP was posted to the Treasury website and advertised in various institutional real estate media publications, for eight weeks, and seven qualified firms submitted proposals by the stipulated October 24, 2019 deadline. A sub-group of the Committee, independently reviewed and scored



all qualifying proposals. Scoring was based on many factors including key person backgrounds, firm history and experience, proposed service plan, monitoring, and the proposed retainer-based fee schedule. After this evaluation process, the sub-group recommended the Committee interview two semi-finalists.

On February 6, 2020 the two semi-finalists presented to the Committee at OST's Tigard office, after which the Committee identified Meketa as the most attractive candidate relative to Council objectives and Staff needs.

MOTION: Treasurer Read, moved approval at 9:13 am to pursue a non-discretionary, full retainer consulting contract with Meketa Investment Group, Inc, beginning July 1, 2020 for the OPERF Real Estate Portfolio. Ms. Samples, seconded the motion which then passed by a 4/0 vote.

V. 9:13 am Strategic Policy for Risk Parity – OPERF

Karl Cheng, Senior Investment Officer, Portfolio Risk & Research, recommends approval of the new policy, INV 610 Strategic Role of Risk Parity for OPERF, governing the OPERF Risk Parity Portfolio.

At its April 2019 meeting, the Oregon Investment Council approved a staff recommendation for a 2.5% allocation to Risk Parity during the Strategic Asset Allocation & Capital Markets Assumptions Update. As the name suggests, "Risk Parity" balances the risk contributions in a portfolio equally among the portfolio's component asset classes, which typically includes public equity, fixed income and commodities. Moreover, in order to provide a level of return commensurate with that of the traditional "60/40" portfolio, risk parity strategies are levered through various means, including the use of exchange-traded futures contracts. Comprising a collection of long-only beta exposures, Risk Parity is positively correlated to public equity and fixed income. Nevertheless, and due primarily to its levered fixed income exposures (as expressed through U.S. Treasury and other sovereign bond futures), Risk Parity can still serve as an effective diversifier within an otherwise broad asset allocation strategy.

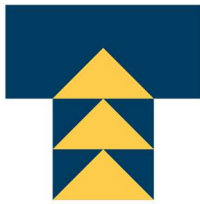
The Council approved investments in three risk parity strategies in subsequent meetings, the latest approval at its January 2020 meeting. Given the onboarding process for these strategies are near completion, staff recommends approval of a governing policy for the OPERF Risk Parity Portfolio. Since this new Portfolio resides in Capital Markets, the proposed policy shares many attributes with those for the Public Equity and Fixed Income Portfolios, including staff discretion to rebalance and terminate managers.

MOTION: Member Moss, moved approval of the new policy, INV 610 Strategic Role of Risk Parity for OPERF at 9:15 am. Treasurer Read, seconded the motion which then passed by a 4/0 vote.

VI. 9:15 am Market Environment Review

Allan Emkin, Managing Principal, Meketa Investment Group, Inc. provided a short presentation on the market environment within the context of the evolution of the OPERF investment program. As he went through the presentation, he discussed the historical U.S. equity prices and long-term interest rates, historical U.S. equity market declines and recoveries, OST evolution, belief statements, challenges and looking head.

Thereafter, Jim Callahan, President, Callan LLC and Janet Becker, Senior Vice President, Callan LLC, gave the Council their presentation which included, the Quarter 2020 and YTD through April 10, Market Snapshot, and an OST portfolio update.



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VII. 10:23 am Asset Allocation & NAV Updates

Mr. Kim reviewed asset allocations and NAVs across OST-managed accounts for periods ended March 31, 2020.

VIII. 10:24 am Calendar – Future Agenda Items

A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council's meeting material.

IX. 10:25 am Open Discussion

Treasurer Read made a general comment regarding the outcome of the first virtual OIC meeting, stating that things went well and it's reasonable to assume the next meeting will be similar to this format. He encouraged the virtual participants to share their thoughts and feedback, if any, to help make improvement to this platform moving forward.

Chair Russell also made a comment pertaining to the current global situation. He observed how different the macro environment is even when compared to the first of the year. Chair Russell emphasized in particular the growing federal deficit, which begs the question, whether the dollar will continue to be the reserve currency for the world. He wanted to raise this issue to encourage discussion that provides thoughts and ideas on how to better deal with this possible worldwide change.

10:28 am Public Comments

None

Mr. Russell adjourned the meeting at 10:29 am.

Respectfully submitted,

May Fanning

May Fanning
Executive Support Specialist