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OREGON INVESTMENT COUNCIL
SEPTEMBER 9, 2015
MEETING MINUTES

Members Present: Rukaiyah Adams, Katy Durant, Keith Larson, John Russell

Member Absent: Steve Rodeman, Ted Wheeler

Staff Present: Darren Bond, Tony Breault, Austin Carmichael, Karl Cheng, Debra Day, John Hershey, Julie Jackson, Mary Krehbiel, Michael Langdon, Perrin Lim, Ben Mahon, Mike Mueller, Paola Nealon, Kim Olson, Tom Rinehart, Angela Schaffers, Priyanka Shukla, John Skjervem, Bonnie Vinyard, Michael Viteri, Byron Williams

Consultants Present: David Fann, Kyson Hawkins, Tom Martin (TorreyCove); Allan Emkin, Christy Fields, David Glickman, Dillon Lorda (PCA); Jim Callahan and Uvan Tseng (Callan)

Legal Counsel Present: Dee Carlson and Deena Bothello Oregon Department of Justice

The September 9, 2015 OIC meeting was called to order at 9:00 am by Katy Durant, Chair.

I. 9:00 am Review and Approval of Minutes

MOTION: John Russell moved approval of the June 3 and July 21, 2015 meeting minutes. Ms. Adams seconded the motion, which then passed by a 4/0 vote.

COMMITTEE REPORTS

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the June 3, 2015 OIC meeting:

Private Equity Committee:

August 13, 2015	OrbiMed Private Investments VI, L.P.	\$50 million
August 13, 2015	JP Morgan Venture Capital V, L.P. (fbo Common School Fund)	\$25 million

Alternatives Committee:

August 26, 2015	Twin Creeks Timber, LLC	\$200 million
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Opportunity Portfolio Committee:

September 2, 2015	TSSP Adjacent Opportunities Partners, L.P.	\$250 million
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Real Estate Committee:

June 26, 2015

Waterton Fund IX PT Chicago, LLC

\$205 million

II. 9:01 am AQR-OPERF Strategic Partnership

Alternatives Investment Officer Ben Mahon recommended a \$750 million commitment to the AQR-OPERF Strategic Partnership for the OPERF Alternatives Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel.

Cliff Asness and Ronen Israel with AQR presented to the Council. The Strategic Partnership, via a custom vehicle formed by AQR Capital Management and OST, will invest primarily in the AQR Style Premia and DELTA strategies, both of which are existing OPERF mandates. The custom vehicle will be the mechanism by which OPERF receives a global discount on fees, consolidated reporting and enhanced investor research services.

In January 2011, OIC approved the creation of the Alternatives Portfolio, with a target allocation of 5% of total OPERF assets and a portfolio mix of approximately 75% Real Assets and 25% Diversifying Assets. Consistent with the expansion potential outlined in the original proposal, the target allocation for the Alternatives Portfolio has increased twice since its inception: first, in June 2013, when the overall target allocation was doubled to 10% of total OPERF assets (with the initial composition unchanged), and second, in June 2015, when the Diversifying Assets portion was doubled to 5% of total OPERF assets (resulting in an overall 12.5% target allocation for the Alternatives Portfolio and a 60% Real Assets/40% Diversifying Assets mix).

MOTION: Mr. Larson moved approval of the staff recommendation. Mr. Russell seconded the motion which passed by a vote of 4/0.

III. 9:56 am General Atlantic Managed Account Program – OPERF Private Equity

John Hershey, Director of Alternative Investments and Michael Langdon, Senior Private Equity Investment Officer presented staff's recommendation for an up to \$250 million commitment to General Atlantic Managed Account Program for the OPERF Private Equity Portfolio, subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel. This commitment would be a new investment relationship on behalf of OPERF.

General Atlantic ("GA" or the "Firm") expects to make 40-60 investments of \$50-\$400 million each during the Program's investment period. Consistent with its past investment strategy, GA will target growth investments, in five preferred sectors (business services, financial services, healthcare, internet/technology, and retail/consumer). While the Firm will pursue investments globally, it anticipates that a majority of investments will be made in North America and Europe.

GA expects a majority of its investments will be structured as traditional growth-equity investments (unlevered, significant-but-non-control equity investments in private companies, with Board of Directors representation); however, the Firm's strategy is flexible regarding the types of transactions it can pursue, and includes select early-late stage venture capital, growth buyouts, and both structured and open market purchases of public securities.

MOTION: Ms. Durant moved approval of the staff recommendation. Mr. Larson seconded the motion, which passed by a vote of 4/0.

IV. 10:45 am OPERF Public Equity Review

Michael Viteri, Senior Investment Officer and Jim Callahan with Callan Associates provided an annual review of the OPERF public equity portfolio in general, and an update on staff's domestic equity portfolio restructuring efforts in particular.

V. **11:11 am OIC Policy Updates**

Mike Mueller, Deputy CIO presented various OIC policy updates.

MOTION: Mr. Larson moved approval of the recommended updates. Mr. Russell seconded the motion, which passed by a vote of 4/0.

VI. **11:15 am OIC Private Equity Consultant Update**

Staff proposed that the OIC waive Policy INV 210 and extend the contract of TorreyCove, working in concert with the Oregon Department of Justice, subject to existing fees and terms, for an additional one-year period ending December 31, 2016. Staff will conduct a comprehensive RFP process during 2016.

MOTION: Ms. Adams moved approval of the staff recommendation. Mr. Larson seconded the motion, which passed by a vote of 4/0.

VII. **11:17 am 2016 OIC Meeting Dates**

Mr. Skjervem presented the 2016 OIC meeting dates.

VIII. **11:19 am OPERF Q2 Performance and Risk Report**

Uvan Tseng with Callan Associates presented the OPERF second quarter performance review.

IX. **11:26 am Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended July 31, 2015.

X. **11:28 am Other Items**

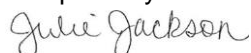
None

11:29 am Public Comments

Michael Pineschi and Jose Luis Revas with Unite Here and Pastor Donald McCloud made public comments regarding the status of negotiations between workers at the Palms Hotel in Las Vegas and that hotel's current owners which include OPERF fund managers TPG and Leonard Green.

Ms. Durant adjourned the meeting at 11:37 am.

Respectfully submitted,



Julie Jackson
Executive Support Specialist