



STATE OF OREGON
OFFICE OF THE STATE TREASURER
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97301-3896

OREGON INVESTMENT COUNCIL
APRIL 25, 2012
AMENDED-MEETING MINUTES

Members Present: Paul Cleary, Harry Demorest, Katy Durant, Keith Larson, Dick Solomon, Ted Wheeler

Staff Present: Darren Bond, Tony Breault, Karl Cheng, Brad Child, Garrett Cudahey, Jay Fewel, Sam Green, Andy Hayes, Brooks Hogle, Julie Jackson, Mary Krebiehl, Perrin Lim, Tom Lofton, Mike Mueller, Tom Rinehart, James Sinks, Michael Viteri, Byron Williams

Consultants Present: Deborah Gallegos and John Meier (SIS), Alan Emkin and John Linder (PCA), David Fann (TorreyCove), Nori Gerardo Lietz (Arete)

Legal Counsel Present: Dee Carlson, Oregon Department of Justice

The OIC meeting was called to order at 9:00 am by Dick Solomon (Keith Larson had not yet arrived).

I. 9:01 a.m.: Review and Approval of Minutes

MOTION: The February 29, 2012, minutes were approved unanimously by a vote of 4/0 (Keith Larson was absent for the vote).

Mike Mueller, Interim CIO updated the council on the committee actions taken since the last meeting:

Private Equity Committee – 2012:

- March 21, 2012 OCM Opportunities Fund IX, L.P. (\$75 million)
- March 21, 2012 Capital International Private Equity Fund VI, L.P. (\$100 million)

II. 9:02 a.m.: Oregon Savings Growth Plan Annual Review

Mike Viteri, Sr. Investment Officer and Jake O'Shaughnessy from Arnerich Massena gave an update on the Oregon Savings Growth Plan.

MOTION: Staff recommended approval of the extension of the Arnerich Massena Consulting Contract for OSGP for the period starting August 31, 2012 through August 31, 2014. Mr. Demorest moved approval of the motion. Mr. Solomon seconded the motion. The motion was passed by a vote of 5/0.

III. 9:25 a.m.: Annual OIC Policy Updates

Mr. Mueller presented the following policy updates:

1. 4.01.14: Clarifies notice of losses for accounting purposes; clarifies the basis and methodology for establishing a loss reserve.
2. 4.04.01: Clarifies the roles and responsibilities of the Real Estate Committee; and other changes for consistency with other similar policies.
3. 4.05.03: Improved descriptions of the Tiered Emerging Markets Strategy and the Russell/RAFI Fundamental Strategy. Included S&P 600 (S&P Small Cap Index) futures as an investable security in the Russell 2000 Synthetic strategy given the similar structural inefficiencies (cheapness) as found in the Russell 2000 futures contract.
4. 4.05.04: Eliminate the requirement to supply financial statements to Treasury for approved brokers, instead, requires firms to be registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).
5. 4.05.07: Changes oversight responsibility of this program from Chief Investment Officer to Senior Public Equity Investment Officer.
6. 4.06.01: Same as 2 above for the Private Equity Committee.
7. 4.06.02: Same as 2 above for the Alternative Portfolio Committee.
8. 4.06.03: Same as 2 above for the Opportunity Portfolio Committee.
9. 4.07.05: Adds Lifepath 2055 Fund to Appendix A.
10. OIC Summary of Key Investments Duties and Functions: No proposed changes, but to provide OIC opportunity to review.
11. OIC Statement of Fund Governance for OPERF: Addition of committee limits for Opportunity Portfolio and Alternative Investments, consistent with existing policy.
12. Investment Objectives and Policy Framework for OPERF: Updates to return expectations as provided by SIS.

MOTION: Mr. Demorest moved approval of the proposed policy changes. Mr. Solomon seconded the motion. The motion was passed by a vote of 5/0.

IV. 9:30 a.m.: OSTF Annual Review

Perrin Lim, Senior Investment Officer presented the annual review of the Oregon Short Term Fund, including the annual audited financial statements. He also reviewed and sought approval of two revisions to Investment Policy 4.02.03, the Oregon Short Term Fund Portfolio Rules. The last revision to the rules was reviewed and approved by the Oregon Short Term Fund Board on April 7, 2011 and was approved by the Oregon Investment Council on April 27, 2011.

MOTION: Staff recommended the OIC approve the two revisions to the Oregon Short Term Fund Portfolio Rules, Policy 4.02.03, as approved by the Oregon Short Term Fund Board on April 12, 2012. Ms. Durant moved approval of the staff recommendation. Treasurer Wheeler seconded the motion. The motion was passed by a vote of 5/0.

****VI. 10:05 a.m.: Litigation Update (taken out of order)****

Fred Boss, Chief Counsel, Civil Enforcement with the Department of Justice gave an update on current litigation involving OPERF.

****V. 10:20 a.m.: SEC Lending Update (taken out of order)****

Steve Meier, Executive VP & Cash CIO, State Street Global Advisors and Johnson Shum, Vice President, State Street Securities Finance gave an update on the securities lending program.

VII. 10:56 a.m.: Follow Up on Cash Investment Vehicles

John Meier (Strategic Investment Solutions) gave an update on OST's cash investment vehicles, as requested at the prior OIC meeting.

VIII. 11:32 a.m.: Asset Allocation and NAV Updates

Mr. Mueller reviewed the Asset Allocations and NAV's for the period ending March 31, 2012.

IX. 11:32 am: Calendar – Future Agenda Items

Mr. Mueller highlighted future agenda topics.

X. 11:32 am: Other Business

Mike Mueller and the OIC acknowledged Brad Child for his service and wished him well as he moves on to retirement.

11:38 am: Public Comments

There were no public comments.

The meeting adjourned at 11:38 am

Respectfully submitted,



Julie Jackson
Executive Support Specialist