



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

OREGON INVESTMENT COUNCIL
APRIL 29, 2015
MEETING MINUTES

Members Present: Rukaiyah Adams, Katy Durant, Keith Larson, Steve Rodeman, John Russell, Ted Wheeler

Staff Present: Darren Bond, Tony Breault, Austin Carmichael, Michael Cox, Garrett Cudahey, Sam Green, Scott Harra, Andy Hayes, John Hershey, Julie Jackson, Kristin Johnson, Drew Johnston, Carmen Leiva, Perrin Lim, Tom Lofton, Ben Mahon, Kim Olson, Tom Rinehart, Angela Schaffers, Priyanka Shukla, John Skjervem, Michael Viteri, Byron Williams

Consultants Present: David Fann and Tom Martin (TorreyCove); Christy Fields and John Linder (PCA); Janet Becker-Wold, Jim Callahan and Uvan Tseng (Callan)

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

The April 29, 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: Mr. Larson moved approval of the March 4, 2015 meeting minutes. Ms. Adams seconded the motion, which then passed by a 4/0 vote (Treasurer Wheeler was not yet present).

COMMITTEE REPORTS

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the March 4, 2015 OIC meeting:

Private Equity Committee:

None

Alternatives Committee:

March 20, 2015	EnerVest Energy Institutional Fund XIV, LP	\$150 million
April 14, 2015	Teays River Investments, LLC	\$150 million

Opportunity Portfolio Committee:

None

Real Estate Committee:

April 06, 2015	Madison Realty Capital Debt Fund III	\$150 million
April 06, 2015	Lone Star Real Estate Fund IV	\$300 million

Treasurer Wheeler arrived at 9:02 AM

II. 9:03 am Strategic Asset Allocation & Staffing Discussion

Mr. Skjervem gave a summary of work completed so far on an assessment of the OST Investment Division's staffing model relative to both OPERF's current strategic asset allocation (SAA) strategy and that recently recommended by Callan Associates. Mr. Skjervem further described the assessment's use of CEM Benchmarking data and that in the specific scenarios evaluated thus far, OST's private market efforts are understaffed relative to both a U.S. public plan peer group and broader universe of global institutional investors. Mr. Skjervem concluded by indicating a final SAA proposal will be ready for presentation at the June 3, 2015 OIC meeting.

III. 9:15 am Blackstone Capital Partners VII, L.P. – OPERF Private Equity

Sam Green, Investment Officer introduced Tony James, President/COO and Mike Satirhos, Senior Managing Director with Blackstone. Blackstone is targeting commitments of \$15 billion for Fund VII in order to continue the firm's successful, control-oriented private equity strategy on a global basis. The Firm has not set a hard-cap for Fund VII, but the target is approximately the same size as Fund VI. In Fund VII, Blackstone intends to build a portfolio of 25-40 investments, diversified across geography and sectors. Typical equity investments will be \$300 million to \$800 million in companies with enterprise values of \$500 million to \$5 billion. The Firm will also seek to diversify investments across stage and size and including growth equity, development projects, buy-and-build, mid-cap buyout, and large buyout transactions.

Subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel, staff recommended an "up to" \$500 million commitment to Blackstone Capital Partners VII, L.P. for the OPERF Private Equity Portfolio. This commitment represents an extension and continuation an existing OST/OIC manager relationship.

MOTION: Ms. Adams moved approval of the staff recommendation. Treasurer Wheeler seconded the motion, which passed by a vote of 5/0.

IV. 10:10 am OPERF Policy Implementation Overlay Review

Greg Nordquist and Phillip Lee with Russell Investments gave an annual update on the OPERF overlay program.

V. 10:30 am Policy and Procedure Update

Mr. Skjervem and Kim Olson, OST Policy Analyst, gave an update on an OST policy initiative and its implications for OIC policy and procedures. Included in their remarks was a description of OST's plans to institute an automated, systematic approach to policy and procedure reviews. Specifically, Ms. Olson recently assessed nearly a dozen web-based policy management tools and ultimately recommended OST procure PolicyStat to streamline and automate the policy review, revision and approval process. Ms. Olson expects that the first round of OST policy and procedure review will be complete in mid-2017.

VI. 10:37 am Blackrock Solutions/Analyst Update

Byron Williams, OST Chief Audit Executive, Shannon Smith, Director of Aladdin Implementations with Blackrock, and Anne Keys, Senior Consultant with Cutter Associates gave an update on the Aladdin implementation project.

VII. 10:50 am Asset Allocation & NAV Updates

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

VIII. 10:52 am Calendar-Future Agenda Items

Mr. Skjervem presented a revised schedule of future OIC meetings and associated agenda topics.

IX. 10:53 am Other Items
None

10:53 am Public Comments
None

Ms. Durant adjourned the meeting at 10:55 am.

Respectfully submitted,



Julie Jackson
Executive Support Specialist