



**STATE OF OREGON**  
**OFFICE OF THE STATE TREASURER**  
16290 SW UPPER BOONES FERRY ROAD  
TIGARD, OREGON 97224

OREGON INVESTMENT COUNCIL  
JUNE 6, 2018  
MEETING MINUTES

- Members Present: Rukaiyah Adams, Tobias Read (via phone), John Russell, Rex Kim and Rick Miller
- Staff Present: John Skjervem, Darren Bond, Perrin Lim, David Randall, Deena Bothello, Karl Cheng, Anna Totdahl, Debra Day, David Elott, May Fanning, Jo Recht, Roy Jackson, Amanda Kingsbury, Jen Plett, Michael Viteri, Dana Millican, Ben Mahon, Garrett Cudahey, Andy Coutu, Ricardo Lopez, Angela Schaffers, Eric Messer, Mark Selfridge, Michael Langdon, Michael Viteri, Tom Lofton, Jennifer Peet, Aliese Jacobsen, William Hiles, Tim Baumert, Dmitri Palmateer, Emily Nash, James Sinks, and Amy Wojcicki
- Consultants Present: David Fann and Skylar Houk, (TorreyCove); Allan Emkin, Christy Fields and Brandon Ross (PCA); Janet Becker-Wold, and Jim Callahan (Callan)
- Legal Counsel Present: Steven Marlowe, Department of Justice

The June 6<sup>th</sup>, 2018 OIC meeting was called to order at 8:58 am by Rukaiyah Adams, OIC Chair.

**I. 9: 00am Review and Approval of Minutes**

**MOTION:** Member Russell moved approval of both the April 25<sup>th</sup>, 2018 OIC regular meeting minutes and the April 27<sup>th</sup>, 2018 special meeting minutes. Member Kim seconded the motion which then passed by a 5/0 vote.

**II. 9:06 am Committee Reports and CIO Update**

**Committee Reports:** Mr. Skjervem gave an update on the following committee actions taken since the April 25<sup>th</sup>, 2018 OIC meeting:

**Private Equity Committee**

None

**Alternatives Portfolio Committee**

May 18, 2018

Blackstone Energy Partners III

\$200 million

**Opportunity Portfolio Committee**

None

**Real Estate Committee**

None

Mr. Skjervem then delivered opening remarks which included a summary of staff's Private Equity proposal, the scheduled Statement of Investment and Management Beliefs discussion, and annual updates on Investment Operations and the Common School Fund. Mr. Skjervem also introduced Ms. Anna Totdahl, the new Investment Officer in the Portfolio Risk & Research group.

**III. 10:11 am TPG Partners VIII, L.P. & TPG Healthcare Partners, L.P.**  
*OPERF Private Equity Portfolio*

Michael Langdon, Senior Investment Officer, Private Equity, recommended approval of an up to \$500 million capital commitment split pro rata between TPG Partners VIII, L.P. ("TPG VIII", "Fund VIII", or the "Fund") and TPG Healthcare Partners, L.P. (the "Healthcare Fund") as part of the OPERF private equity portfolio. Approval of the proposed commitment would represent the continuation of an existing relationship with TPG which dates back more than 20 years and comprises approximately \$4 billion in cumulative commitments across 15 previous investment vehicles.

Mr. Langdon then introduced Mr. Jim Coulter, TPG's Co-Founder and Co-CEO, who provided the Council with a presentation on the firm, its investment strategy and performance record.

**MOTION:** Member Kim moved approval of staff's recommendation, and Treasurer Read seconded the motion which then passed by a 4/1 vote. Member Russell cast the dissenting vote.

**IV. 10:16 am Statement of Investment and Management Beliefs**

Allan Emkin, Managing Director, Pension Consulting Alliance, provided the Council with a revised draft of the OIC's Statement of Investment and Management Beliefs. In December 2017, PCA was retained to work with the OIC and senior OST investment staff to review and possibly revise the OIC's Statement of Investment and Management Beliefs (the "Beliefs").

Over the first quarter of 2018, PCA engaged OIC members and senior OST investment staff in a survey examining the Council's existing Beliefs statements. Survey questions solicited participants' updated views and commentary on the Beliefs as well as their proposed revisions thereto. Based on the survey results and additional input from survey participants, PCA outlined and presented potential Beliefs revisions at the Council's special meeting on April 27, 2018.

At the end of that meeting, Council members were asked to cogitate on the revisions presented and share any additional thoughts and edits directly with Mr. Emkin. The final draft presented by Mr. Emkin at the June OIC meeting reflected both the revisions discussed at the Council's special meeting on April 27 as well as any subsequent input from Council members and senior OST investment staff.

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

**V. 11:01 am Q1 2018 Performance & Risk Report – OPERF**

Karl Cheng, Senior Investment Officer, Portfolio Risk & Research and Janet Becker-Wold, Senior Vice President, Callan Associates, presented the first quarter 2018 investment performance update on OPERF.

**VI. 11:30 am OST Investment Operations Update – OPERF Investment Operations Update**

David Randall, Director of Investment Operations, Perrin Lim, Director of Capital Markets, Debra Day, Investment Reporting Manager and Ron Allen, Managing Director, Blackrock Solutions (BRS) provided the Council with a broad review of staff and BRS efforts within OST’s investment operations group.

**VII. 11:54 am Common School Fund - Annual Review**

Michael Viteri, Senior Investment Officer, Public Equity provided the OIC with an update on the asset allocation, performance, and rebalancing activity within the Common School Fund for the period ended December 31, 2017.

Mr. Viteri then introduced Bill Ryan, Deputy Director for Operations, Department of State Lands who provided an update on the Common School Fund.

**VIII. 11:55 am Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended April 30, 2018.

**IX. 11:55 am Calendar — Future Agenda Items**

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

**X. 11:56 pm Open Discussion**

Council Member Miller recognized Chair Adams and encouraged the audience to view her recent “Ted Talk” online. He then suggested that the Council should consider developing a strategic plan that outlines its goals and objectives for the next 3 to 5 years. He further suggested linking the investment division’s operating budget to key performance indicators stipulated in the Council’s strategic plan.

He recognized that the OIC does not have authority over the investment division’s operating budget or its personnel management, but posited that such a link would improve governance and could enhance long-term investment performance. Chair Adams responded positively to Member Miller’s suggestion and indicated that she had already had similar conversations with Mr. Skjervem. Chair Adams then asked Member Miller to assume a leadership role on this particular initiative.

Member Russell shared remarks in support of Venture Capital and asked for further discussion of that asset class at subsequent Council meetings.

Member Kim inquired about the “General Consultant Recommendation” that staff is proposing for discussion at the October OIC meeting. Mr. Skjervem explained that the October proposal staff is planning will feature the second and final two-year extension of the existing contract with Callan. He further explained that following the conclusion of that second and final two-year extension, and consistent with OIC policy, staff would issue a formal Request for Proposal for general consulting services.

**12: 02 pm Public Comments**

Jim Baker, Private Equity Stakeholder Project, shared his concerns regarding the closing and liquidation of nearly 800 Toys “R” Us stores which resulted in termination for 33,000 employees

nationwide. Mr. Baker then advocated in support of fair severance packages for Toys “R” Us employees from the company’s private equity sponsors which include KKR, Bain Capital and Vornado.

Ms. Adams adjourned the meeting at 12:08 pm.

Respectfully submitted,



May Fanning  
Executive Support Specialist