



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

OREGON INVESTMENT COUNCIL  
MARCH 15, 2017  
MEETING MINUTES

- Members Present: Rukaiyah Adams, Tobias Read, John Russell, Rex Kim, Rick Miller and Steve Rodeman
- Staff Present: Darren Bond, John Skjervem, Deena Bothello, Karl Cheng, May Fanning, Michael Langdon, Perrin Lim, Jen Plett, Jen Peet, James Sinks, Michael Viteri, Tony Breault, Amanda Kingsbury, Austin Carmichael, Dana Millican, Ricardo Lopez, William Hiles, Andrew Coutu, Jo Recht, Mark Selfridge, Ben Mahon, Kim Olson, John Hersehy, Debra Day, Tom Lofton, Chelsea Brossard, Garrett Cudahey, Angela Schaffers, Lisa Massena, Eric Messer, David Randall, Paola Nealon, AmyWojcicki
- Consultants Present: Tom Martin, (TorreyCove); Christy Fields, Allan Emkin (PCA); Janet Becker-Wold, and James Callahan (Callan)
- Legal Counsel Present: Steven Marlowe, Oregon Department of Justice

The March 15<sup>th</sup>, 2017 OIC meeting was called to order at 9:00 am by Rukaiyah Adams, OIC Chair.

**I. 9: 01am Review and Approval of Minutes**

**MOTION:** Mr. Russell moved approval of the February 1, 2017 OIC meeting minutes, and Mr. Kim seconded the motion which then passed by a 5/0 vote.

**II. 9:27 am Committee Reports and CIO Update**

**Committee Reports:** John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the February 1, 2017 OIC meeting:

**Private Equity Committee**

February 2, 2017	KKR Asia Fund III, L.P.	\$250 million
February 2, 2017	EnCap Energy Capital Fund XI, L.P.	\$250 million
March 10, 2017	GI Partners Fund V, L.P.	\$250 million
March 10, 2017	Genstar Capital Partners VIII, L.P.	\$150 million

**Alternatives Portfolio Committee**

None

**Opportunity Portfolio Committee**

None

**Real Estate Committee**

None

Mr. Skjervem then reviewed progress for the Oregon investment program in 2016, and provided an outline of the program's 2017 goals and objectives.

According to Mr. Skjervem, 2016 program hi-lights including the following:

- Completed division consolidation in and relocation to new Tigard office;
- Hired and assimilated several new employees in various investment, operations and administrative support positions;
- Realized good investment performance in non-interest rate sensitive allocations;
- Completed important asset class restructurings in fixed income, real estate and public equity;
- Expanded and further refined Aladdin use in both capital markets transaction activities as well as total fund risk management efforts;
- Enhanced rigor and consistency of private markets due diligence and underwriting processes; and
- Improved data integrity (e.g., Operations team identified and resolved over \$800M in reporting errors last year).

Mr. Skjervem then noted the following as primary program goals in 2017:

- Execute, execute, execute;
- Recruit, hire and assimilate;
- Insource additional fixed income and public equity mandates;
- Maintain momentum and direction of real estate restructuring initiative;
- Continue research in private market focus areas (e.g., portfolio monitoring, benchmarking, performance calculation & risk measurement);
- Complete currency project and improve integration of ESG and Corporate Governance activities;
- Expand Aladdin use and expertise; and
- Advance strategic partnership discussions with one or more key GP/manager relationships.

### III. **09:28 am** 2018 OIC Meeting Schedule

Mr. Skjervem presented the amended 2018 OIC Meeting Schedule.

**MOTION:** Treasurer Read moved approval, and Mr. Kim seconded the motion which then passed by a 5/0 vote.

### IV. **10:20 am** Apollo Investment Fund IX, L.P. – OPERF Private Equity Portfolio

Founded in 1990, Apollo Global Management is a publicly-traded, global alternative investment manager with approximately \$189 billion of assets under management across three primary business segments (private equity, credit, and real estate) as of September 30, 2016. The Firm continues to be led by founding Managing Partners Leon Black (CEO), Joshua Harris, and Marc Rowan who have worked together for more than 30 years and currently oversee nearly 1,000 employees based in offices in New York, Los Angeles, Houston, London, Hong Kong, Singapore, and Mumbai. The Firm includes 24 Senior Partners and 106 total investment professionals who are focused on its global private equity practice. Private equity was Apollo's original investment platform, and the Firm has raised more than \$50 billion across eight funds since inception. Apollo is now targeting at least \$20 billion for Fund IX as a continuation of its flagship, global private equity investment practice.

Mike Langdon, Senior Investment Officer, Private Equity, recommended a capital commitment of up to \$500 million to Apollo Investment Fund IX, L.P. which represents, in staff's opinion, an attractive, core opportunity for the large buyout segment of the OPERF Private Equity portfolio.

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

**V. 10:26 am Fixed Income Policy Update – OPERF Fixed Income Portfolio**

Tom Lofton, Investment Officer, Fixed Income provided the OIC with an update on the OPERF Fixed Income Government strategy and requested Council approval of several guideline revisions recommended by staff.

**MOTION:** Treasurer Read moved approval of the proposed guideline revisions, and Mr. Russell seconded the motion which then passed by a 5/0 vote.

**VI. 11:06 am Securities Lending Update – OPERF/SAIF/CSF/OSTF/Agency Accounts**

Perrin Lim, Director of Capital Markets introduced Mr. Robert “Bo” Jackson, Vice President, Senior Portfolio Manager, State Street Global Advisors and Mr. Johnson Shum, Vice President, Securities Finance, State Street Global Markets who provided an update and review of the securities lending program in place for OPERF, OSTF and other state agency funds.

**VII. 11:23 am Overlay Review – OPERF**

Karl Cheng, Investment Officer, Portfolio Risk & Research provided the OIC with an update on the OPERF overlay program, currently managed by Russell Investments.

**VIII. 11:57 am Currency Project Update – OPERF**

Jiangning (Jen) Plett, Senior Internal Investment Auditor and Karl Cheng delivered an update on the OPERF currency project and discussed various approaches to currency management.

**IX. 12:14 pm Q4 2016 Performance & Risk Report – OPERF**

Karl Cheng and Janet Becker-Wold, Callan Associates presented the OPERF risk and performance report, respectively for the period ending December 31, 2016.

**X. 12:15 pm Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended January 31, 2017.

**XI. 12:16 pm Calendar – Future Agenda Items**

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

**XII. 12:16 pm Other Items**

None

**12:16 pm Public Comments**

None

Ms. Adams adjourned the meeting at 12:16 pm.

Respectfully submitted,

  
May Fanning

Executive Support Specialist