

**NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
December 12, 2019**

A regular meeting of the Nebraska Investment Council convened at 8:32 a.m. at the Cornhusker Hotel in Lincoln, NE.

The Council members were notified of this meeting on September 20, 2018, Council meeting. Public notice was posted on the Nebraska Public Meeting Calendar on November 6, 2019, and published in the Lincoln Journal Star on December 1, 2019. Ms. Werner-Robertson chaired the meeting and Ms. Hatfield recorded the minutes.

MEMBERS PRESENT:

- Ms. Gail Werner-Robertson
- Dr. Richard DeFusco
- Mr. John Dinkel
- Mr. John Conley
- Dr. Keith Olson
- Treasurer John Murante
- Mr. Randy Gerke
- Ms. Cecelia M. Carter

NONMEMBERS IN ATTENDANCE:

- Mr. Michael Walden-Newman, State Investment Officer
- Ms. Jennifer Hatfield, Council Secretary
- Mr. Joe Jurich, Nebraska Investment Council
- Ms. JoLynn Winkler, Nebraska Investment Council
- Mr. Joe Spitznagel, Nebraska Investment Council
- Mr. Jeremiah Garber, Nebraska Investment Council
- Mr. Chris Sanders, Nebraska Investment Council
- Ms. Joyce Schlautman, Nebraska Investment Council
- Ms. Kathy Dawes, Nebraska Investment Council
- Mr. Christopher Heinrich, O'Neill Heinrich Damkroger Bergmeyer & Shultz
- Mr. Max Kotary, Aon
- Mr. Chae Hong, Aon
- Mr. Bruce Ingram, Aon
- Mr. John Robinson III, Kiewit
- Mr. John Schembari, Kutak Rock

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:32 a.m. to 8:33 a.m. Ms. Werner-Robertson advised that the Nebraska Open Meetings Act applies and stated that a copy of the Open Meetings Act is located on the table outside of the conference room.

APPROVAL OF THE MINUTES OF THE SEPTEMBER 19, 2019, MEETING: 8:33 a.m. to 8:34 a.m. Mr. Conley moved that the September 26, 2019, draft of the minutes of the September 19, 2019, meeting be approved as written. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Dr. DeFusco
	Mr. Dinkel
	Mr. Conley
	Dr. Olson
	Ms. Werner-Robertson

The motion carried.

COUNCIL MEMBER BUSINESS: 8:34 a.m. to 8:36 a.m. Ms. Werner-Robertson thanked Ms. Kathy Dawes, Business Manager on her 20 years of service and hard work with the Council's budget and office responsibilities. Ms. Werner-Robertson informed the Council that she will need to leave today's meeting early and Dr. Richard DeFusco would serve as chair at the time.

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CLOSED SESSION TO DISCUSS MANAGER CONTRACTS AND PERSONNEL ISSUES: At 8:36 a.m. Dr. DeFusco moved that the Council enter into closed session. The subject matter of the closed session is to discuss investment manager contracts and personnel issues. The reason for the closed session is to protect the public interest and to prevent the needless injury to the reputation of an individual.

Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call.

VOTING AYE:	Mr. Dinkel Mr. Conley Dr. Olson Ms. Werner-Robertson Dr. DeFusco
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The motion carried.

Ms. Werner-Robertson requested that the members of the Council, Mr. Walden-Newman, Mr. Heinrich, and Mr. Kotary, Aon Consultant be present. All others in attendance were excused.

At 9:19 a.m. Dr. DeFusco moved that the Council return to open session. Ms. Carter seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Mr. Conley Dr. Olson Ms. Werner-Robertson Dr. DeFusco Mr. Dinkel
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The motion carried.

HAMILTON LANE MANAGER PRESENTATION: 9:19 a.m. to 9:49 a.m. Mr. Walden-Newman introduced Ms. Tara Blackburn, Managing Director, Hamilton Lane. Hamilton Lane has 28 years of experience in private market with 16 offices and 390 employees. The firm is a global investment manager with institutional levels of infrastructure, controls, and oversight across its operating environment. If hired, Hamilton Lane will replace SPC, an investor for Omaha School Public Employees Retirement System (OSERS) and handle the SPC portfolio. Hamilton Lane would start in February 2020. Aon has conducted an operational due diligence review of Hamilton Lane Advisors, LLC and gives the firm an overall rating "A1 Pass". The presentation was included in the meeting materials.

Following discussion by the Council, Dr. DeFusco moved that Nebraska Investment Council hire Hamilton Lane to assume management of the assets in the Omaha School Employees Retirement System SPC private equity portfolio subject to completion of legal review and satisfactory agreement of terms. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Dr. Olson Ms. Werner-Robertson Dr. DeFusco Mr. Dinkel Mr. Conley
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The motion carried.

INVESTMENT PERFORMANCE REPORT: 9:49 a.m. to 10:21 a.m. Mr. Kotary reviewed Third Quarter Performance Report Review, which was included in the meeting materials. Mr. Kotary commented on the current market conditions, asset allocation, performance, manager watch list, fees and reported total assets over management were \$28.7 billion. A copy of the Second Quarter Alternative Investment Performance Supplement Report was included

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in the meeting materials.

Mr. Gerke, Director, Nebraska Public Employees Retirement Systems (NPERS) mentioned to the Council the funded ratios as of July 1, 2019 for Judges 98.1%, Patrol 87.3%, and School 90.3%. Ms. Carter, Director, OSERS mentioned the Omaha School Employees Retirement System (OSERS) funded ratio as of January 1, 2019 was 63%.

The Council took a break and reconvened at 10:36 a.m.

INVESTMENT RECOMMENDATION: 10:36 a.m. to 10:55 a.m. Ms. Winkler and Mr. Hong reviewed the two portfolios of UBS Trumbull Property Fund (TPF); Defined Benefit /Cash Benefit Balance Plans and Endowment Plans along with one UBS (TPF) in the Omaha Schools Employees Retirement System (OSERS). They discussed benchmarks and performance of UBS (TPF) and recommend redemption. A replacement core real estate manager will be recommended at a later date. A copy of the presentation was included in the meeting materials.

Following the presentation and discussion by the Council, Dr. DeFusco moved that the Nebraska Investment Council Defined Benefit Plans, Cash Balance Benefit Plans, Endowment Plans and Omaha School Employees Retirement System complete a full redemption of the UBS Trumbull Property Fund. Redeployment of the proceeds from this redemption are to be determined at a future Council Meeting. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Ms. Werner-Robertson Dr. DeFusco Mr. Dinkel Mr. Conley Dr. Olson
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The motion carried.

REAL ESTATE PERFORMANCE REPORT: 10:55 a.m. to 11:19 a.m. Mr. Hong reviewed Second Quarter Real Estate Performance Report Review with the Council, giving the overview of the portfolio and discussed the Defined Benefits Plans/Cash Balance Benefit Plans and General Endowment performance and pacing. A copy of the materials was included in the meeting materials.

COLLEGE SAVINGS PLAN ANNUAL REVIEW: 11:19 a.m. to 11:57 a.m. Ms. Deborah Goodkin, Managing Director, Stacy Auman, Director, First National Bank Omaha, Deanna Hamilton, 529 Plan Relationship Manager, State Farm Investment Planning Services, and Rachel Biar, Program Director of the College Savings Plan of Nebraska provided program statistics and performance by investment options. They reported that as of September 30, 2019, the NEST Direct, NEST Advisor and 529 College Savings Plans accounts totaled 708,451 with assets totaling over \$5.3 billion. A copy of the presentation was included in the meeting materials.

The Council took a break and reconvened at 12:33 p.m.

PRIVATE EQUITY INVESTMENT - WYNNCHURCH: 12:33 p.m. to 12:57 p.m. Mr. Jurich and Mr. Ingram reviewed a new fund being offered by one of the NIC's current managers, Wynnchurch Capital. The new fund Wynnchurch Capital Fund V, L.P. (Wynnchurch V) will continue the Firm's value-oriented buyout investment strategy of making control investments in the lower middle, middle market. Mr. Jurich indicated that the NIC's staff and Aon are recommending a \$50 million commitment to Wynnchurch Fund V, L.P., on behalf of the DB/CBB Plans. Mr. Ingram indicated that Aon has conducted a thorough qualitative and quantitative assessment of Wynnchurch Capital V, L.P. Mr. Ingram discussed the investment merits and concerns associated with the Firm and the Fund. A copy of the presentation was included in the meeting book.

After additional discussion by the Council, Dr. DeFusco moved that the Council commit \$50 million of the Defined Benefit Plans and Cash Balance Benefit Plans to Wynnchurch V, L.P. subject to completion of legal review and satisfactory agreement of terms. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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VOTING AYE: Dr. DeFusco
 Mr. Dinkel
 Mr. Conley
 Dr. Olson
 Ms. Werner-Robertson

The motion carried.

STATE TREASURER – COLLEGE SAVINGS PLAN: 12:57 p.m. to 1:30 p.m. Treasurer Murante informed the Council on the process of determining the next program manager for the Nebraska Educational Savings Trust (NEST). A program manager changes every ten years or can submit a new bid in through a Request for Proposals (RFP). The current program manager, First National Bank of Omaha (FNBO) did not submit a bid on this RFP. After an extensive search and interview process, the advisory committee and Treasurer Murante submit for the Council’s consideration, Union Bank and Trust to serve as the program manager for NEST Direct, NEST Advisor, TD Ameritrade 529 College Savings Plan, and State Farm 529 College Savings Plan.

Union Bank and Trust:

Ms. Angie Muhleisen, President, and CEO, Mr. Jason Muhleisen, Next Generation of Ownership, Mr. Jon Gross, Wealth Management Division Head, Ms. Cari Kaup, 529 Customer Care Manager, Mr. Jay J. Steinacher, CTFA, 529 College Savings Director, Union Bank, Mr. Rob Noe, CFA, Managing Director, Wilshire Associates, and Ms. Rachel Bair, Program Director, State Treasurer’s Office provided the background of Union Bank and Trust (UBT). UBT is a fourth-generation banking family and has 19 years constructing, servicing, and expanding nationally recognized 529 programs. They discussed the proposed allocation and fund changes to the NEST Direct, NEST Advisor, and the 529 savings accounts. Their presentation was included in the meeting materials.

Following discussion by the Council, Dr. DeFusco moved that the Council approve Union Bank & Trust as the program manager for the Nebraska Educational Savings Plans. The Council hereby authorizes and directs the State Investment Officer to enter into a program management agreement with Union Bank & Trust subject to legal review and satisfactory agreement of terms. Further, the Council approve the investment options and mapping strategy for NEST Direct and NEST Advisor Plans as presented on pages 7-13, and approve the program fees as presented on pages 14-15. These changes will be effective upon completion of the program management agreement and transition to Union Bank & Trust as program manager. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Mr. Dinkel
 Mr. Conley
 Dr. Olson
 Ms. Werner-Robertson
 Dr. DeFusco

The motion carried.

Ms. Werner-Robertson thanked everyone for their part in making this happen. Dr. DeFusco congratulated everyone involved putting the proposal together. Mr. Murante thanked Ms. Bair, Ms. Winkler, Mr. Larson, and Mr. Walden-Newman for their help in the process.

Ms. Werner-Robertson left the meeting at 1:30 p.m.

BUDGET REVIEW: 1:30 p.m. to 1:48 p.m. Ms. Dawes reviewed the Investment Council’s budget. A copy of the materials which was distributed to the Council is available on the Council’s website.

AUDIT COMMITTEE REPORT: 1:48 p.m. to 1:54 p.m. Dr. DeFusco and Mr. Conley, Audit Committee members, had met with Ms. Schlautman, Internal Auditor, via conference call on December 4, 2019. A copy of the Audit Committee’s Report which was distributed to the Council is available on the Council’s website.

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COUNCIL ADMINISTRATIVE REPORT: 1:54 p.m. to 1:58 p.m.

SIO Report: Mr. Walden-Newman mentioned that Mr. Dinkel will serve another term. Mr. Walden-Newman informed the Council the meetings in June and September will be at another location in La Vista or Omaha.

Action Plan: A copy was included in the meeting materials.

Budget Report: A copy was included in the meeting materials.

Securities Lending Report: A copy of the 3rd quarter report was included in the meeting materials.

PUBLIC COMMENT ON THE AGENDA: 1:58 p.m. to 1:59 p.m. Dr. DeFusco asked if there was any public comment on the agenda. There was no public comment on the agenda.

NEXT MEETING: 1:59 p.m. to 2:00 p.m. Thursday, February 13, 2020 – 1526 K Street Building, Conference Room D, Lincoln, NE.

At 2:00 p.m. Dr. DeFusco moved to adjourn the meeting. Ms. Carter seconded the motion. Dr. DeFusco called for a roll call vote.

VOTING AYE:	Mr. Dinkel Mr. Conley Dr. Olson Dr. DeFusco
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ABSENT NOT VOTING:	Ms. Werner-Robertson
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The motion carried.



Jennifer Hatfield, Secretary

NEST Direct Index/Passive Enhancements

Proposed

Nebraska Direct		Eq ==>	100.0%	90.0%	80.0%	70.0%	60.0%	50.0%	40.0%	30.0%	20.0%	10.0%	0.0%	0.0%
Passive		FI ==>	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%	100.0%
<i>Age-Based Index Aggressive</i>			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+			
<i>Age-Based Index Moderate</i>				0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+		
<i>Age-Based Index Conservative</i>					0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+	
Vanguard Federal Money Market Fund	VMFXX	0.11%								9.0%	23.0%	50.0%	100.0%	
Vanguard Short-Term Inflation-Protected Securities Fd	VTSPX	0.04%				2.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%		
Vanguard Short-Term Bond Index Fund	VBIPX	0.04%		2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%	
Vanguard Total Bond Market Index Fund	VBMPX	0.03%		7.0%	13.0%	20.0%	24.0%	29.0%	31.0%	30.0%	30.0%	28.0%	15.0%	
Vanguard Total International Bond Index	VTABX	0.11%		1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%		
Vanguard Total Stock Market Index Fund	VTPX	0.02%	65.0%	60.0%	53.0%	46.0%	40.0%	34.0%	27.0%	21.0%	14.0%	7.0%		
Vanguard Total International Stock Index Fd	VTPSX	0.07%	29.0%	24.0%	22.0%	19.0%	16.0%	13.0%	10.0%	7.0%	4.0%	2.0%		
Vanguard REIT Index Fund	VGSNX	0.10%	6.0%	6.0%	5.0%	5.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%		
	TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NEST Direct Blended Enhancements

Proposed

Nebraska Direct

Blended
 Age-Based Aggressive
 Age-Based Moderate
 Age-Based Conservative

		Eq ==>	100.0%	90.0%	80.0%	70.0%	60.0%	50.0%	40.0%	30.0%	20.0%	10.0%	0.0%	
		FI ==>	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%	
			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+			
				0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+		
					0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+	
	Static Portfolios		All Equity		Growth			Balanced			Conservative			Bank Savings
Bank Savings														100.0%
Vanguard Federal Money Market Fund	VMFXX	0.11%									9.0%	23.0%	50.0%	100.0%
Vanguard Short-Term Inflation-Protected Securities Fd	VTSPX	0.04%					2.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%	
Vanguard Short-Term Bond Index Fund	VBITX	0.05%		2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%	
Vanguard Total Bond Market Index Fund (Instl Plus)	VBMPX	0.03%		4.0%	7.0%	10.0%	12.0%	15.0%	16.0%	15.0%	15.0%	14.0%	8.0%	
MetWest Total Return Bond Fund	MWTSX	0.37%		3.0%	6.0%	10.0%	12.0%	14.0%	15.0%	15.0%	15.0%	14.0%	7.0%	
DFA World ex-US Government Fixed Income Fund	DWFIX	0.20%		1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%		
Vanguard Total Stock Market Index Fund (Instl Plus)	VITPX	0.02%	27.0%	24.0%	21.0%	18.0%	16.0%	14.0%	11.0%	9.0%	6.0%	3.0%		
Vanguard Equity-Income Fund	VEIRX	0.18%	15.0%	14.0%	13.0%	11.0%	9.0%	8.0%	6.0%	5.0%	3.0%	2.0%		
T. Rowe Price Large Cap Growth Fund	TRLGX	0.56%	15.0%	14.0%	13.0%	11.0%	9.0%	8.0%	6.0%	5.0%	3.0%	2.0%		
Vanguard Explorer Adm	VEXRX	0.34%	4.0%	4.0%	3.0%	3.0%	3.0%	2.0%	2.0%	1.0%	1.0%			
DFA US Small Cap Value I	DFSVX	0.52%	4.0%	4.0%	3.0%	3.0%	3.0%	2.0%	2.0%	1.0%	1.0%			
Vanguard Total International Stock Index Fd (Instl Plus)	VTPSX	0.07%	29.0%	24.0%	22.0%	19.0%	16.0%	13.0%	10.0%	7.0%	4.0%	2.0%		
Vanguard REIT Index Fund	VGSNX	0.10%	6.0%	6.0%	5.0%	5.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%		
TOTAL		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NEST Advisor Index/Passive Enhancements

Proposed

Nebraska Advisor

Passive

Age-Based Index Conservative

			Eq ==>									
			70.0%	60.0%	50.0%	40.0%	30.0%	20.0%	10.0%	0.0%	0.0%	
			FI ==>									
			30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%	100.0%	
			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+	
State Street U.S. Government Money Market Fund	GVMXX	0.12%						9.0%	23.0%	50.0%	100.0%	
Vanguard Short-Term Inflation-Protected ETF	VTIP	0.06%		2.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%		
Vanguard Short-Term Bond ETF	BSV	0.07%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%		
Fidelity U.S. Bond Index Fund	FXNAX	0.03%	20.0%	24.0%	29.0%	31.0%	30.0%	30.0%	28.0%	15.0%		
Vanguard Total International Bond ETF	BNDX	0.09%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%			
Vanguard Total Stock Market ETF	VTI	0.03%	46.0%	40.0%	34.0%	27.0%	21.0%	14.0%	7.0%			
Fidelity Total International Index Fund	FTIHX	0.06%	19.0%	16.0%	13.0%	10.0%	7.0%	4.0%	2.0%			
Vanguard REIT ETF	VNQ	0.12%	5.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%			
	TOTAL		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

NEST Advisor Blended Enhancements

Proposed

Nebraska Advisor

		Eq ==>	100.0%	90.0%	80.0%	70.0%	60.0%	50.0%	40.0%	30.0%	20.0%	10.0%	0.0%	
		FI ==>	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%	
			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+	19+		
			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19+	19+		
	Static Portfolios		All Equity		Growth			Balanced			Conservative			Bank Savings
Bank Savings														100.0%
State Street U.S. Government Money Market Fund	GVMXX	0.12%									9.0%	23.0%	50.0%	
Vanguard Short-Term Inflation-Protected ETF	VTIP	0.06%					2.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%	
Vanguard Short-Term Bond ETF	BSV	0.07%		2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%	
Fidelity U.S. Bond Index Fund	FXNAX	0.03%		3.0%	5.0%	7.0%	8.0%	10.0%	11.0%	10.0%	10.0%	10.0%	5.0%	
MetWest Total Return Bond Fund	MWTSX	0.37%		2.0%	4.0%	7.0%	8.0%	10.0%	10.0%	10.0%	10.0%	9.0%	5.0%	
Prudential Total Return Bond Fund	PTRQX	0.39%		2.0%	4.0%	6.0%	8.0%	9.0%	10.0%	10.0%	10.0%	9.0%	5.0%	
DFA World ex-US Government Fixed Income Fund	DWFIX	0.20%		1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%		
Vanguard Total Stock Market ETF	VTI	0.03%	27.0%	24.0%	21.0%	18.0%	16.0%	14.0%	11.0%	9.0%	6.0%	3.0%		
Dodge & Cox Stock Fund	DODGX	0.52%	15.0%	14.0%	13.0%	11.0%	9.0%	8.0%	6.0%	5.0%	3.0%	2.0%		
T. Rowe Price Large Cap Growth Fund	TRLGX	0.56%	15.0%	14.0%	13.0%	11.0%	9.0%	8.0%	6.0%	5.0%	3.0%	2.0%		
Vanguard Explorer Adm	VEXRX	0.34%	4.0%	4.0%	3.0%	3.0%	3.0%	2.0%	2.0%	1.0%	1.0%			
Northern Trust Small Cap Value SMA	N/A	0.60%	4.0%	4.0%	3.0%	3.0%	3.0%	2.0%	2.0%	1.0%	1.0%			
Fidelity Total International Index Fund	FTIHX	0.06%	29.0%	24.0%	22.0%	19.0%	16.0%	13.0%	10.0%	7.0%	4.0%	2.0%		
Vanguard REIT ETF	VNQ	0.12%	6.0%	6.0%	5.0%	5.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%		
TOTAL			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Individual Fund Portfolios

NEST Direct 529

1. Vanguard Federal Money Market 529
2. Vanguard Short-Term Inflation-Protected Securities 529
3. Vanguard Short-Term Bond Index 529
4. Vanguard Total Bond Market Index 529
5. MetWest Total Return Bond 529
6. DFA World ex-U.S. Government Fixed Income 529
7. State Street S&P 500 Index 529
8. Vanguard Total Stock Market Index 529
9. Vanguard Equity Income 529
10. T. Rowe Price Large Cap Growth 529
11. Vanguard Extended Market Index 529
12. Vanguard Explorer 529
13. DFA U.S. Small Cap Value 529
14. Vanguard Total International Stock Index 529
15. Vanguard Real Estate Index 529

NEST Advisor 529

1. State Street U.S. Government Money Market 529
2. Vanguard Short-Term Inflation-Protected Securities ETF 529
3. Vanguard Short-Term Bond Index ETF 529
4. Fidelity U.S. Bond Index 529
5. MetWest Total Return Bond 529
6. Prudential Total Return Bond 529
7. DFA World ex-U.S. Government Fixed Income 529
8. State Street S&P 500 Index 529
9. Vanguard Total Stock Market Index ETF 529
10. Dodge & Cox Stock 529
11. T. Rowe Price Large Cap Growth 529
12. SPDR S&P Dividend ETF 529
13. American Funds The Income Fund of America 529
14. Vanguard Extended Market Index ETF 529
15. Vanguard Explorer 529
16. Northern Small Cap Value 529
17. Fidelity Total International Index 529
18. Vanguard FTSE Emerging Markets ETF 529
19. Vanguard Real Estate Index ETF 529

Age-Based and Static Portfolio Mapping

NEST Direct 529

Age-Based Portfolios

- Age-Based Aggressive → Age-Based Blended Aggressive
- Age-Based Growth → Age-Based Blended Moderate
- Age-Based Index → Age-Based Index Conservative

Static Portfolios

- All Equity → All Equity
- Growth → Growth
- Moderate Growth → Balanced
- Balanced → Balanced
- Conservative → Conservative
- Bank Savings → Bank Savings

NEST Advisor 529

Age-Based Portfolios

- Age-Based Aggressive → Age-Based Blended Aggressive
- Age-Based Growth → Age-Based Blended Moderate
- Age-Based Index → Age-Based Index Conservative

Static Portfolios

- All Equity → All Equity
- Growth → Growth
- Moderate Growth → Balanced
- Balanced → Balanced
- Conservative → Conservative
- Bank Savings → Bank Savings

Recommended Investment Mapping

Plan	Existing Fund	Proposed New Fund	Fund Ticker	Expense Ratio	Rationale for Change
Next Direct Index	Goldman Sachs Government Money Market Fund	Vanguard Federal Money Market Fund	VMFX	0.11%	Lower cost government money market fund option
	DFA World ex-US Government Fixed Income Fund	Vanguard Total International Bond Fund	VTABX	0.11%	Lower cost, moving to all index options
	State Street S&P 500 Index	Vanguard Total Stock Market Index Fund	VITPX	0.02%	Moving to an all-cap index option
	Vanguard Extended Market Index	Vanguard Total Stock Market Index Fund	VITPX	0.02%	Combining into the all-cap index option
	State Street MSCI ACWI ex USA Index Fund	Vanguard Total International Stock Index Fund	VTPSX	0.07%	Lower cost, mutual fund index option
Next Direct Blended	Goldman Sachs Government Money Market Fund	Vanguard Federal Money Market Fund	VMFX	0.11%	Lower cost government money market fund option
	State Street S&P 500 Index	Vanguard Total Stock Market Index Fund	VITPX	0.02%	Moving to an all-cap index option
	Vanguard Extended Market Index	Vanguard Total Stock Market Index Fund	VITPX	0.02%	Combining into the all-cap index option
	iShares Russell 2000 Growth ETF	Vanguard Explorer Adm	VEXRX	0.34%	Higher quality, actively-managed option
	Tributary Small Company	DFA US Small Cap Value I	DPSVX	0.52%	Higher quality, lower cost, actively-managed option
	State Street MSCI ACWI ex USA Index Fund	Vanguard Total International Stock Index Fund	VTPSX	0.07%	Lower cost, mutual fund index option
	Static Moderate Growth Portfolio	Static Balanced Portfolio	N/A	0.17%	Eliminating a portfolio with similar asset allocation
Next Advisor Index	Goldman Sachs Government Money Market Fund	State Street U.S. Government Money Market Fund	GVMXX	0.12%	Lower cost government money market fund option
	iShares Core US Aggregate ETF	Fidelity U.S. Bond Index Fund	FXNAX	0.03%	Lower cost bond index fund option
	DFA World ex-US Government Fixed Income Fund	Vanguard Total International Bond ETF	BNDX	0.09%	Lower cost, moving to all index options
	State Street S&P 500 Index	Vanguard Total Stock Market ETF	VTI	0.03%	Moving to an all-cap index option
	Vanguard Extended Market ETF	Vanguard Total Stock Market ETF	VTI	0.03%	Combining into the all-cap index option
	State Street MSCI ACWI ex USA Index Fund	Fidelity Total International Index Fund	FTIHK	0.06%	Lower cost, mutual fund index option
Next Advisor Blended	Goldman Sachs Government Money Market Fund	State Street U.S. Government Money Market Fund	GVMXX	0.12%	Lower cost government money market fund option
	iShares Core US Aggregate ETF	Fidelity U.S. Bond Index Fund	FXNAX	0.03%	Lower cost bond index fund option
	Federated Total Return Bond Fund	Prudential Total Return Bond Fund	PTRQX	0.39%	Higher quality, core-plus bond fund option
	State Street S&P 500 Index	Vanguard Total Stock Market ETF	VTI	0.03%	Moving to an all-cap index option
	Vanguard Extended Market ETF	Vanguard Total Stock Market ETF	VTI	0.03%	Combining into the all-cap index option
	iShares Russell 2000 Growth ETF	Vanguard Explorer Adm	VEXRX	0.34%	Higher quality, actively-managed option
	Tributary Small Company	Northern Trust Small Cap Value SMA	N/A	0.60%	Higher quality, lower cost, actively-managed option
	State Street MSCI ACWI ex USA Index Fund	Fidelity Total International Index Fund	FTIHK	0.06%	Low cost, mutual fund index option
	Static Moderate Growth Portfolio	Static Balanced Portfolio	N/A	0.22%	Eliminating a portfolio with similar asset allocation

Program Expenses

State Administrative Fee	0.02%
PROGRAM MANAGEMENT FEE	
NEST Direct 529	0.08%
NEST Advisor 529	0.15%
TD Ameritrade 529	0.12%
State Farm 529	0.15%
INITIAL SALES CHARGE/ANNUAL SERVICE FEE*	
Initial Sales Charge	3.50%
Annual Service Fee - A Shares	0.25%
Annual Service Fee - C Shares	0.50%

* NEST Advisor and State Farm

Program Expenses

- When overall Nebraska plan assets in the NEST 529 program exceed \$12.0 billion for 90 consecutive days the annual program management fee will be reduced by one basis point. However, if the overall Nebraska plan assets in the NEST 529 program, having exceeded \$12.0 billion for 90 consecutive days, were to decline below \$12.0 billion for 90 consecutive days, then the former fee would be reinstated until such time when such assets again exceed \$12.0 billion for 90 consecutive days.
- The program manager reserves the right to charge a returned check fee of up to \$25; a rejected or returned ACH or EFT fee of up to \$25; a statement retrieval fee of \$10 per hour with respect to requests for data which are more than five years old; and, a wire fee up to \$25. **However, none of these fees would be assessed initially.** The program manager would monitor these activities and would provide notice to the Treasurer if it intended to implement any of these fee charges at a future date.
- State Farm account fee = Current \$25
 - Effective with fees assessed after:
 - January 1, 2021 = \$15
 - January 1, 2022 = \$10
 - January 1, 2023 = \$0
 - In addition, the current fee waiver would continue (waived for accounts that exceed \$20,000)
- The program manager retains any sub-transfer agent fees.