

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
July 13, 2023
Draft dated 7/14/23

A regular meeting of the Nebraska Investment Council convened at 8:30 a.m. at the Tiburon Golf Club & Banquet Facility, in Omaha, Nebraska.

The Council Board members were notified of this meeting at the September 8, 2022 Council meeting. Public notice was posted on the Investment Council website on December 16, 2022. The meeting agenda and other materials were posted on the Investment Council website on July 7, 2023. Ms. Werner-Robertson chaired the meeting, Mr. Walkowiak prepared the minutes.

COUNCIL BOARD MEMBERS PRESENT:

Ms. Gail Werner-Robertson, Chair
Dr. Richard DeFusco
Mr. John Dinkel
Mr. Tom Henning
Treasurer John Murante

COUNCIL BOARD MEMBERS ABSENT:

Dr. Keith Olson
Mr. Randy Gerke, Director - NPERS
Mr. Shane Rhian, Administrator - OSERS

OTHERS IN ATTENDANCE:

Mr. Michael Walden-Newman, State Investment Officer
Mr. Justin Walkowiak, Council Secretary
Ms. JoLynn Winkler, Nebraska Investment Council
Mr. Joe Jurich, Nebraska Investment Council
Mr. Chris Sanders, Nebraska Investment Council
Mr. Jeremiah Garber, Nebraska Investment Council
Ms. Joyce Schlautman, Nebraska Investment Council
Ms. Aathi Rasiah, Nebraska Investment Council
Mr. Chris Heinrich, O'Neill Heinrich Damkroger Bergmeyer Schultz
Mr. Max Kotary, Aon
Mr. Joe Grandis, Aon
Mr. Ryan Kandah, Aon
Mr. Griffin Keenan, Aon
Ms. Julie Becker, Aon
Ms. Benita Harper, Aon
Mr. Jas Thandi, Aon
Senator Robert Clements
Senator Kathleen Kauth
Senator Robert Dover
Senator Myron Dorn
Mr. Matt Eagan, Loomis Sayles
Mr. Jim Sia, Loomis Sayles
Ms. Mary Ellen Stanek, Baird
Mr. Warren D. Pierson, Baird
Ms. Heidi Schneider, Baird
Mr. Jamiel Akhtar, HBK Capital Management

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Mr. Matt Moss, HBK Capital Management
Ms. Kelli Ackerman, NPERS
Mr. Gerald Clausen, NPERS
Mr. Tyler Cummings, NPERS
Mr. Neil Erickson, Leg. Retirement Systems Committee
Mr. Ryan Walton, State Budget Division

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:30 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 at the entrance with a public copy of the meeting materials.

CHAIR'S COMMENT: 8:31 a.m. Ms. Werner-Robertson welcomed attendees, she thanked everyone for coming, especially the Senators, who took time out of their busy schedules to visit. Ms. Werner-Robertson thanked the Board for their work on the Council's and SIO's evaluations. This work reinforces the importance of good governance.

APPROVAL OF THE MINUTES OF THE JUNE 8, MEETING: 8:32 a.m. Mr. Henning moved to approve the minutes of the June 8, 2023, meeting. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

CLOSED SESSION: COUNCIL BOARD GOVERNANCE REVIEW, OIP REVIEW, INTERNAL AUDITOR REVIEW 8:33 a.m. to 10:26 a.m. Dr. DeFusco moved to enter closed session pursuant to Neb. Rev. Stat. Section 84-1410. The subject matters of the closed session were the following:

- (i) performance evaluation of the Council Board and its members, and the Board's relationship with the Council Staff.
- (ii) evaluation by the Council board of the Council Staff, operations, and performance of the Council's internal Operating Investment Pool program, and
- (iii) evaluation by the Council Board of the Council Staff, operations, and performance of the Council's internal audit program.

The reason for the closed session is to prevent the needless injury to the reputation of the Council Staff and Board members who are the subject of the Board's evaluation and discussion. Mr. Henning seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

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MOTION TO RETURN TO OPEN SESSION: 10:26 a.m. Dr. DeFusco moved to return to open session. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

The Council Board took a break at 10:26 a.m. and reconvened at 10:40 a.m.

DISCUSSION OF PASSIVE EXPOSURES: 10:40 a.m. to 10:44 a.m. The Board briefly discussed the progress of hiring a third-party proxy service as decided at its June 8 meeting. The Board agreed to defer further discussion of its passive exposures until the September 7 meeting.

ECONOMIC OUTLOOK/INFLATION 10:45 a.m. to 11:40 a.m. Mr. Max Kotary and Mr. Jas Thandi presented to the Board on inflation, what goes into it, how it is measured, drivers of inflation, as well as, a medium-term outlook for inflation. Presentation materials were included in the meeting materials. Discussion followed the presentation.

The Council Board took a break at 11:40 a.m. and reconvened at 12:14 p.m.

FIXED INCOME UPDATE - LOOMIS SAYLES: 12:14 p.m. to 1:26 p.m. Mr. Matt Eagan and Mr. Jim Sia presented to the Board on Loomis Sayles' people, process, and performance. Presentation materials were included in the meeting materials. Discussion followed the presentation.

FIXED INCOME UPDATE - BAIRD: 12:40 p.m. to 1:26 p.m. Ms. Mary Ellen Stanek, Mr. Warren D. Pierson, and Ms. Heidi Schneider presented to the Board on Baird's people, process, and performance. Presentation materials were included in the meeting materials. Discussion followed the presentation.

The Council Board took a break at 1:27 p.m. and reconvened at 1:40 p.m.

INTRODUCTION TO HEDGE FUNDS: 1:40 p.m. to 2:37 p.m. Mr. Jamiel Akhtar and Mr. Matt Moss presented to the Board on Hedge Funds, including an industry overview, investment approaches, as well as pros/cons and other considerations. Presentation materials were included in the meeting materials. Discussion followed the presentation.

CUSTODIAL BANK RFP: 2:38 p.m. to 3:17 p.m. Treasurer Murante, Mr. Ryan Kandah and Mr. Joe Jurich presented to the Board on the Custodial Bank RFP. They discussed the project planning, candidates, research, interviews, and resulting decision to recommend changing from State Street Bank to Northern Trust for custodial banking and securities lending. Presentation materials were included in the meeting materials. Discussion followed the presentation. The Council will take formal action on the recommendations at the September 7 meeting.

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NEXT MEETING: 3:18 p.m. Thursday, September 7, 2023 8:30 a.m. Tiburon Golf Club, Omaha, NE.

PUBLIC COMMENT ON THE AGENDA: 3:18 p.m. Ms. Werner-Robertson asked if there were any public comments on the agenda. Senator Robert Clements complimented the Council Board and Staff on the high quality and stability of work being done.

At 3:21 p.m. Dr. DeFusco moved to adjourn the meeting. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

Draft date July 14, 2023

Justin Walkowiak

