

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 8, 2023
Draft dated 6/9/23

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 June 2, 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
Dr. Keith Olson
Mr. Tom Henning
Mr. Shane Rhian, Administrator - OSERS
Treasurer John Murante

COUNCIL BOARD MEMBERS ABSENT:

Mr. Randy Gerke, Director - NPERS

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. Joe Spitznagel, 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. Mike Comstock, Aon
Mr. Bruce Ingram, Aon
Mr. Jack Dowd, Aon
Mr. Tarun Mehta, Glass Lewis
Mr. Nathan Paulsen, Voya Investment Management

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:29 a.m. to 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: 8:30 a.m. Ms. Werner-Robertson welcomed attendees, she thanked everyone for coming, and congratulated Mr. Tom Henning on his appointment to the Nebraska Investment Council Board.

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 8, 2023
Draft dated 6/9/23

APPROVAL OF THE MINUTES OF THE MARCH 9, MEETING: 8:30 a.m. Mr. Henning moved to approve the minutes of the March 9, 2023, meeting. Dr. DeFusco seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

CLOSED SESSION: SIO PERFORMANCE 8:31 a.m. to 9:32 a.m. Dr. DeFusco moved to enter closed session per Neb. Rev. Stat. §84-1410. The subject matter of the closed session is to evaluate the job performance of the State Investment Officer. The reason for the closed session is to prevent needless injury to the reputation of the SIO. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

MOTION TO RETURN TO OPEN SESSION: 9:33 a.m. Dr. DeFusco moved to return to open session. Mr. Henning seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

ACTION FROM CLOSED SESSION: 9:33 a.m. to 9:34 a.m. Dr. DeFusco moved to increase the State Investment Officers salary seven percent effective July 1, 2023. Mr. Henning seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 8, 2023
Draft dated 6/9/23

INVESTMENT PERFORMANCE REPORT: 9:35 a.m. to 9:51 a.m. Mr. Kotary reviewed the 1st Quarter 2023 performance report commenting on current market conditions, asset allocation, performance, and fund monitoring. Total assets under management were \$37.1 billion. The 1st Quarter 2023 performance review and the Alternatives performance report were included in the meeting materials. Discussion followed the presentation

REAL ESTATE: 9:51 a.m. to 10:37a.m. Mr. Jack Dowd and Ms. Winkler reviewed 4th Quarter Performance for the Real Estate Portfolio. Mr. Dowd commented on current market conditions, asset allocation, performance, pacing, and fund monitoring. The 4th Quarter 2022 Real Estate performance report was included in the meeting materials. Discussion Followed the presentation.

Following the discussion Dr. DeFusco recommended that the Nebraska Investment Council (the Council) make a \$64 million commitment to Oaktree Real Estate Opportunities Fund IX which is to be allocated to the following plans: \$50 million to the Defined Benefit and Cash Balance Benefit Plans, \$10 million to the Omaha School Employees' Retirement System, \$2 million to the General Endowments, and \$2 million to the Health Care Endowment. Approval is subject to completion of a legal review and satisfactory agreement of terms. Mr. Henning seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

The Council Board took a break at 10:38 a.m. and reconvened at 10:53 a.m.

PRIVATE EQUITY: 10:53 a.m. to 11:07a.m. Mr. Ingram and Mr. Jurich discussed The Jordan Company and their people, process, and performance. Presentation materials were included in the meeting materials. Discussion Followed the presentation.

Following the discussion Dr. DeFusco recommended That the Nebraska Investment Council (the Council) make a \$57 million commitment to The Resolute Fund VI, L.P., (Fund VI) which is to be allocated to the following plans: \$50 million to the Defined Benefit and Cash Balance Benefit Plans and \$7 million to the Omaha School Employees' Retirement System. Approval is subject to completion of a legal review and satisfactory agreement of terms. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 8, 2023
Draft dated 6/9/23

REVIEW OF PASSIVE EXPOSURES: 11:08 a.m. to 12:59 p.m. Per the Council's request at the March meeting; Mr. Kotary presented on alternatives to the passive exposures currently managed by BlackRock across the various asset pools under the Nebraska Investment Council's oversight. Presentation materials were included in the meeting materials. Discussion followed the presentation.

PROXY VOTING OVERVIEW: 12:59 p.m. to 2:03 p.m. Mr. Tarun Mehta of Glass Lewis presented to the board on proxy voting. Mr. Mehta discussed Glass Lewis' people, process, and their policies. Presentation materials were included in the meeting materials. Discussion followed the presentation.

Dr. DeFusco moved: For more than a year, the Council has analyzed the issue of proxy voting. After thorough due diligence and thoughtful consideration, the Council concludes that it is in the best interest of the stakeholders, including the plans' beneficiaries and taxpayers, for the Council to re-take control of proxy voting, instead of delegating all proxy voting decisions to the Council's investment managers. To assist the Council, the Nebraska Legislature recently appropriated funds for the Council to hire a proxy manager to direct the proxy voting of the Council's active managers.

A. With respect to the Council's active investment managers:

- (i) the Chairwoman and the State Investment Officer are authorized and directed to select a proxy manager who will manage and direct the proxy voting of the Council's active investment managers in accordance with the proxy voting policies, voting filters and other directions provided by the SIO, and the proxy manager shall report such votes to the SIO, and
- (ii) the SIO is authorized and directed to negotiate and enter into a contract with the selected proxy manager on behalf of the Council for proxy voting and reporting services on terms and conditions acceptable to the Chairwoman and the SIO.

B. With respect to the Council's passive investment managers, the Chairwoman and the SIO are authorized and directed to select a proxy voting policy and/or voting filter offered by the passive managers that allows the SIO to direct the proxy votes represented by the Council's investments. This change in proxy voting shall be implemented as soon as practicable. Mr. Henning seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

The Council Board took a break at 2:04 p.m. and reconvened at 2:14 p.m.

AUDIT COMMITTEE REPORT: 2:14 p.m. to 2:20 p.m. Dr. DeFusco presented the Audit Committee quarterly report, joined by Mr. Henning, and Ms. Schlautman. The Council was updated on all the Audits issued, in progress, and set to begin. There were no other outstanding issues to report.

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 8, 2023
Draft dated 6/9/23

ADMINISTRATIVE REPORT: 2:20 p.m. to 2:35 p.m. Mr. Walden-Newman presented the administrative report. In the report he discussed the action plan, Quarterly Securities Lending Report, budget status report, and a wrap up of the Legislative Session. Mr. Heinrich updated the Council on legal matters, including the status of current class action lawsuits. Presentation materials were included in the meeting materials. Discussion followed the presentation.

Mr. Henning left the meeting at 2:32 p.m.

NEXT MEETING: 2:35 p.m. Thursday, July 13, 2023 8:30 a.m. Tiburon Golf Club, Omaha, NE.

PUBLIC COMMENT ON THE AGENDA: 2:35 p.m. Ms. Werner-Robertson asked if there were any public comments on the agenda. There were no comments on the agenda.

at 2:35 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: Dr. Olson
 Mr. Henning
 Ms. Werner-Robertson
 Dr. DeFusco
 Mr. Dinkel

The motion carried.

Draft date June 9, 2023

Justin Walkowiak

