

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
September 11, 2024

A regular meeting of the Nebraska Investment Council convened at 8:30 a.m. at the La Vista Conference Center in La Vista, Nebraska.

The Council Board members were notified of this meeting at the September 7, 2023, Council meeting. Public notice was posted on the Investment Council website on December 26, 2023. The meeting agenda and other materials were posted on the Investment Council website on August 28th, 2024. Ms. Werner-Robertson chaired the meeting and Ms. Sultani 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. John Murante
Treasurer Tom Briese

OTHERS IN ATTENDANCE:

Ms. Ellen Hung, State Investment Officer
Ms. JoLynn Winkler, Nebraska Investment Council
Mr. Jeremiah Garber, Nebraska Investment Council
Mr. Joe Spitznagel, Nebraska Investment Council
Mr. Chris Sanders, Nebraska Investment Council
Ms. Aathi Rasiah, Nebraska Investment Council
Ms. Maryam Sultani, Nebraska Investment Council
Mr. Chris Heinrich, Baylor Evnen Wolfe & Tannehill, LLP
Mr. Max Kotary, Aon
Mr. Mike Comstock, Aon
Mr. Bruce Ingram, Aon
Mr. Tarun Mehta, Glass Lewis

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:35 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.

Approval of the Minutes of the July 11th, 2024, Meeting: 8:42 a.m. Mr. Henning moved to approve the minutes of the July 11, 2024, meeting. Mr. 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

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The motion carried.

CLOSED SESSION: Council Governance 8:42 a.m. to 9:15 a.m. Dr. DeFusco moved to enter into closed session per Neb. Rev. Stat. §84-1410. The subject matter of the closed session was to evaluate the performance evaluation of the Council board and its members, and the board's relationship with the Council staff. 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. 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: 9:15 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.

NIC 2025-2027 Biennium Budget: 9:20 a.m. to 9:40 a.m. Ms. Hung discussed the NIC 2025-2027 Biennium Budget Proposal. Ms. Hung noted that the Council has built a solid investment program while being mindful of expenses. In the last ten years, assets under management nearly doubled, going from \$20.6 billion in 2013 to \$40.8 billion in 2023, while the Council's budget had a modest increase of 2.5% per year, going from 2.65 million to \$3.37 million during the same time frame. In addition, the Council assumed the responsibility of the OSERS portfolio without additional appropriated funds. Council staff level has stayed the same for at least the last ten years. For these reasons, Ms. Hung proposed to request additional money for operating expenses for specialty consulting services and contractual annual increases. Additional request for PSL will be made to help bring staff salaries to the median compared to peers. A memo was included in the meeting materials.

The Jordan Company Resolute Continuation Fund: 9:40 a.m. to 10:05 a.m. Mr. Garber and Mr. Ingram presented the proposed TJC Resolute Continuation Fund. TJC is creating a continuation vehicle from the remaining assets in fund 3 and one asset in fund 4. The Council is invested in both funds. Presentation materials were included in the meeting materials. Discussion followed the presentation.

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Following the discussion, Dr. DeFusco moved that upon the recommendation of the State Investment Officer, the Nebraska Investment Council elects the Maximize Cash at Close option by taking no action. Dr. Olson 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.

The Council Board took a break at 10:05 a.m. and reconvened at 10:20 AM.

Proxy Voting Review: 10:20 a.m. to 11:00 a.m. Mr. Mehta from Glass Lewis presented the company's 2024 Proxy Season findings. Proxies were voted based on the Council's approved proxy voting guidelines. Presentation materials were included in the meeting materials. Discussion followed the presentation.

Operating Investment Pool Review: 11:00 a.m. to 11:20 a.m. Mr. Garber and Mr. Spitznagel updated the Council on OIP process changes and improvements made in early 2024. An OIP investment committee was formed to provide additional oversight and direction to the daily management of the OIP. Settlement of trades were improved by the implementation of automation and segregation of duties with the transition to Northern Trust. Presentation materials were included in the meeting materials. Discussion followed the presentation.

Capital Market Assumptions: 11:20 p.m. to 11:45 p.m. Mr. Kotary presented Aon's capital market assumptions that included projected assumptions for 10-year and 30-year market returns and correlation. Presentation materials were included in the meeting materials. Discussion followed the presentation.

Mrs. Gail Werner Robertson left the meeting at 11:45 a.m.

The Council Board took a break at 11:45 a.m. and reconvened at 12:30 p.m.

Dr Olson left the meeting at 12:25 p.m.

Health Care Sustainability Report: 12:30 p.m. to 1:00 p.m. Mr. Kotary presented the Healthcare sustainability report that is required to be reported to the Legislature in even-numbered years. The report suggests the Health Care Endowment has a very good change of meeting its investment goals of providing funds for current spending needs and increasing the size of the portfolio to support future needs. However, it was also noted that there is a great deal of uncertainty in projecting Tobacco MSA payments. The report was included in the meeting materials. Discussion followed the presentation.

Audit Committee Report: 1:00 p.m. to 1:20 p.m. Dr DeFusco briefed the Council on the audit committee meeting held on August 12, 2024. Topics discussed during the meeting were custodian bank transition, audits for OSERS and the State and County Employees Retirement, status of the ACFR audit and an update

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on the activities of the internal auditor. Minutes from the audit committee meeting were included in the material. Discussion followed the presentation.

SIO's COMMENTS: 1:20 p.m. to 1:30 p.m. Ms. Hung presented the administrative report. In the report, she updated the Council on the 2025 board meeting schedule, custodian bank transition, securities lending, status of recent motions and the current fiscal YTD budget expenditure. Discussion followed the report.

NEXT MEETING: Thursday, December 12, 2024, 8:30 a.m. Lincoln Marriott Cornhusker Hotel. 333 S 13th Street, Lincoln, NE 68508.

PUBLIC COMMENT ON THE AGENDA: 1:30 p.m. Dr DeFusco asked if there were any public comments on the agenda. There were no public comments on the agenda.

At 1:30 p.m. Dr. DeFusco moved to adjourn the meeting. Mr. Henning second the motion and called for a roll call.

VOTING AYE: Mr. Dinkel
Mr. DeFusco
Mr. Henning

The motion carried.