

**NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
March 12, 2020**

A regular meeting of the Nebraska Investment Council convened at 8:32 a.m. at the 1526 Building in Lincoln, NE.

The Council members were notified of this meeting on September 19, 2019, Council meeting. Public notice was posted on the Nebraska Public Meeting Calendar on February 11, 2020, and published in the Lincoln Journal Star on February 23, 2020. Ms. Werner-Robertson chaired the meeting and Ms. Hatfield recorded the minutes.

**MEMBERS PRESENT:**

Ms. Gail Werner-Robertson  
Mr. John Dinkel  
Mr. John Conley  
Treasurer John Murante  
Ms. Cecelia M. Carter  
Mr. Randy Gerke

**MEMBERS ABSENT:**

Dr. Richard DeFusco  
Dr. Keith Olson

**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  
Mr. Max Kotary, Aon  
Mr. Bruce Ingram, Aon  
Mr. Mike Comstock, Aon  
Mr. Griffin Keenan, Aon  
Ms. Kate Allen, Retirement Systems Committee  
Mr. John Robinson III, Kiewit

**ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:37 a.m. to 8:38 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 side table.

**APPROVAL OF THE MINUTES OF THE FEBRUARY 13, 2020, MEETING: 8:38 a.m. to 8:39 a.m.**

Mr. Conley moved that the February 20, 2020, draft of the minutes of the February 13, 2020, meeting be approved as written. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

**NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
March 12, 2020**

**COUNCIL MEMBER BUSINESS: 8:39 a.m. to 8:41 a.m.** Ms. Werner-Robertson welcomed everyone to the meeting. Ms. Werner-Robertson commented on the current volatile market conditions and the need to focus on managing the funds for long term investments, not short term. Mr. Walden-Newman mentioned Mr. Heinrich will be joining the closed session via teleconference.

**CLOSED SESSION TO DISCUSS MANAGER CONTRACTS AND PERSONNEL ISSUES:** At 8:41 a.m. Mr. Conley 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.

Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call.

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

Ms. Werner-Robertson requested that the members of the Council, Mr. Walden-Newman, Mr. Heinrich (via teleconference), and Aon Consultants; Mr. Kotary, Mr. Comstock, Mr. Ingram, and Mr. Keenan be present. All others in attendance were excused.

At 9:30 a.m. Mr. Dinkel 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 Ms. Werner-Robertson Mr. Dinkel
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ABSENT NOT VOTING:	Dr. Olson Dr. DeFusco
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The motion carried.

**INVESTMENT PERFORMANCE REPORT: 9:30 a.m. to 10:21 a.m.** Mr. Kotary and Mr. Comstock reviewed the Fourth Quarter 2019 Performance Review Report commenting on the current market conditions, asset allocation, performance and fund monitoring. Total assets under management were \$29.9 billion. The Fourth Quarter 2019 Performance Review and the Third Quarter 2019 Alts Performance Review was included in the meeting materials.

There was a short discussion on rebalancing procedures. Mr. Jurich explained to the Council, that there are standard routine procedures completed by staff to check the target versus asset allocations in each Plan. Staff also uses monthly cash flows in and out of the Plans to help keep the portfolio in line with the target allocations.

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

**NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
March 12, 2020**

**PRIVATE EQUITY PACING AND PERFORMANCE: 10:38 a.m. to 10:59 a.m.** Mr. Ingram reviewed the projected tactical plan for 2020 for the DB/CBB plans. The tactical plan was broken down by strategy with an investment pace for the DB/CBB Plans of \$150 million per year through 2022 and then increasing it to \$200 million per year going forward. Mr. Ingram noted that since the Endowment Plan was slightly above target for private equity exposure in 2019, no additional commitments are recommended for 2020. Beginning in 2021, a commitment of \$13 million every-other-year is projected.

**PRIVATE EQUITY COMMITMENT: 10:59 a.m. to 11:18 a.m.** Mr. Jurich and Mr. Ingram reviewed a new fund being offered by Francisco Partners. Francisco Partners makes private equity investments in middle-market technology companies. The Fund, Francisco VI, LP through a value-oriented approach using a variety of transaction strategies, including buyouts, divisional divestitures, recapitalization, restructurings, and growth equity. Using a barbell approach, Francisco Partners targets value and growth companies that are facing operational or market challenges or strategic inflection points. The Firm is headquartered in San Francisco, CA. Mr. Ingram discussed the investment merits and concerns associated with Fund VI and the Firm. Mr. Ingram indicated that as part of the Council's 2020 private equity investment pacing of \$150 million for the Defined Benefit/Cash Balance Plans, Aon supports investment in the Fund subject to completion of a legal review and satisfactory agreement of terms. This recommendation is based on due diligence of the fund and is supported by Aon's full due diligence report. Their presentation was included in the meeting materials.

**PRESENTATION BY FRANCISCO PARTNERS: 11:18 a.m. to 11:59 a.m.** Mr. Walden-Newman introduced Mr. David Golob, Chief Investment Officer and Mr. Andrew Kowal, Partner, Francisco Partners. Their presentation included an overview of the Firm, investment team, investment strategy, and performance of prior funds. A copy of the presentation was included in the meeting materials.

Following the presentation and discussion by the Council, Mr. Conley moved that the Nebraska Investment Council commit \$50 million of the Defined Benefit Plans and Cash Balance Benefit Plans to Francisco Partners VI, L.P. subject to completion of legal review and satisfactory agreement of terms. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The Council took a break at 11:59 a.m. and reconvened at 12:27 p.m.

**AUDIT COMMITTEE REPORT: 12:27 p.m. to 12:39 p.m.** Mr. Conley reported that Dr. DeFusco, Audit Committee member had met with Ms. Schlautman via conference call on March 9, 2020. A copy of the Audit Committee's Report which was distributed to the Council is available on the Council's website.

**INVESTMENT POLICIES: 12:39 p.m. to 12:59 p.m.** Ms. Winkler and Mr. Walden-Newman reviewed the proposed changes for two of the Council's current policies included in the meeting materials: Investment Policy for State and County Retirement Systems - Defined Contribution and State Deferred Compensation Plan (DC/DCP) and Investment Policy for Nebraska Educational Savings Plan Trust (NEST). Both policy revisions were made to be in-line with changes made during the September 19, 2019 Council meeting for DC/DCP and during the December 12, 2019 Council meeting for NEST.

Following the discussion, Mr. Conley moved to approve the updated Investment Council policies as presented to the

**NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
March 12, 2020**

Council on March 12, 2020. Copies of the policies were included in the meeting materials. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:                   Ms. Werner-Robertson  
  Mr. Dinkel  
  Mr. Conley

ABSENT NOT VOTING:        Dr. DeFusco  
  Dr. Olson

The motion carried.

Mr. Walden-Newman mentioned that the Enable Savings Plan is not part of the policies presented today. Treasurer Murante stated they are still looking for a program manager for the Enable Savings Plan.

Mr. Murante also gave an overview of the Meadowlark Program. The Meadowlark Program was created to provide qualified individuals with funds to help pay for qualified higher education expenses. Qualified individuals include all babies born on or after January 1, 2020, who are residents of the state of Nebraska.

**COUNCIL ADMINISTRATIVE REPORT: INFORMATION ONLY**

**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 was included in the meeting materials.

**PUBLIC COMMENT ON THE AGENDA: 12:59 p.m. to 1:00 p.m.** Ms. Werner-Robertson asked if there was any public comment on the agenda. There was no public comment on the agenda.

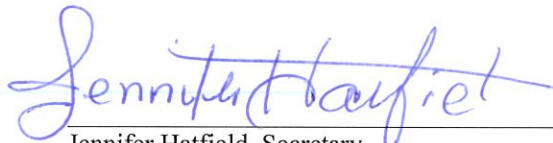
**NEXT MEETING: 1:00 p.m. to 1:01 p.m.** Thursday, June 11, 2020 – La Vista Embassy Suites, Courtyard II Conference Room, La Vista, NE.

At 1:01 p.m. Mr. Conley moved to adjourn the meeting. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:                   Mr. Dinkel  
  Mr. Conley  
  Ms. Werner-Robertson

ABSENT NOT VOTING:        Dr. Olson  
  Dr. DeFusco

The motion carried.

  
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Jennifer Hatfield, Secretary