

**NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
March 14, 2019**

A regular meeting of the Nebraska Investment Council convened at 8:31 a.m. at the 1526 Building in Lincoln, NE.

The Council members were notified of this meeting at the September 20, 2018, Council meeting. Public notice was posted on the Nebraska Public Meeting Calendar on February 25, 2019, and published in the Lincoln Journal Star on March 3, 2019. Ms. Werner-Robertson chaired the meeting and Ms. Hatfield recorded the minutes.

MEMBERS PRESENT:

Ms. Gail Werner-Robertson (departed at 1:18 p.m.)
Dr. Richard DeFusco
Mr. John Dinkel
Mr. John Conley
Mr. Keith Olson
Treasurer John Murante (arrived at 9:07 a.m. and departed at 9:29 a.m.)
Ms. Cecelia M. Carter
Mr. Randy Gerke

NONMEMBERS IN ATTENDANCE:

Mr. Michael Walden-Newman, State Investment Officer
Mr. Max Kotary, Aon Hewitt
Ms. Jennifer Hatfield, Council Secretary
Ms. Kathy Dawes, Nebraska Investment Council
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

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:31 a.m. to 8:32 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 14, 2019, MEETING: 8:32 a.m. to 8:33 a.m. Dr. DeFusco moved that the February 22, 2019, draft of the minutes of the February 14, 2019, meeting be approved as written. Mr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

COUNCIL MEMBER BUSINESS: 8:33 a.m. to 8:35 a.m. Ms. Werner-Robertson welcomed everyone to the meeting. Ms. Werner-Robertson congratulated Mr. Olson on completing his doctoral dissertation program. Ms. Werner-Robertson thanked Mr. Walden-Newman and his staff, legal counsel, and consultants on keeping the Investment Council on a good path during the market trends. Ms. Werner-Robertson stated that due to a scheduling conflict, she would need to leave today's meeting early and that Dr. Richard DeFusco would serve as chair at the time.

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BLACKROCK PRESENTATION: 8:35 a.m. to 9:42 a.m. Mr. Walden-Newman introduced Ms. Diane Parish, Managing Partner, Mr. Akiva Dickstein, Managing Director, and Mr. Timothy Murray, Director of BlackRock. Their presentation which was included in the meeting materials presented a macroeconomic overview, market trends, and indexing trends.

Mr. Murante arrived at 9:07 a.m. and left the meeting at 9:29 a.m.

INVESTMENT PERFORMANCE REPORT: 9:42 a.m. to 10:23 a.m. Mr. Kotary reviewed the 4th Quarter 2018 Performance Review Report commenting on the economic and market environment. Mr. Kotary's presentation also included performance review, fund monitoring, risk budgeting and fees. Mr. Kotary reported assets over \$25.0 billion. The 4th Quarter 2018 Performance Review and the 3rd Quarter 2018 Alts Performance Review were included in the meeting materials.

The Council took a break and reconvened at 10:31 a.m.

PRIVATE EQUITY, NEW ENTERPRISE ASSOCIATES: 10:31 a.m. to 11:31 a.m. Mr. Michael Walden-Newman introduced Ms. Suzanne King, Partner, LP Relations and Mr. Ed Mathers, Partner of New Enterprise Associates (NEA), a current Council investment manager. Ms. King and Mr. Mathers's presentation included an overview of the Firm's platform, market trends, and introduced a new Fund NEA 17. NEA 17 is a venture capital and growth equity fund diversified by geography, stage, and industry. Their presentation was included in the meeting materials.

ETHICS AND CONFLICTS OF INTEREST POLICY AMENDMENT: 11:31 a.m. to 11:40 a.m. Mr. Michael Walden-Newman presented to the Council revisions to the Council's Code of Ethics and Policy on Conflicts of Interest included in the current Nebraska Investment Council Governance Policies. This is a follow-up to Council discussion begun at the September 20, 2018, Council meeting. A copy of the presentation was included in the meeting materials.

Following the discussion by the Council, Dr. DeFusco moved that the Council approve the updated Code of Ethics and Conflicts of Interest Policy Revision in the Governance Policies. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

AUDIT COMMITTEE REPORT: 11:40 a.m. to 11:50 a.m. Dr. DeFusco and Mr. Conley (via conference call) Audit Committee members, had met with Ms. Schlautman, Internal Auditor on March 8, 2019. A copy of the Audit Committee's Report which was distributed to the Council is available on the Council's website.

The Council took a break at 11:50 a.m. and reconvened at 12:18 p.m.

REAL ESTATE COMMITMENT ROCKWOOD: 12:18 p.m. to 1:07 p.m. Ms. JoLynn Winkler, Senior Portfolio Manager, Nebraska Investment Council stated that Mr. Chae Hong, Partner, Aon Hewitt will be joining the meeting via teleconference, due to weather related travel issues. Ms. Winkler introduced Ms. Tara McCann, Managing Director and

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Mr. Tyson Skillings, Managing Partner at Rockwood Capital Real Estate. Ms. McCann and Mr. Skillings's presentation gave an overview of the firm, organization, and investment strategy.

Ms. Winkler and Mr. Hong reviewed a new fund being offered by Rockwood Capital Real Estate; a current Council investment manager. The new fund, Rockwood Capital Real Estate Partners Fund XI, L.P. (Fund XI) is a \$1.25 billion closed-end commingled fund to invest in value-add office, apartment, retail, and hotel properties across multiple regions in the U.S. Mr. Hong discussed the investment merits and concerns associated with Fund XI and the Firm. Ms. Winkler stated that Council staff is recommending for the Defined Benefit Plans and Cash Balance Benefit Plans a \$40 million commitment to Rockwood Capital Real Estate Partners Fund XI, L.P. subject to completion of a legal review and satisfactory agreement of terms. Mr. Hong stated that Aon Hewitt supports Council's staff recommendation. Copies of their presentation were included in the meeting materials.

Following the discussion by the Council, Dr. DeFusco moved that the Council commit \$40 million of the Defined Benefit Plans and Cash Balance Benefit Plans to Rockwood Capital Real Estate Partners XI, L.P. subject to completion of a legal review and satisfactory agreement of terms. Mr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

REAL ESTATE PERFORMANCE: 1:07 p.m. to 1:32 p.m. Mr. Hong, Partner, Aon Hewitt reviewed the 3rd Quarter 2018 Real Estate Performance Review included in the meeting materials, commenting on the real estate markets and overview of the fund classes.

Ms. Werner-Robertson left the meeting at 1:18 p.m.

COUNCIL ADMINISTRATIVE REPORT: 1:32 p.m. to 1:34 p.m.

SIO Report: Mr. Walden-Newman stated that he will be attending the Council's budget hearing before the Appropriations Committee on March 15, 2019. Mr. Walden-Newman informed the Council that the updated options for the Defined Contributions Plan, Deferred Compensation Plan, and the State Patrol DROP Plan were passed by the Legislature and approved by the Governor on March 7, 2019. Council staff will begin working on the changes to ensure that the investment options are in place by the January 1, 2021, effective date. Mr. Walden-Newman asked the Council members for ideas in what they would like discussed at the June and July meetings, and would like to have the meetings finalized in May.

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 report was included in the meeting materials.

INTERNAL AUDITOR: 1:34 p.m. to 1:47 p.m. Ms. Schlautman Internal Auditor gave an overview of the State Street's Service Organization Control I (SOC 1) Report. Ms. Schlautman discussed the Investment Council's review of

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the SOC 1 Report which documents the custodian bank's internal controls. The report was included in the meeting materials.

PUBLIC COMMENT ON THE AGENDA: 1:47 p.m. to 1:48 p.m. Dr. DeFusco asked if there was any public comment on the agenda. There was no public comment on the agenda.

NEXT MEETING: 1:48 p.m. to 1:49 p.m. Thursday, June 13, 2019 – La Vista Embassy Suites, Wingtip Conference Room, La Vista, NE.

At 1:49 p.m. Mr. Conley moved to adjourn the meeting. Mr. Dinkel seconded the motion. Dr. DeFusco called for a roll call vote.

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



Jennifer Hatfield, Secretary