

**NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
September 10, 2020**

A regular meeting of the Nebraska Investment Council convened at 8:33 a.m. at the La Vista Embassy Suites, in La Vista, 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 August 14, 2020, and published in the Lincoln Journal Star on August 30, 2020. Ms. Werner-Robertson chaired the meeting and Ms. Hatfield recorded the minutes.

MEMBERS PRESENT:

Ms. Gail Werner-Robertson
Dr. Richard DeFusco
Mr. John Dinkel
Mr. John Conley
Dr. Keith Olson
Treasurer John Murante
Ms. Cecelia M. Carter
Mr. Randy Gerke

NONMEMBERS IN ATTENDANCE:

Mr. Michael Walden-Newman, State Investment Officer
Ms. Jennifer Hatfield, Council Secretary
Mr. Joe Jurich, Nebraska Investment Council
Mr. Joe Spitznagel, Nebraska Investment Council
Mr. Chris Sanders, Nebraska Investment Council
Mr. Christopher Heinrich, O'Neill Heinrich Damkroger Bergmeyer & Shultz
Mr. John Robinson III, Kiewit

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:33 a.m. to 8:34 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 JULY 9, 2020, MEETING: 8:34 a.m. to 8:36 a.m. Dr. DeFusco moved that the July 15, 2020, draft of the minutes of the July 9, 2020, meeting be approved as written. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

COUNCIL MEMBER BUSINESS: 8:36 a.m. to 8:39 a.m. Ms. Werner-Robertson welcomed everyone to the meeting and thanked everyone for their continued hard work and diligence. Ms. Werner-Robertson mentioned the meeting will feature meeting technology. Ms. Warner stated that today's agenda is full and it will start by going into the closed session.

CLOSED SESSION – LEGAL MATTERS, COUNCIL GOVERNANCE AND STATE INVESTMENT OFFICER REVIEWS: 8:39 a.m. to 11:29 a.m. Dr. DeFusco moved that the Council enter into closed session. The subject matter of the closed session is to discuss legal matters, the evaluation of the job performance of the State Investment Officer, and the performance evaluation of the Nebraska Investment Council. The reasons for the closed

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session are 1) to protect the public interest and to prevent the needless injury to the reputation of an individual 2) to protect the reputation of the State Investment Officer, and 3) to protect the reputation of the Nebraska Investment Council and its staff.

Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call.

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

The motion carried.

Ms. Werner-Robertson requested that the members of the Council and Mr. Walden-Newman be present and all others in attendance were excused.

At 9:55 a.m. Mr. Walden-Newman left the meeting.

At 10:59 a.m. Dr. DeFusco moved that the Council return to closed session. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

Dr. DeFusco moved that the annual salary of the State Investment Officer be increased to \$310,000 effective September 14, 2020. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

At 11:03 a.m. Dr. DeFusco moved that the Council return to closed session. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

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At 11:29 a.m. Dr. DeFusco moved to return to open session. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

At 11:29 a.m. the Council took a break and reconvened at 11:34 a.m.

AON CORPORATE UPDATE: 11:34 a.m. to 11:55 a.m. Mr. Walden-Newman introduced Mr. Voss and Mr. Kotary both attended the meeting through video conferencing. Aon's presentation which was included in the meeting materials gave an overview of Aon Investments.

INVESTMENT PERFORMANCE REPORT: 11:55 a.m. to 1:01 p.m. Mr. Walden-Newman introduced Mr. Kotary and Mr. Comstock both attended the meeting through video conferencing. Mr. Comstock reviewed the Second Quarter 2020 Performance Review Report including comments on the economic and market environment. His presentation also included the performance, fund monitoring and fees for under asset management. Mr. Comstock reported the total assets under management were \$29.9 billion. Mr. Kotary reviewed September 2020 Capital Market Assumptions based on the data through June 30, 2020. For the current asset allocation Mr. Kotary said that Aon's model forecast an annualized return of 5.7% for Defined Benefit Plans and Cash Balance Benefit Plans and 5.6% for Health Care Endowment and 4.6% for General (50/50) Endowments over a 10 year period. For the 30-year period, Aon's model forecast a 6.3% annualized return for the Defined Benefit Plans; the Cash Balance Benefit Plans and the Health Care Endowment; and 5.3% for General (50/50) Endowments. Mr. Kotary stated that given the existing market conditions, meeting or exceeding the current 7.5% assumed rate of return for the Defined Benefit Plans and the Cash Balance Benefit Plans is still likely to prove challenging. A copy of the Second Quarter 2020 Performance Review, First Quarter 2020 Alts Performance Review, and Health Care Endowment Sustainability was included in the meeting materials.

PRIVATE EQUITY COMMITMENT: 1:01 p.m. to 1:25 p.m. Mr. Walden-Newman introduced Mr. Ingram who attended the meeting through video conferencing. Mr. Jurich and Mr. Ingram reviewed a new fund being offered by The Jordan Company, a current Council investment manager. The new Fund, The Resolute Fund V, L.P. (Resolute V), will primarily target control private equity investments. Its goal is to hold a diversified portfolio of profitable middle-market businesses, located principally in North America, with enterprise values generally from \$50.0 million to \$1.5 billion. Mr. Jurich provided background information on the Firm. Mr. Ingram indicated that Aon conducted a thorough qualitative and quantitative assessment of Fund V. Mr. Ingram discussed the investment merits and concerns associated with Fund V and the firm. Mr. Ingram indicated that as part of the NIC's 2020 private equity investment pacing of \$150 million for the Defined Benefit/Cash Balance Benefit Plans, Aon supports the NIC staff's recommendation to make a \$50 million commitment to The Resolute Fund V, L.P., subject to completion of a legal review and satisfactory agreement of terms. This recommendation is based on Aon's due diligence of this fund and is supported by its full due diligence report. A copy of their presentation was included in the meeting materials.

Following the presentation and discussion by the Council, Dr. DeFusco moved that the Council commit \$50 million of the Defined Benefit Plans and Cash Balance Benefit Plans to The Resolute Fund V, L.P. subject to completion of a legal review and satisfactory agreement of Terms. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

COUNCIL ADMINISTRATIVE REPORT: 1:25 p.m. to 1:31 p.m. Mr. Walden-Newman reported to the Council that the agency's 2021-2023 biennial budget request will be submitted September 15, 2020 to the DAS Budget office. Mr. Walden-Newman reported the legal status of the three funds; McCarthy Capital Fund VII, L.P., Torchlight Debt Fund VII L.P., and New Mountain Partners VI, L.P. are signed and financials have been completed. He also mentioned that the two-year renewal agreement for the custodial bank, State Street Bank & Trust Company has been signed. Mr. Walden-Newman reported that the Accountant III position applications have been reviewed and the interviews will take place next week. He also mentioned progress has been made in finding funding for a paid internship at the Council.

Action Plan: A copy was included in the meeting materials.

Budget Report: A copy was included in the meeting materials.

Proxy Voting: A copy was included in the meeting materials.

Commission Recapture Report: A copy was included in the meeting materials.

Securities Lending Report: A copy of 2nd quarter report and annual report were included in the meeting materials.

2021 Council Meetings: The Council's meeting dates for 2021, star time 8:30 a.m., are:

February 11, 2021	Lincoln
March 11, 2021	Lincoln
June 10, 2021	La Vista
July 8, 2021	Retreat/Ashland
September 9, 2021	La Vista
December 9, 2021	Lincoln

COLLEGE SAVINGS PLAN ANNUAL REVIEW: 1:31 p.m. to 1:54 p.m. Mr. Walden-Newman introduced Ms. Deborah Goodkin, Managing Director, Stacey Auman, Director, First National Bank of Omaha, Deanna Hamilton, 529 Plan Relationship Manger, State Farm Investment Planning Services, and Rachel Biar, Program Director of the College Savings Plan of Nebraska, all attended the meeting through video conferencing. Ms. Goodkin provided program statistics and performance by investment options. It was reported that as of June 30, 2020, the NEST Direct, NEST Advisor and 529 College Savings Plans accounts totaled 752,760 with assets totaling over \$5.6 billion. A copy of the presentation was included in the meeting materials.

There were some technological difficulties during the presentation that caused it to end earlier than planned.

State Treasurer Murante reported the Enable Savings Plan has \$13.1 million in assets and the Alabama Enable Savings Plan has \$2.1 million. Mr. Murante stated they are still looking for a program manager for the Enable Savings Plan.

AUDIT COMMITTEE REPORT: 1:54 p.m. to 2:08 p.m. Dr. DeFusco and Mr. Conley, Audit Committee members, had met with Ms. Schlautman, Internal Auditor via conference on August 27, 2020. A copy of the Audit Committee Report was distributed to the Council is available on the Council's website.

PUBLIC COMMENT ON THE AGENDA: 2:08 p.m. to 2:09 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: 2:09 p.m. to 2:10 p.m. Thursday, December 10, 2020 – Cornhusker Hotel, Yankee Hill 3 Conference Room, Lincoln, NE.

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At 2:10 p.m. Dr. DeFusco moved to adjourn the meeting. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.



Jennifer Hatfield, Secretary

