

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
July 7, 2022
Draft dated 7/8/22

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

The Council Board members were notified of this meeting at the September 9, 2021, Council meeting. Public notice was posted on the Investment Council website on September 14, the meeting agenda and other materials were posted on the Investment Council website on July 1, 2022. Ms. Werner-Robertson chaired the meeting, Mr. Walkowiak prepared the minutes.

COUNCIL BOARD MEMBERS PRESENT:

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

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. Joe Spitznagel, Nebraska Investment Council
Mr. Chris Sanders, Nebraska Investment Council
Mr. Jeremiah Garber, Nebraska Investment Council
Ms. Joyce Schlautman, Nebraska Investment Council
Mr. Christopher Heinrich, O'Neill Heinrich Damkroger Bergmeyer & Schultz
Mr. Max Kotary, Aon
Mr. John Sullivan Jr, Aon
Sen. Mark Kolterman, Retirement Systems Committee, Appropriations Committee
Ms. Kate Allen, Retirement Committee
Ms. Janis Elliot, NPERS Board
Ms. Kelli Ackerman, NPERS Board
Mr. Jim Schulz, NPERS Board
Mr. Ryan Walton, DAS, State Budget Division
Mr. Joshua Shasserre, Attorney General's Office
Mr. Nathan Kauffman, Federal Reserve of Kansas City, Omaha Branch
Ms. Erin Redemske, Federal Reserve of Kansas City, Omaha Branch
Ms. Michelle Edkins, BlackRock
Mr. Rajeev Ghia, BlackRock
Ms. Katie Caruso, BlackRock
Mr. Thomas Hoerner, GQG
Mr. James Anders, GQG
Mr. Jim Cavanaugh, AQR
Mr. John Huss, AQR

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:31 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: 8:32 a.m. to 8:35 a.m. Ms. Werner-Robertson welcomed attendees. She commented on interesting times we are in and how there may be some rough weather ahead of us. Ms. Werner-Robertson also commented on how grateful she is that Nebraska has been in good shape and that we must continue to do our duty for the citizens of the State.

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CLOSED SESSION: 8:35 a.m. Dr. DeFusco moved to enter closed session per Neb. Rev. Stat. §84-1410(1)(a) and (b). The subject matter of the closed session is to review the Council Board governance evaluation, the evaluation of the investment consultant and the evaluation of legal counsel. The reason for the closed session is to protect the reputations of the Council Board, investment consultant and legal counsel. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

9:00 a.m. Mr. Conley arrived at the meeting

MOTION TO RETURN TO OPEN SESSION: 9:50 a.m. Dr. DeFusco moved to return to open session Mr. Dinkel 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

The motion carried.

ACTION FROM CLOSED SESSION: 9:51 a.m. Dr. DeFusco moved the Council approves the State Investment Officer's intent to negotiate contracts with Aon for investment consulting services and O'Neil Heinrich Damkroger Bergmeyer Shultz PC, LLO for legal services for the period July 1, 2022, through June 30, 2025. 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

FEDERAL RESERVE OF KANSAS CITY: 9:52 a.m. to 10:45 a.m. Mr. Nathan Kauffman and Ms. Erin Redemske presented to Council on the Federal Reserve. Mr. Kauffman and Ms. Redemske discussed the Federal Reserve's role in monetary policy, bank supervision and their financial services. Discussion followed the presentation.

The Council Board took a break at 10:45 a.m. and reconvened at 11:03 a.m.

ESG, CLIMATE CHANGE, AND PROXY VOTING: 11:03 a.m. to 12:00 p.m. Ms. Michelle Edkins, Mr. Rajeev Ghia and Ms. Katie Caruso presented to the Council on BlackRock's investment stewardship in representing their clients voice through corporate governance and proxy voting. Presentation materials were included in the meeting materials. Discussion followed the presentation.

The Council Board took a break at 12:00 p.m. and reconvened at 12:30 p.m.

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ALPHA FROM EQUITIES: 12:30 p.m. to 1:34 p.m. Mr. Thomas Hoerner and Mr. James Anders of GQG presented to the Council on their forward-looking quality-based approach to achieving alpha. Presentation materials were included in the meeting materials.

Following the presentation Mr. Jim Cavanaugh and Mr. John Huss of AQR presented to the Council on their systematic approach to fundamental investing to achieve alpha. Presentation materials were included in the meeting materials. Discussion followed the presentations.

The Council took a break at 1:34 and reconvened at 1:47

OSERS ASSET-LIABILITY STUDY: 1:47 p.m. to 2:45 p.m. Mr. Kotary and Mr. Sullivan reviewed the OSERS Asset-Liability Study with the Council. Mr. Kotary and Mr. Sullivan discussed the current state of the plan and when it is expected to reach full funding over the course of the projection period. Presentation materials were included in the meeting materials. Discussion followed the presentation.

SENATOR KOLTERMAN COMMENTS: Senator Kolterman said he was retiring from the Legislature this year. He thanked the Council board and staff for their work and collaboration. Ms. Werner-Robertson thanked Sen. Kolterman for his service and support of the Council. She also thanked Kate Allen for her service and support; Ms. Allen is also retiring this year.

NEXT MEETING: 2:45 p.m. Thursday, September 8th, 2022, 8:30 a.m. La Vista Conference Center Gatsby Room. La Vista, Nebraska

PUBLIC COMMENT ON THE AGENDA: 2:45 p.m. Ms. Werner-Robertson asked if there were any public comments on the agenda. There were no comments on the agenda.

At 2:45 p.m. Mr. Conley moved to adjourn the meeting. Dr. DeFusco 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.

DRAFT date July 8, 2022

Justin M. Walkowiak

