

NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
September 8, 2022  
Draft dated 9/9/22

A regular meeting of the Nebraska Investment Council convened at 8:30 a.m. at the La Vista Conference Center, Dapper III 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, 2021. The meeting agenda and other materials were posted on the Investment Council website on September 2. 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  
Treasurer John Murante

**COUNCIL MEMBERS ABSENT:**

Ms. Cecelia Carter

**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  
Ms. Aathi Rasiah, Nebraska Investment Council  
Mr. Christopher Heinrich, O'Neill Heinrich Damkroger Bergmeyer & Schultz  
Mr. Max Kotary, Aon  
Mr. Mike Comstock, Aon  
Mr. Bruce Ingram, Aon

**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 JUNE 9, MEETING: 8:36 a.m.** Mr. Dinkel moved that the June 10, 2022, draft of the minutes of the June 9, 2022, meeting be approved as amended. Mr. Conley 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

The motion carried.

**APPROVAL OF THE MINUTES OF THE JULY 7, MEETING: 8:36 a.m.** Mr. Dinkel moved that the July 8, 2022, draft of the minutes of the July 7, 2022, meeting be approved as amended. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.

**CHAIR'S COMMENT: 8:37 a.m. to 8:38 a.m.** Ms. Werner-Robertson welcomed attendees. She commented on the interesting times we are in and how grateful she is that the Council Staff is well versed, and for the due diligence everyone has put forth for the State of Nebraska.

**INVESTMENT PERFORMANCE REPORT: 8:38 a.m. to 9:03 a.m.** Mr. Kotary and Mr. Comstock reviewed the 2<sup>nd</sup> Quarter 2022 Performance report commenting on current market conditions, asset allocation, performance, and fund monitoring. Total assets under management were \$35.6 billion. The 2<sup>nd</sup> Quarter 2022 performance review and the 1<sup>st</sup> Quarter 2022 Alternatives performance report were included in the meeting materials. Discussion followed the presentation

**CAPITAL MARKET ASSUMPTIONS: 9:03 a.m. to 9:35 a.m.** Mr. Kotary and Mr. Comstock reviewed the 2022 Capital Market Assumptions report commenting on asset class returns, volatility, and correlation assumptions in the long term based on 10-year and 30-year forward looking projection periods. Presentation materials were included in the meeting materials. Discussion followed the presentation

**GOVERNANCE POLICY SERVICE CONTRACTS: 9:35 a.m. to 9:38 a.m.** Mr. Walden-Newman reviewed the Investment Council's governance policy on service contracts with the Board, and the proposed changes to policy on service contracts. Presentation materials were included with the meeting materials. Discussion followed the presentation.

Following the discussion Dr. DeFusco moved to amend the Nebraska Investment Council Governance Policy on Relationships and Responsibilities to include the following statement: "The Council shall conduct a review of its investment consultant and legal counsel before the renewal or termination of the contract for such services. The Council may perform such a review more often." Mr. Dinkel 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

The Council Board took a break at 9:38 a.m. and reconvened at 9:55 a.m.

**PRIVATE EQUITY POLICY REVIEW: 9:55 a.m. to 10:35 a.m.** Mr. Bruce Ingram reviewed the investment manager guidelines provided in the investment Policy Statement for the portfolios the Nebraska Investment Council oversees. The Private Equity Policy review was included in the meeting materials. Discussion followed the presentation. The Council board agreed to monitor private market commitments to ensure Nebraska does not represent too large a share of any single fund.

Following the discussion, Dr. DeFusco moved to amend the Private Equity Policy within each of the Nebraska Investment Council Investment Policy Statements for each portfolio to conform with the recommendations contained in the Aon Memo titled "Recommended Change to the Private Equity Investment Manager Guideline" dated June 9, 2022, presented at the June 9, 2022 Council Meeting. Mr. Conley seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried

**HARBOURVEST DOVER STREET XI: 10:00 a.m. to 10:36 a.m.** Mr. Ingram and Mr. Jurich discussed HarbourVest and their people, process, and performance. Presentation materials were included with the meeting materials. Discussion followed the presentation, including manager concentration across asset classes and portfolios, both active and passive. This topic will be explored further in future Council meetings.

Following the discussion Dr. DeFusco moved That the Nebraska Investment Council Defined Benefit Plans and Cash Balance Benefit Plans make a \$50 million commitment to Dover Street XI, L.P. (Dover XI), 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: Ms. Werner-Robertson  
Dr. DeFusco  
Mr. Dinkel  
Mr. Conley  
Dr. Olson

The motion carried

**AUDIT COMMITTEE REPORT: 10:38 a.m. to 10:50 a.m.** Dr. DeFusco and Mr. Conley presented the Audit Committee quarterly report, joined by Ms. Schlautman. The Council was updated on all the Audits issued, in progress, and set to begin. There were no other outstanding issues to report.

The Council Board took a break at 10:50 a.m. and reconvened at 11:18 a.m.

**PUBLIC EQUITY BLANK SHEET REVIEW UPDATE: 11:18 a.m. to 12:03 p.m.** Mr. Kotary and Mr. Comstock were joined by Mr. Jurich, Mr. Sanders, and Mr. Garber to update the Council on the Equity Blank Sheet review. The Equity Blank Sheet review presentation was included in the meeting materials. Discussion followed the presentation.

Following the discussion Dr. DeFusco moved that the Nebraska Investment Council approve the new public equity asset class allocations and benchmarks for the Defined Benefit, Cash Balance Benefit, Omaha School Employees Retirement System, General Endowments, Health Care Endowment, and Investor Select Fund as outlined on pages 3-4 and 7-11 of the Blank Sheet Equity Review presentation. The recommendation includes a reduction in U.S. equity by the amount of the active U.S. small cap mandate, a corresponding increase in Global equity and no change in Non-U.S. equity weight; U.S. equity and Non-U.S. equity will be all passive while Global equity remains all active; and no change in benchmarks for the U.S. equity, Non-U.S. equity and Global equity portfolios. Active Global equity manager recommendations with allocations and manager benchmarks are to be made at the December 2022 Council meeting. 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

The motion carried

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The Council Board took a break at 12:03 p.m. and reconvened at 12:44 p.m.

**ADMINISTRATIVE REPORT: 12:44 p.m. to 1:30 p.m.** Mr. Walden-Newman presented the Administrative Report. In the report he presented the 2023 meeting dates, the Action Plan, Quarterly and Annual Securities Lending reports and Proxy voting report. He noted recent local and national news reporting on ESG; discussion followed. Continuation of the July retreat ESG and Proxy voting discussion is already on the February 2023 Council meeting agenda. Mr. Walden-Newman reviewed the FYE 22 budget report and updated the Council on the proposed FY 23-25 Biennium Budget. Mr. Walden-Newman ended by giving the Council a wrap up of the Empower/Hartford contract status.

**NEXT MEETING: 1:31 p.m.** Thursday, December 8th, 2022, 8:30 a.m. First Nebraska Administrative Building Buffalo Room. Lincoln, Nebraska

**PUBLIC COMMENT ON THE AGENDA: 1:31 p.m.** Ms. Werner-Robertson asked if there were any public comments on the agenda. There were no comments on the agenda.

At 1:32 p.m. Mr. Dinkel moved to adjourn the meeting. Dr. Olson 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.

DRAFT date September 9, 2022

Justin M. Walkowiak

