

**NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
June 10, 2008**

A Strategic Planning Session of the Nebraska Investment Council convened at 8:30 a.m. at the Quarry Oaks Golf Club, Ashland, NE.

Public notice was posted on the Nebraska Public Meeting Calendar on May 13, 2008, and published in the Lincoln Journal Star on June 8, 2008. Ms. Werner-Robertson chaired the meeting and Ms. Dawes recorded the minutes.

MEMBERS PRESENT:

Ms. Gail Werner-Robertson, Chairwoman
Dr. Richard DeFusco
Mr. John Maginn (arrived at 12:05 p.m.)
Mr. John Dinkel
Mr. Norm Riffel
Treasurer Shane Osborn
Ms. Phyllis Chambers

NONMEMBERS IN ATTENDANCE:

Mr. David Bomberger, State Investment Officer
Ms. Kathy Dawes, Council Secretary
Mr. Joe Jurich, Nebraska Investment Council
Ms. JoLynn Winkler, Nebraska Investment Council
Mr. Christopher Heinrich, Harding & Shultz
Mr. Kevin Vandolder, Ennis Knupp + Associates
Mr. Chris Riley, Ennis Knupp + Associates
Ms. Nancy Williams, Ennis Knupp + Associates
Mr. Jason Hayes, Deputy State Treasurer

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:31 a.m. to 8:32 a.m. Ms. Werner-Robertson stated that a copy of the Open Meetings Act is located on the side table.

COUNCIL MEMBER BUSINESS: 8:32 a.m. to 8:35 a.m. Ms. Werner-Robertson welcomed everyone to the meeting and indicated that Ms. Nancy Williams would be facilitating the State Investment Officer's review. Mr. Bomberger informed the Council that because of another commitment, Mr. Maginn would arrive later this morning.

STRATEGIC PLANNING AND GOVERNANCE DISCUSSION: 8:35 a.m. to 9:15 a.m. The Council is interested in hearing from other State Investment Officers who manage investments in-house. The Council discussed several States' Investment Offices and their funding options. The Council requested that Mr. Bomberger arrange a meeting with several of his peers to discuss their operations and requested that Mr. Bomberger check to see if the Governor would be available to attend, too.

EXECUTIVE SESSION: 9:15 a.m. to 11:10 a.m. Mr. Riffel moved that the Council enter into closed session for the prevention of needless injury to the reputation of an individual. The subject matter of the closed session will be the evaluation of the job performance of the State Investment Officer, and related compensation issues. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

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Ms. Werner-Robertson requested that only the voting and non-voting members of the Council, Ms. Williams, Mr. Vandolder, and Mr. Heinrich be present and all others in attendance were excused.

At 11:10 a.m. Dr. DeFusco moved that the Council return to open session. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

Dr. DeFusco moved to increase the State Investment Officer's compensation as follows: (1) increase the State Investment Officers' annual salary from \$160,000 to \$163,000, beginning July 1, 2008; and (2) bonus for the past year in the amount of \$7,000, payable before June 30, 2008. The bonus is based upon the exceptional performance of the SIO during fiscal year 2007-2008 as reflected in the performance evaluation conducted by the Council. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

On behalf of the Nebraska Investment Council, Ms. Werner-Robertson thanked Mr. Bomberger for the outstanding job he is doing on behalf of the plan participants and the many State agencies on whose behalf the Council has fiduciary responsibility for. Ms. Werner-Robertson stated that it is a pleasure working with someone as competent as Mr. Bomberger.

Ms. Werner-Robertson indicated that in order to provide ample time for review and discussion, agenda item #4 Fiduciary Refresher, would be rescheduled at a later date.

LIABILITY DRIVEN INVESTING BY PIMCO: 11:12 a.m. to 11:53 a.m. Mr. Bomberger introduced Mr. James Moore, Executive Vice President, Mr. George Wood, Executive Vice President and Account Manager, and Ms. Amy Hsiang, Account Manager. Mr. Moore presented on liability driven investing strategies, which benchmarks portfolio performance to the liabilities. A copy of the presentation was included in the meeting book.

PRESENTATION BY ACADIAN ASSET MANAGEMENT: 11:53 a.m. to 12:46 p.m. Mr. Bomberger introduced Mr. Ron Frashure, President and Co-CIO and Mr. Douglas C. Coughlin, CFA Vice President. Their presentation included investment rationale, correlation patterns, and key global diversification benefit. A copy of the presentation was included in the meeting book.

Mr. Maginn arrived at 12:05 p.m.

At 12:46 p.m. the Council took a break and reconvened at 1:05 p.m.

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ASSET ALLOCATION DISCUSSION: 1:05 p.m. to 2:50 p.m.

Non-US and Global Investing: Mr. Vandolder and Mr. Riley gave a presentation on global equity, which covered the following: (1) What is the appropriate mix between U.S. and non-U.S. stocks? (2) Is 100% global equity the answer? and (3) How should currency risk be handled? Following the presentation, Ennis Knupp offered the following course of action:

- Ennis Knupp recommends that the NIC move towards a U.S./non-U.S. equity mix of 50/50 to the extent their liabilities circumstances allow
- NIC has several possible courses of action if it decides to increase the non-U.S. equity allocation in the DB Plan:
 - Alternative 1: Move assets out of the U.S. equity portfolio into the non-U.S. equity and global equity allocations to achieve a U.S./non-U.S. equity ratio of 65%/35%
 - Alternative 2: Continue to build the global equity portfolio where the U.S./non-U.S. equity allocation is 50%/50%
- The move to a 50/50 mix of U.S. and non-U.S. equity can be phased in over a period of time

Discussion followed and the Council requested that Mr. Bomberger and Ennis Knupp present an implementation plan to the Council at the August 12, 2008, Council meeting. A copy of the presentation was included in the meeting book.

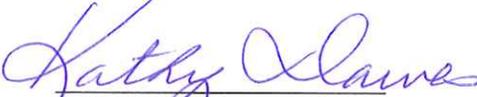
1ST QUARTER PERFORMANCE REPORT BY ENNIS KNUPP: Mr. Riley reviewed with the Council the 1st Quarter Performance Report included in the meeting book. Mr. Riley commented on the 1st quarter market environment, the portfolios' investments, and how the Plans performed relative to their benchmark.

Upcoming Meetings: Mr. Bomberger indicated that the next Council meeting would be August 12, 2008, at the Omaha Marriott, beginning at 8:30 a.m. Mr. Bomberger will check with other State Investment Offices to see if they would be available to meet with the NIC at the end of August. Mr. Bomberger will poll Council members on their availability.

At 2:55 p.m. Mr. Dinkel moved to adjourn the meeting. Mr. Maginn seconded the motion. Ms. Werner-Robertson called for a roll call vote.

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

The motion carried.


Kathy Dawes, Secretary