



Position Specification State Investment Officer

Nebraska Investment Council (NIC or Council), located in Lincoln, Nebraska, is searching for a *State Investment Officer* (SIO) to lead this independent state investment agency responsible for the management of over \$36 billion in assets.

The current SIO has announced his retirement after almost nine years of service. This is an exceptional opportunity to work with a highly regarded board and to lead an investment program with a long history of delivering strong investment performance.

Council Overview

The NIC was established in 1969 as a centralized state investment agency. The NIC is governed by an eight-member board of directors. The chair and four other private citizens are appointed by the Governor and confirmed by the State Legislature. There are three non-voting ex-officio members – the State Treasurer, the Director of the Nebraska Public Employees' Retirement System, and the Administrator of the Omaha School Employees' Retirement System.

The Council appoints the SIO, subject to approval of the Governor and State Legislature. The NIC's responsibilities are entirely investment management; they do not administer benefits or determine contribution rates for any of the plans or the spending policy for the non-retirement entities. The State Treasurer, by statute, is the designated custodian of all funds which have been contracted to State Street Bank.

"It is the mission of the Nebraska Investment Council to prudently manage the funds entrusted to us by the people of the State of Nebraska. We deliver investment management services to provide direct financial benefit exclusively to the owners of these funds. We are committed to thorough, sound, and informed analysis in order to achieve superior returns while maintaining prudent levels of risk."

For additional information visit www.nic.nebraska.gov.

Investment Overview

The Council oversees \$36 billion in assets across 32 investment programs. The funds are managed by 60 investment firms and over 150 investments. AON, serving as the general consultant since 2004, also provides private equity and real estate consulting services. Their contract was recently extended through Summer 2025.

The Defined Benefit Plans (School Retirement System of the State of Nebraska, the Nebraska State Patrol Retirement System, the Nebraska Judges' Retirement System, and the Omaha School Service Annuity Fund) with over \$14 billion in assets represent the largest pool of assets.

Summary of NIC Assets, December 31, 2022

	Assets (\$ mils)
Defined Benefit Plans	14,889
State & County Retirements Plans/Deferred Compensation Plan	3,756
Omaha School Retirement	1,412
Operating Investment Pool	8,506
Nebraska Educational Savings Plan Trust	5,936
Nebraska ENABLE Savings Plan	29
General Endowment Funds	1,064
Health Care Endowment Fund	480
Miscellaneous Trusts	70

Assets are generally commingled for investment purposes, with some variations to acknowledge differences in the type of entity. The Cash Balance Plan has a strategy that is designed to mirror the investment strategy of the Defined Benefit Plans, so the asset allocation is the same.

**Defined Benefit & Cash Balance Plans Asset Allocation
Policy vs. Actual 12/31/22**

Asset Class	DB Policy %	DB Actual %	CB Policy %	CB Actual %
U.S. Equity	27.0	25.7	27.0	25.7
Global Equity	19.0	19.3	19.0	19.3
Non-U.S. Equity	11.5	10.6	11.5	10.5
Fixed Income (Core)	20.0	19.3	20.0	19.7
Fixed Income (RS)	10.0	10.0	10.0	10.0
Real Estate	7.5	7.2	7.5	7.2
Private Equity	5.0	7.7	5.0	7.7

NIC's investment returns, like other institutional investors, were down from the high returns of 2021. While the 2022 returns of -11.8% were below last year, they outperformed the benchmark. As indicated in the table below, the Council's investment returns have exceeded the policy benchmark in every reporting period since July 1983.

Defined Benefit Plans Investment Returns, 12/31/22

	1 Year	3 Year	5 Year	10 Year	Since 7/1/83
DB Plans	-11.8%	5.0%	5.7%	7.9%	8.8%
Benchmark	-14.7%	3.4%	4.9%	7.3%	8.7%

Cash Balance Plan Investment Returns, 12/31/22

	1 Year	3 Year	5 Year	10 Year	Since 1/1/03
CB Plans	-11.8%	4.9%	5.7%	7.9%	8.8%
Benchmark	-14.7%	3.4%	4.9%	7.3%	8.7%
Interest Credit Rate	5.0%	5.0%	5.0%	5.0%	5.2%

The Omaha School Employees’ Retirement System (OSERS) is the second oldest teacher retirement plan in the United States. The Council assumed management of their assets in 2017 and is transitioning the portfolio to its new long-term asset allocation to improve its performance.

OSERS Investment Returns, 12/31/22

	1 Year	3 Year	5 Year	10 Year
OSERS	-11.4%	4.5%	4.9%	5.3%
Benchmark	-12.1%	4.7%	5.9%	7.0%

The Council maintains a long-term investment view. Given AON’s capital market assumptions and the asset allocation for the retirement plans, NIC’s expected return is just over 7 percent. This exceeds the actuarial return assumption all Defined Benefit Plans will have in place by 2024; OSERS will follow suit in 2025.

The Defined Benefit Plans use a five-year “smoothing” method in their actuarial return calculations. Each plan’s financial condition is strong and has achieved a funded ratio over 90% – the School Plan is 98.4%, Patrol is 90.7% and Judges is 101.3%.

The Council conducts in-depth studies of the asset allocation structure and manager selection on a five-year staggered rotation. In 2021, this holistic examination, called a Blank Sheet Review, was completed for fixed income and equity portfolios.

Investment returns for other funds managed by the Council are available at www.nic.nebraska.gov.

Position Responsibilities

The Council is the governing fiduciary over all aspects of the investment program, and they adopt the investment policy and set the strategic asset allocation plan for investments. The Council retains all investment authority and appoints all external managers and investment consultants. The SIO is appointed by the Council and reports administratively to the Council Chairwoman.

The SIO has responsibility and authority, as delegated by the Council, for the management and administration of the investment program within regulatory statutes and investment policies established by the Council and the State of Nebraska.

In addition to the SIO, there are eight people in the investment office: two Senior Portfolio Managers, two Portfolio Managers, an Investment Analyst, Investment Accountant, Administrative Manager, and the Internal Auditor.

The SIO’s major responsibilities are further set forth in the Nebraska statute and in Council Investment Policies. Some of the key responsibilities and duties include:

- Lead the development of procedures and processes to effectively implement the policies established by the Council.
- Work with the Council and investment consultant to develop the asset allocation and implementation strategies.
- Ensure that adequate policies and procedures are in place to safeguard all assets.
- Report to the Council and Legislature on the performance and strategic direction of the investment program.

- Develop and monitor the operating budget to ensure adequate resources are available to achieve the investment objectives.
- Oversee negotiations of contracts for investment managers, consultants and other service providers that support the Council's investment program.
- Maintain positive relationships with external service providers involved with the investment program.
- Serve as the Council's representative to key stakeholders and maintain its excellent relationship with the Governor's Office, Legislature, and the Retirement Systems Committee of the Legislature.
- Testify at legislative hearings on bills being considered that could affect the Council and its investment program.
- Testify at legislative hearings on matters related to and the approval of the Council's budget (funded out of the assets under management, not from the State's general fund).
- Keep apprised of industry trends and provide education sessions on various topics to the Council.
- Represent the Council, as a non-voting member, on the Public Employees Retirement Board.
- Establish collaborative relationship with the State departments that administer the retirement plans.

Key Objectives

The Council has identified the following Key Objectives to measure, in part, the SIO's performance.

1. If not completed prior to the SIO starting, complete the work to internally manage proxy voting.
2. Establish your personal relationship with key stakeholders to maintain the Council's excellent relationships.
3. Keep the Council informed of state and national legislative activities and trends (e.g., ESG) that could affect the Council or its investment program.
4. Continue education sessions with the Council on asset classes (e.g., hedge funds, infrastructure, private credit) currently not invested in to keep Council members apprised of other potential investment opportunities.

Qualifications and Experience

A strategic investment leader who aligns to the organization's investment philosophy – “a conservative, deliberate approach” is required. A generalist with knowledge across all asset classes with experience in institutional asset management, portfolio construction, asset allocation and risk management are also required. Additional requirements include:

Requirements

- Bachelor's degree, preferably in finance, economics, or related field.
- Progressively responsible experience in management of investment portfolios, minimum five years.
- Thorough understanding of capital markets, investment strategies, principles and practices of institutional investing, investment operations, and investment policy development.
- Experience investing across different economic cycles.
- Track record of positive investment returns as compared to benchmarks for applicants having/had managed an investment program, asset class or portfolio.

- Experience managing investment staff and a track record of hiring, coaching, mentoring, and retaining staff.
- Excellent interpersonal, communication and management skills.

Relevant investment experience in a public pension fund or state investment agency is preferred. Other preferences include:

Preferences

- Advanced degree.
- Chartered Financial Analyst (CFA) and/or Chartered Alternative Investment Analyst (CAIA).
- Experience or a respected level of knowledge of investing in private equity and real estate.
- Experience overseeing or managing short and intermediate bond portfolios.
- Established relationships with best-in-class managers across all asset classes.
- Experience interacting with State elected officials and testifying at legislative hearings.
- Experience reporting to a board.

Leadership Competencies and Characteristics

The SIO will assume responsibility for a high-performing investment program and lead an experienced investment team that works well together and is respected by the Council. The Council desires a leader who will continue and improve on these positive trends.

The SIO should be a forward-thinking investment executive dedicated to public service. A leader who is honest and ethical, and values accountability, transparency, open communication and believes in strong board governance is important. This is a highly visible position, and the SIO must respect the requirements of operating in a public environment.

In addition to being a good listener and approachable, the ideal candidate should be a positive and achievement-oriented leader. Other important skills and attributes include:

- Being responsive to Council direction and oversight, and willing to accept constructive criticism and feedback.
- Confidence, poise, and presence to represent the Council and the social and interpersonal skills to build positive relationships with elected officials and key stakeholders.
- Confidence to put forward and defend recommendations while being open to adjusting them based on input from others.
- Having the emotional intelligence to effectively manage complex situations and issues.
- Strong analytical and critical thinking skills to identify issues and present practical solutions.
- Willing to have candid conversations with the courage to make tough decisions.
- Effective building consensus and effectively negotiating compromise.
- Effective explaining complex financial and investment information in a clear and simple manner.

Compensation

Compensation includes a base salary and is competitive to attract top investment professionals. Health care, retirement benefits, and relocation assistance are also provided.

For additional information or to apply, please contact Hudepohl & Associates at info@hudepohl.com or 614-854-7300.