



Minutes Investment Advisory Council Meeting November 14, 2022

The Investment Advisory Council (IAC) met at 12:00 p.m. on Monday, November 14, 2022 in Room 106 of the Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

IAC Members Present: Doug Anderson, Dennis Duerst, Kim Faust, Susanna Gibbons, Gary Martin, Erin Leonard, Dan McConnell, Nancy Orr, Jim Schowalter, Martha Severson Rush, Jay Stoffel, and Shawn Wischmeier.

IAC Members Absent: Denise Anderson, Peggy Ingison, and Carol Peterfeso.

SBI Staff Present: Jill Schurtz, Patricia Ammann, Paul Anderson, Shirley Baribeau, Nate Blumenshine, Tammy Brusehaver, Andy Christensen, Mike Clancey, Dan Covich, Aaron Griga, Ben Harris, Cathy Hua, Keletso Kgari, Andrew Krech, Steve Kuettel, Todd Lauf, Melissa Mader, John Mulé; Charlene Olson, Iryna Shafir, Erol Sonderegger, Jonathan Stacy, Reece Tolkinen, David Velasquez, Jeff Weber, and Samir Zahar.

Others Present: Katie Comstock, Aon Investments; Sarah Bernstein and Gordon Latter, Meketa Investment Group; J. Adam Sorenson, Attorney General's Office; Karl Procaccini and Jake Smith, Governor's Office; Bibi Black, Secretary of State's Office; and Ramona Advani, State Auditor's Office.

Call to Order

Gary Martin, Chair, called the meeting to order.

Approval of IAC Minutes

The minutes of the August 15, 2022 meeting were approved with the correction that Dennis Duerst was in attendance at the meeting.

Performance Summary

Executive Director Jill Schurtz referred members to the Quarterly Performance Summary in Tab A of the meeting materials. Ms. Schurtz outlined the following items from the report as of September 30, 2022:

AUM: The SBI was responsible for \$117.9 billion in assets, of which the Combined Funds represented \$77.1 billion.

Performance: The Combined Funds exceeded its long-term objectives by outperforming its Composite Index for the ten-year period and provided a real rate of return above inflation over a 20-year period.

Asset Allocation and TUCS Ranking: The Combined Funds asset mix is in-line with the asset allocation targets. The Combined Funds ranked in the 75th and 70th percentile for the quarter and year, respectively, compared to other public pension plans with assets greater than \$20 billion in the Trust Universe Comparison Services (TUCS).

Executive Director's Administrative Report

Ms. Schurtz referred members to Tab B of the meeting materials for the Executive Director's Administrative Report. The following items were reviewed:

Executive Directors' First Thirty Days Overview: Ms. Schurtz presented an overview of the focus of her first thirty days at the SBI.

Budget and Travel: The SBI Administrative Budget for period ending September 30, 2022 was listed as Attachment A and the summary of staff's travel was included as Attachment B.

FY22 Audit Report: The legislative auditors continue to work on the SBI's annual audit and will provide a report when completed.

IAC Meeting Dates 2023: Meeting dates for the 2023 calendar year were listed in the report.

Unauthorized Holdings Updates: The Russia/Belarus, Iran, Sudan, and Thermal Coal updates were provided. Staff is working with one manager on newly identified holdings that will be added to the next thermal coal list.

Litigation Update: There is no litigation involving the SBI.

Private Markets Investment Program Report

Ms. Schurtz referred members to Tab C of the meeting materials for the Private Markets Investment Program Report. Ms. Schurtz introduced Andrew Krech and Erol Sonderegger who highlighted various private market projects: the capital commitment process (pacing), the use of policy limit ranges, and managing total portfolio liquidity levels. Katie Comstock re-affirmed Staff's approach.

Adjournment of Meeting

The motion to adjourn the meeting was approved. The meeting adjourned at 12:46 p.m.

Informational Reports included in Quarterly Meeting Material:

Public Markets Investment Report

Participant Directed Investment Program and Non-Retirement Investment Program Report

SBI Environmental Social and Governance (ESG) Report

Aon Market Environmental Report

Meketa Capital Markets Outlook & Risk Metrics Report

SBI Comprehensive Performance Report

Respectfully submitted,



Jill E. Schurtz
Executive Director and Chief Investment Officer