



## Minutes State Board of Investment Meeting August 23, 2023

The State Board of Investment (SBI) met at 10:02 a.m. Wednesday, August 23, 2023, in G23 Senate Committee Room, State Capitol, St. Paul, Minnesota. Prior to the quarterly meeting, each Board member reviewed and discussed the material with the Executive Director and investment consultants retained by the SBI.

### **Members Present:**

Governor Tim Walz (Chair)  
State Auditor Julie Blaha  
Secretary of State Steve Simon  
Attorney General Keith Ellison

### **Call to Order**

Governor Tim Walz, Chair, called the meeting to order.

### **Approval of Minutes**

The minutes of the May 25, 2023, SBI meeting were approved.

### **Performance Summary**

Executive Director Jill Schurtz referred members to the Quarterly Performance Summary in Tab A of the meeting materials and outlined the following items from the report as of June 30, 2023:

AUM: The SBI was responsible for \$134.7 billion in assets. This represents an increase of \$6.1 billion over the prior quarter and \$9.91 billion over the prior fiscal year. Of the assets under management, the Combined Funds represented \$85.7 billion. This represents an increase of \$2.5 billion from the prior quarter and \$4.3 billion increase from the prior fiscal year.

Performance: The Combined Funds returned 3.7% for the quarter and 8.9% for the fiscal year. The Combined Funds exceeded its long-term objectives by outperforming its Composite Index for the ten-year time period and provided a real rate of return above inflation over a 20-year time-period.

Asset Allocation and TUCS Ranking: The Combined Funds asset mix was in-line with asset allocation targets. When compared to other public pension plans with assets greater than \$20 billion in the Trust Universe Comparison Service (TUCS), the Combined Funds return ranked in the 25<sup>th</sup> percentile for the quarter and the 31<sup>st</sup> percentile for the year.

## **Executive Director's Administrative Report**

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

Financial Items: For the fiscal year ending June 30, 2023, the SBI administrative expenses remained significantly below budget, much of which is due to deferring the SBI's office move and renovation to the next fiscal year.

## **Private Markets Investment Program Report**

Gary Martin, Chair of the Investment Advisory Council, reviewed the three private market recommendations listed in Tab C of the meeting materials. Mr. Martin stated the three funds are with existing managers: Blackstone Real Estate Partners Europe Fund VII; Brookfield Strategic Real Estate Partners V; and Lexington Co-Investment Partners VI, L.P.

On the motion of State Auditor Blaha, the recommendations listed below were approved.

The following terms apply to these recommendations: It is understood that 1) such a commitment will not exceed 20% of the Fund and 2) an additional amount not to exceed one percent of the total commitment for the payment of required charges at closing may be required and is approved. Approval of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and none of the State of Minnesota, the Investment Advisory Council, the State Board of Investment or its Executive Director have any liability for reliance by the Fund upon this approval. Until the Executive Director, on behalf of the SBI, executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on the Fund or a reduction or termination of the commitment.

### **Blackstone Real Estate Partners**

The Investment Advisory Council concurs with Staff's recommendation that the SBI authorize the Executive Director, with assistance from SBI's legal counsel, to negotiate and execute a commitment of up to \$150 million to **Blackstone Real Estate Partners Europe Fund VII**.

### **Brookfield Strategic Real Estate Partners**

The Investment Advisory Council concurs with Staff's recommendation that the SBI authorize the Executive Director, with assistance from SBI's legal counsel, to negotiate and execute a commitment of up to \$200 million to **Brookfield Strategic Real Estate Partners V**.

### **Lexington Co-Investment Partners**

The Investment Advisory Council concurs with Staff's recommendation that the SBI authorize the Executive Director, with assistance from SBI's legal counsel, to negotiate and execute a commitment of up to \$300 million to **Lexington Co-Investment Partners VI, L.P.**

## **Public Testimony**

Individuals listed below were recognized to speak before the SBI.

- Yossi Aharoni and Anne Kierstead - Anti-War Committee
- Mariana Mansfield
- Samantha Pree-Stinson, Shanika Henderson, and Jerry Baker - Renters United for Justice

## **Informational Reports included in Quarterly Meeting Material**

*Public Markets Investment Report*

*Participant Directed Investment Program and Non-Retirement Investment Program Report*

*Aon Market Environmental Report*

*Meketa Capital Markets Outlook & Risk Report*

*SBI Comprehensive Performance Report*

## **Adjournment of Meeting**

State Auditor Blaha moved approval to adjourn the meeting. The motion passed and the meeting adjourned at 10:41 a.m.

After adjournment, Attorney General Ellison informed the Board that Deputy Attorney General Luz Frias would be retiring from her role. Mr. Ellison thanked Ms. Frias for her service to the State of Minnesota and introduced Dana Mitchell as the Deputy Attorney General who will fill the role vacated by Ms. Frias.

Respectfully submitted,



Jill E. Schurtz  
Executive Director and  
Chief Investment Officer