



Minutes
State Board of Investment Meeting
November 29, 2023

The State Board of Investment (SBI) met at 10:04 A.M. Wednesday November 29, 2023, in the Minnesota Senate Building, Room 1200, St. Paul, Minnesota. Governor Tim Walz, State Auditor Julie Blaha, and Secretary of State Steve Simon were present. Attorney General Keith Ellison was absent. 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

Member Absent:

Attorney General Keith Ellison

Call to Order

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

Approval of Minutes

The minutes of the August 23, 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 September 30, 2023:

AUM: The SBI was responsible for \$128.9 billion in assets. Of the assets under management, the Combined Funds represented \$83 billion.

Performance: The Combined Funds returned -1.9% for the quarter and fiscal year to date. The Combined Funds returned 11.7% for the one-year period ending September 30, 2023. 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 its 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 55th percentile for the quarter and the 15th percentile for the year.

Executive Director's Administrative Report

Ms. Schurtz referred members to Tab C of the meeting material for the IAC Membership Committee Report and reviewed the following recommendations: 1) that Kim Faust; Carol Peterfeso; Sunil Swami; and Shawn Wischmeier be reappointment and 2) that one new member, Jen Wilson, be appointed to the Investment Advisory Council with terms expiring January 2028.

On the motion of Secretary of State Simon, the recommendations were approved.

Private Markets Investment Program Report

Gary Martin, Chair of the Investment Advisory Council, reviewed the five private market recommendations listed in Tab C of the meeting materials. Mr. Martin stated that two of the funds are with existing managers and three are with new managers: Court Square Capital Partners V; TPG Growth VI; Stellex Fund III; Torchlight Debt Opportunity Fund VIII; and Vance Street Fund IV.

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.

Court Square Capital Partners V

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 Court Square Capital Partners V.

TPG Growth VI

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 TPG Growth VI.

Stellex Fund III

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 Stellex Fund III.

Torchlight Debt Opportunity Fund VIII

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 Torchlight Debt Opportunity Fund VIII.

Vance Street Fund IV

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 \$125 million to Vance Street Fund IV.

Public Testimony

Individuals listed below were recognized to speak before the SBI.

- Sarah Martin and Lucia Smith
- Grant Stevenson – Minnesota Divestment Coalition
- Mike McDonald – Veterans for Peace
- Drake Myers, Max Vast, and Virginia Eckert

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 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 10:36 a.m.

Respectfully submitted,



Jill E. Schurtz
Executive Director and
Chief Investment Officer