



## Minutes Investment Advisory Council Meeting February 21, 2024

The Investment Advisory Council (IAC) met at 12:00 p.m. on Wednesday, February 21, 2024, in Room 106 of the Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

**IAC Members Present:** Denise Anderson, Doug Anderson, Kim Faust, Jennifer Hassemer (for Erin Campbell), Peggy Ingison, Amy Jensen, Erin Leonard, Gary Martin, Dan McConnell, Ify Onyiah, Carol Peterfeso, Dennis Santos, Jay Stoffel, Sunil Swami, and Shawn Wischmeier.

**IAC Members Absent:** Nancy Orr and Jen Wilson.

**SBI Staff Present:** Jill Schurtz, Grace Aas, Hamze Aden, Amanda Allen, PatC Ammann, Nate Blumenshine, Cassie Boll, Sara Bruggeman, Tammy Brusehaver, Andy Christensen, Dan Covich, Aaron Griga, Ben Harris, Andrew Krech, Hannah Lundquist, Melissa Mader, John Mulé, Mercy Ndungu, Charlene Olson, Rachel Pastick-Malm, Emily, Pechacek, Cal Redemske, Erol Sonderegger, Jonathan Stacy, Ryan Tucker, David Velasquez, Jeff Weber, Alex Wolsky, and Samir Zahar.

**Others Present:** Katie Comstock and Steve Voss, Aon Investments; Sarah Bernstein, Stephanie Sorg and Nahom Kebede, Meketa Investment Group; Dana Mitchell, Attorney General's Office; Mary Fee, Governor's Office; Ramona Advani, State Auditor's Office; Bibi Black and Justin Erickson, Secretary of State's Office; Edgar Hernandez, SEIU; Andrew Higginson, Schrodgers; and Bonnie Beckel, Minnesota Divestment Coalition.

### Call to Order

Gary Martin, Chair of the Investment Advisory Council, called the meeting to order.

### Election of Chair and Vice Chair of the Investment Advisory Council

Mr. Martin called for the election of the Investment Advisory Council Chair and Vice Chair with terms to start at the first meeting of the new fiscal year.

A motion was made to nominate and approve Gary Martin as Chair, and Kim Faust as Vice Chair of the Investment Advisory Council. The motion passed.

### Approval of IAC Minutes

The minutes of the November 13, 2023, meeting were approved.

## **Organizational Updates**

Executive Director Jill Schurtz expressed a sincere thank you to the Chair and Vice Chair for all the time and energy they contribute to the Investment Advisory Council. Ms. Schurtz announced the appointment of a new member, Jen Wilson of Thrivent Financial, to the Investment Advisory Council with a term expiring January 2028.

Ms. Schurtz and Andy Christensen announced a number of organizational updates which included SBI staff promotions, development opportunities, the addition of new staff members, and the summer internship program. Mr. Christensen gave an update on the office space planning and construction project.

## **Performance Summary**

Ms. 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 December 31, 2023:

AUM: The SBI was responsible for \$138.2 billion in assets. Of the assets under management, the Combined Funds represented \$89.3 billion.

Performance: The Combined Funds returned 7.5% for the quarter and 5.4% for the fiscal year to date. The Combined Funds returned 14.6% for the one-year period ending December 31, 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 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 21<sup>st</sup> percentile for the quarter and the 5<sup>th</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. She reported that the annual audit conducted by the Office of the Legislative Auditor (OLA) has been completed and reflected the highest possible rating with no written findings or recommendations.

## **Private Markets Investment Program Report**

Ms. Schurtz referred members to Tab C of the meeting materials for the Private Markets Investment Program Report. She introduced Cassie Boll, Jon Stacy, and members of the Private Markets team to present four investment recommendations: Blackstone Energy Transition Partners IV; Bridgepoint Development Capital V; Oaktree Real Estate Opportunities Fund IX; and Whitehorse Liquidity Partners VI.

A motion was made that the IAC endorse Staff's recommendation to invest in the four private market investment funds. The motion passed.

## **Minnesota College Savings Plan (529 Plan)**

Ms. Schurtz referred members to Tab D of the meeting materials for the Minnesota College Saving Plan (529 Plan). She stated that the State Board of Investment (SBI) and Office of Higher Education (OHE) recommend that a new five-year contract be entered into with TIAA CREF Tuition Financing Inc. (TFI) as Program Manager for the Minnesota 529 College Savings Plan.

A motion was made that the IAC endorse Staff's recommendation to negotiate and execute a new

five-year contract with TIAA CREF Tuition Financing Inc. (TFI) as Plan Manager for the Minnesota College Savings Plan. The motion passed.

**Participant-Directed Plans**

Ms. Schurtz referred members to Tab E of the meeting materials for the Participant-Directed Plans. She reviewed the proposed transition to a separate account for Dodge & Cox Fixed Income Option and highlighted the significant cost savings that the change would facilitate for participants.

A motion was made that the IAC endorse Staff's recommendation to transition the current Dodge & Cox Income Fund investment to a dedicated separately managed account managed in the same strategy. The motion passed.

**Asset Allocation Study**

Ms. Schurtz and Erol Sonderegger gave an update regarding the Combined Funds asset allocation study and climate road map. Additional updates will be provided at each quarterly meeting ahead of the final recommendations.

**Informational Reports included in Quarterly Meeting Materials:**

*Public Markets Investment Report*

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

*Aon Market Environmental Report*

*Meketa Capital Markets Outlook & Risk Metrics Report SBI*

*Comprehensive Performance Report*

**Adjournment of Meeting**

The motion to adjourn the meeting was approved. The meeting adjourned at 12:55 p.m.

Respectfully submitted,



Jill E. Schurtz  
Executive Director and  
Chief Investment Officer

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