

New Jersey State Investment Council

July 21, 2021 Regular Meeting

Minutes of the Regular Meeting

Due to public health considerations related to COVID-19, this meeting was held remotely via video conference on July 21, 2021.

Council Members in Attendance:

Deepak Raj, Chair

Adam Liebttag, Vice-Chair

Theodore Aronson

Wasseem Boraie

Leonard Carr

Michael Cleary

Vaughn Crowe

James Hanson

Timothy McGuckin

Samir Pandiri

Jerome St. John

Thomas Bruno, Michael Greaney, Eric Richard, and Edward Yarusinsky were unable to attend.

Roll Call and Meeting Notice

The Regular Meeting was called to order by Deepak Raj, Council Chair, at 10:03 a.m. Ernestine Jones-Booker, Council Secretary, performed roll call and reported that a quorum was present. Ms. Jones-Booker announced that notice of the Regular Meeting schedule for calendar year 2021 was posted on the website of the Division of Investment (Division); mailed to the Times of Trenton, the Star Ledger, the Bergen Record, and the Courier Post; and e-mailed to the Secretary of State on January 8, 2021 and is on file at the Division.

Minutes of the Regular Meeting held May 26, 2021

Council Vice-Chair Adam Liebttag made a motion to approve the minutes of the regular meeting held on May 26, 2021, with Theodore Aronson seconding the motion. On a roll call vote, all Council members present voted in favor of the motion.

Treasurer's Report

Treasurer Elizabeth Maher Muoio welcomed Shoaib Khan in his new role as Acting Director of the Division of Investment and reported on the State's Fiscal Year 2022 budget. Ms. Muoio

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thanked the Council and the Division for their work in investing pension fund assets. Mr. Raj and Mr. Liebttag in turn thanked the Treasurer and Governor for their support.

Wasseem Boraie and Vaughn Crowe joined the meeting at this time.

Election of Nominating Committee

Mr. Raj called for nominations for Council members to serve on the Nominating Committee. Samir Pandiri nominated Timothy McGuckin, Michael Cleary, and Mr. Aronson as candidates to serve on the Council's nominating committee. Chair Raj asked the Council if there were any additional nominations. Hearing none, Mr. Raj asked for motion to approve the nominations. Mr. Cleary made a motion to elect Mr. McGuckin, which motion was seconded by Mr. Aronson. On a roll call vote, all Council members present voted in favor of the motion, except for Mr. Liebttag, Mr. McGuckin and Mr. Raj, who abstained. Mr. Aronson made a motion to approve the nomination of Mr. Cleary, which was seconded by Mr. McGuckin. On a roll call vote, all Council members present voted in favor of the motion, except for Mr. Cleary, Mr. Liebttag and Mr. Raj, who abstained. Mr. Cleary made a motion to approve the nomination of Mr. Aronson, which motion was seconded by Mr. Crowe. On a roll call vote, all members of the Council who were present voted in favor of the motion, except for Mr. Aronson, Mr. Liebttag and Mr. Raj, who abstained.

Director's Report

Acting Director Shoab Khan summarized the Director's Report, providing an update on capital markets, reporting on pension fund performance, and describing asset class allocations. In response to a question from Mr. Cleary, Mr. Khan stated that fiscal year end returns for Fiscal Year 2021 were in the process of being finalized and would be discussed at the next Council meeting in September. In response to a question from Jerome St. John, Mr. Khan described the reporting of investment returns in foreign currencies.

Suzanne Hannigan of the Division reported the outcome of ExxonMobil Corporation's proxy vote at its 2021 annual shareholder meeting. Mr. Khan notified the Council of modifications and clarifications to the pension fund's investments in Magenta Fund Ltd., Stonepeak Infrastructure Fund IV LP, and certain alternative investment funds managed by Neuberger Berman, Owl Rock Capital Group and Dyal Capital Partners.

James Hanson joined the meeting at this time.

Cash Management Administrative Fund Fee

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Mr. Khan reported that the Division temporarily reduced the administrative fee charged to Other-than-State participants in the State of New Jersey Cash Management Fund from five basis points to one basis point effective June 22, 2021 for a period of up to six months. He stated that the temporary fee reduction resulted in an increase of the yield for Other-than-State participants and will be reevaluated by the Division prior to expiration.

Verbal Report on Qualified Independent Representative (QIR) Policy

Lynn Jahn of the Division reported to the Council regarding the Division's Qualified Independent Representative (QIR) Policy, stating that the Division received all of the required representations from the relevant QIRs and that the Division was in compliance with the QIR Policy.

Proposed RFP for High Yield Fixed Income Advisers

Mr. Khan reported the Division's intent to issue a Request for Proposals (RFP) for investment advisers within the high yield fixed income asset class pursuant to the Council's procurement procedures.

Selection of Consultant for General Consulting Services

Gina Costello of the Division summarized the bid selection process for general consulting services pursuant to the Council's procurement procedures, and reported that the Division selected RVK as its new general consultant.

Kristen Doyle and Raneen Jalajel of Aon thanked the Division and Council for its partnership spanning over nine years and offered to assist in the transition to a new consultant. Mr. Raj thanked the Aon representatives for their many years of service, for their professionalism, and for sharing their insight with the Council and the Division. Tony Johnson, Jim Voytko, and Jordan Cipriani of RVK introduced themselves to the Council.

Investments

TPG Rise Climate – Private Equity

Jared Speicher and Ting Yang of the Division presented an investment of up to \$200 million in TPG Rise Climate, L.P., a private equity fund focused on investment opportunities in climate change. Ms. Yang described the fund's investment strategy and investment team and the material terms of the investment. In response to a question from Mr. Cleary, Mr. Khan confirmed

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that the Division did not intend to include PFRS assets in the investment. In response to questions from Leonard Carr and Mr. Raj, Ms. Yang and Mr. Speicher provided more detail regarding the fund's investment strategy and the Division's negotiating leverage as a significant investor in TPG funds. Mr. Raj reported that the Investment Policy Committee had reviewed the Division's due diligence with respect to the investment and had recommended its presentation to the full Council.

PGIM Fixed Income Separate Account – Global Diversified Credit

Mr. Speicher and Bill Connors of the Division presented an investment of up to \$1 billion in a separate account to be managed by PGIM Fixed Income, a fund that will be focused on diversified U.S. senior secured loan investments. Mr. Connors described the fund's investment strategy and investment team and the material terms of the investment. Mr. St. John expressed concern regarding the risk profile of the fund relative to U.S. Treasury investments and other investment grade investments. In response to questions from Mr. Liebtag and Mr. Boraie, Mr. Khan, Mr. Connors and Mr. Speicher provided more detail on the fund's investments and liquidity. Mr. Raj reported that the Investment Policy Committee had reviewed the Division's due diligence with respect to the investment and had recommended its presentation to the full Council.

TGM Associates Separate Account – Real Estate

Mr. Khan and John Panebianco of the Division presented an investment of up to \$300 million in a separate account managed by TGM Associates, a fund that will be focused on multi-family residential investments in the United States. Mr. Panebianco described the fund's investment strategy and investment team and the material terms of the investment. Mr. Raj reported that the IPC reviewed the Division's due diligence with respect to the investment and had recommended its presentation to the full Council.

Public Comment

Tina Weishaus and Sid Madison of Divest NJ spoke regarding the Division's investments in fossil fuels.

Matthew Toomey and Mark Dickens of IUOE Local 542 spoke regarding the Division's pending investment with EQT Infrastructure.

Adjournment

Mr. Aronson made a motion to adjourn the meeting, with Mr. Cleary seconding the motion. On a roll call vote, all Council members present voted in favor of the motion. The meeting was adjourned at 11:42 a.m.