

New Jersey State Investment Council

July 27, 2022 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 27, 2022.

Council Members in Attendance:

Deepak Raj, Chair

Adam Liebttag, Vice-Chair

Wasseem Boraie

Thomas Bruno

Leonard Carr

Michael Cleary

Michael Greaney

James Hanson

Timothy McGuckin

Eric Richard

Edward Yarusinsky

Theodore Aronson, Vaughn Crowe, Samir Pandiri, and Jerome St. John were unable to attend.

Roll Call and Meeting Notice

The regular meeting was called to order by Deepak Raj, Chair of the State Investment Council (Council), at 10:03 a.m. Ernestine Jones-Booker, Council Secretary, performed roll call. Ms. Jones-Booker announced that notice of the regular meeting schedule for 2022 was posted on the public website of the Division of Investment (Division); mailed to the Star Ledger, the Bergen Record, and the Courier Post; and e-mailed to the Secretary of State on January 6, 2022. A copy of the notice is on file at the Division.

Minutes of the Regular Meeting held April 27, 2022

Mr. Raj presented the minutes of the regular meeting held on April 27, 2022. A motion to approve the minutes was made by Wasseem Boraie, with Thomas Bruno seconding the motion. On a roll call vote, all Council members present voted in favor of the motion.

Minutes of the Executive Session held April 27, 2022

Deepak Raj presented the minutes of the executive session held on April 27, 2022. A motion to approve the executive session minutes was made by Mr. Bruno, with Mr. Boraie seconding the motion. On a roll call vote, all Council members present voted in favor of the motion.

New Jersey State Investment Council

July 27, 2022 Regular Meeting

Election of Nominating Committee

Mr. Raj called for nominations for Council members to serve on the Nominating Committee. Mr. Bruno nominated Timothy McGuckin, Michael Cleary, and Theodore 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 a motion to approve the nominations. Mr. Bruno made a motion to nominate Messrs. McGuckin, Cleary, and Aronson. The motion was seconded by Mr. Boraie. On a roll call vote, all Council members present voted in favor of the motion.

Treasurer's Report

Assistant Treasurer Michael Kanef congratulated Shoaib Khan on his appointment as Director of the Division of Investment and thanked the Council for its work in conducting the search for candidates. Mr. Kanef announced that a search for a Deputy Director was ongoing. Further, Mr. Kanef reported on the completed Fiscal Year 2023 budget, including lottery revenues and pension contributions.

Director's Report

Director Shoaib Khan summarized the Director's Report, providing an update on capital markets, reporting on pension fund asset allocation and performance. In response to a question from James Hanson about the deployment of excess cash, Mr. Khan responded that the Division was receiving a positive return on the cash on hand, but would continue to seek opportunities to deploy the cash elsewhere. Mr. Cleary asked whether alternative investment returns were expected to be positive, to which Mr. Khan stated that, while private market returns were difficult to forecast, he hoped that they would have a positive contributor to performance.

Mr. Khan notified the Council of a modification to the pension fund's investment in CVC Credit Partners European Direct Lending Fund III (Co-Invest – DL) SCSp.

Mr. Khan announced some recent staffing changes at the Division of Investment, including the departure of Private Equity and Private Credit Portfolio Manager Jared Speicher and the hiring of three new investment analyst trainees: Tanner Doverspike, Adam Wielebinski, and Peterson Lenard.

Fixed Income and Private Markets Update

Bill Connors and Kevin McGrath of the Division presented an update on the Division's high yield fixed income portfolio, discussing the Division's implementation of the Council's increased target

New Jersey State Investment Council

July 27, 2022 Regular Meeting

allocation to that asset class. Mr. Connors and Mr. McGrath discussed the portfolio's absolute and relative returns and the illiquidity challenges facing the Division.

Daniel Stern of Cliffwater presented an update on the Division's risk mitigation portfolio, including the past performance of the portfolio, including individual strategies, and the outlook for the asset class going forward. In response to a question from Mr. Cleary, Mr. Khan described the structure of the Division's risk mitigation portfolio.

Scott Davies of Hamilton Lane presented an update on the Division's real estate portfolio, describing the asset class' performance and role in the overall portfolio and outlining market themes and trends. In response to a question from Mr. Hanson, Mr. Davies discussed the denominator effect of public market drawdowns on investors' allocations to the private real estate market.

Michelle Davidson, Matthew Coyne and Robert Pisanelli of Aksia presented updates on the Division's private equity, private credit and real assets portfolios. Ms. Davidson discussed the private equity investment landscape, including trends and opportunities in various private equity subsectors, and reported on asset class market performance and the current fundraising environment. Mr. Coyne spoke regarding the private credit market, describing the outlook for various subsectors and reporting on overall deal and transaction activity. Finally, Mr. Pisanelli presented an update on market opportunities and performance in the real assets market, including private infrastructure and natural resources. In response to a question from Mr. Bruno about fossil fuel investments, Mr. Pisanelli discussed investment opportunities in transitional fuels and renewables.

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.

Public Comment

David Hughes of the American Association of University Professors – American Federation of Teachers and Jill Aquino of the Alliance of Nurses for Healthy Environments spoke regarding the Division's investments in fossil fuels.

New Jersey State Investment Council

July 27, 2022 Regular Meeting

Agenda Item 1

Adjournment

Mr. Bruno 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 12:01 p.m.