

# New Jersey State Investment Council

## April 27, 2022 Regular Meeting

---

### **Minutes of the Regular Meeting**

Due to public health considerations related to COVID-19, this meeting was held remotely via videoconference on April 27, 2022.

### **Council Members in Attendance:**

Deepak Raj, Chair

Adam Liebttag, Vice-Chair

Theodore Aronson

Wasseem Boraie

Thomas Bruno

Leonard Carr

Michael Cleary

Vaughn Crowe

Michael Greaney

James Hanson

Timothy McGuckin

Samir Pandiri

Eric Richard

Jerome St. John

Edward Yarusinsky

### **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 Annual and Regular Meetings held January 26, 2022**

Adam Liebttag made a motion to approve the minutes of the annual meeting held on January 26, 2022, with Theodore Aronson seconding the motion. All Council Members present voted in favor of the motion, except for Vaughn Crowe who abstained since he was not present during the meeting. Mr. Aronson made a motion to approve the minutes of the regular meeting held on January 26, 2022, with Mr. Liebttag seconding the motion. All Council Members present voted in favor of the motion, except for Mr. Crowe who abstained since he was not present during the meeting.

### **Treasurer's Report**

Assistant Treasurer Michael Kanef provided a report from the State Treasurer, giving an update on the State budget for Fiscal Year 2023, and introducing the Treasurer's new online financial literacy program. In response to questions from Michael Cleary and Jerome St. John, Mr. Kanef stated he would provide more information regarding the calculation of the cost of reinstating a cost of living adjustment (COLA).

# New Jersey State Investment Council

## April 27, 2022 Regular Meeting

---

### **Portfolio Update**

Acting Director Shoaib Khan summarized the Director's Report, updating the Council on capital markets, reporting on pension fund performance, and providing details regarding tactical changes to asset class allocations. Mr. Khan also provided an update on the Pension Fund's investments in Russia. In response to a question from Eric Richard, Mr. Khan and Mr. Kanef confirmed that the Division was taking actions to comply with applicable statutes and executive orders regarding investments in Russia.

Mr. Khan further described the Division's progress in developing a pilot program which would allow Division employees to work from outside the office. Finally, Mr. Khan and Jared Speicher of the Division notified the Council of modifications to Anacap Financial Partners III, L.P.; Lexington Capital Partners VI-B; Owl Rock Diversified Lending 2020 Fund; and Sixth Street Growth Partners II and Sixth Street Mid-Stage Growth Partners.

### **New Jersey State Employees Deferred Compensation Plan Annual Update**

Edward Ramos of the Division provided an update on the New Jersey State Employees Deferred Compensation Plan (DCP), summarizing an approved change to the plan's investment options. Mr. Richard asked if the DCP could be amended to allow for further contributions from members whose State employment has ended. Mr. Ramos stated that was an issue for the DCP Board, and said the Division would provide a contact to Mr. Richard.

### **Cash Management Fund Administrative Fund Fee Reinstatement**

Mr. Khan reported the Division reinstated the administrative fund fee for the Cash Management Fund, ending the temporary fee reduction.

### **Report on Treasury Supplemental Code of Ethics**

Lynn Jahn of the Division provided a report on the Treasury Supplemental Code of Ethics, which governs personal investing by Division employees. Ms. Jahn reported that there were two violations of the Supplemental Code during calendar year 2021.

### **Approval of New Jersey Better Educational Savings Trust Investment Policy Statement**

Mr. Ramos presented an update of the investment policy statement for the New Jersey Better Educational Savings Trust (NJBEST). Berkeley Revenaugh of Franklin Templeton summarized the most significant changes to the investment plan, including expanded investment options. Leonard Carr recommended reviewing the NJBEST investment plan on a more frequent basis in order to improve the plan's performance metrics.

Mr. Ramos noted recent state legislation providing tax deductions, matching grants and scholarships to NJBEST participants. Mr. Cleary asked Mr. Kanef about the revenue cost associated with the state legislation, and Mr. Kanef agreed to research the issue further. Thomas Bruno made a motion to approve the revised NJBEST Investment Policy Statement, with Mr. Cleary seconding the motion. On a roll call vote, all council members present voted in favor.

# New Jersey State Investment Council

## April 27, 2022 Regular Meeting

---

### **Emerging Managers Platform**

Mr. Ramos introduced the Division's new emerging manager platform, an initiative dedicated to investing in small emerging alternative investment managers, including diverse managers. In response to a question from Mr. Richard, Mr. Khan confirmed that the platform would not affect the pension fund's overall asset allocation. Wasseem Boraie asked if fund of fund managers would be paired with specific emerging funds, to which Mr. Khan responded that the Division intends to identify experienced fund of fund managers with a robust pipeline of emerging funds. To address Mr. Aronson's concerns regarding competition from other investors, Mr. Ramos responded that fund creation has thus far outpaced demand and that competition is not anticipated to be a problem. Mr. St. John asked for a commitment to include New Jersey-based managers in the platform. In response, Mr. Kanef noted that Treasury, along with the Division, would be conducting outreach to build awareness of the platform within the State, which would provide an opportunity for New Jersey-based managers to participate in the process. Mr. Raj and Mr. Crowe expressed support for the Division's efforts to expand the manager pool and to facilitate opportunities for access to capital for managers who might not otherwise have had the opportunity.

Mr. Boraie departed the meeting at this time.

### **Investments**

#### ***Barings LLC Separate Account***

Jared Speicher and Ting Yang of the Division presented an investment of up to \$250 million in a separately managed account to be managed by Barings Funds & Co-Investments. Ms. Yang described the fund's terms and investment strategy. She also described the fund manager's investment team and its track record. In response to a question from Mr. Cleary, Mr. Khan confirmed that the investment would not include PFRS capital. Mr. Raj reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Mr. Crowe departed the meeting at this time.

### **Recent Alternative Investment Fund Commitments**

Mr. Khan updated the Council on alternative investment fund commitments that were finalized and closed since November 1, 2021. In response to a question from James Hanson, Mr. Khan spoke about progress that has been made on the pipeline of approved investments.

### **Asset Allocation presentation by RVK**

Jordan Cipriani, Tony Johnson, Kevin Schmidt and Jim Voytko of RVK presented a capital market assumptions update and asset allocation study. In response to questions from Mr. Aronson and Mr. Raj, Mr. Johnson explained RVK's methodology regarding arithmetic and geometric return calculations and reported RVK's long term interest rate assumption. Mr. Bruno noted that the assumed rate of return was expected to decrease in 2022.

# New Jersey State Investment Council

## April 27, 2022 Regular Meeting

---

Bill Connors of the Division presented a proposed adjustment to the Council's asset allocation, specifically within the fixed income asset classes.

Mr. Aronson made a motion to approve the asset allocation changes as presented, with Mr. Richard seconding the motion. On a roll call vote, all Council members present voted in favor.

Mr. Richard departed the meeting at this time.

### **Public Comment**

Darren Maloney of Randolph, NJ commented on a pending open public records request. Ted Glick and Tina Weishaus of the Divest NJ Coalition spoke regarding fossil fuel investments.

### **Executive Session**

Mr. Raj made a motion to adopt the following resolution to go into closed session to discuss a personnel matter, with Mr. Bruno seconding the motion:

In accordance with the provisions of N.J.S.A. 10:4-12(b)(8) and N.J.S.A. 10:4-13, BE IT RESOLVED THAT the State Investment Council go into closed (executive) session under the Open Public Meetings Act to discuss a matter involving the appointment of a specific prospective public officer. The minutes of such meeting shall remain confidential until after such time as the Council determines that the need for confidentiality no longer exists and the matters discussed can be disclosed.

On a roll call vote, all Council members present voted in favor.

Mr. St. John departed the meeting at this time.

The Council entered into closed (executive) session, before reconvening to public session.

Mr. Boraie rejoined the meeting during closed (executive) session.

Samir Pandiri departed the meeting at this time.

### **Approval of List of Qualified Candidates for Director of Division of Investment**

Mr. Raj made a motion, seconded by Mr. Aronson, to adopt the following resolution:

In accordance with the provisions of N.J.S.A. 52:18A-84, BE IT RESOLVED THAT the State Investment Council (the "Council") hereby deems the person(s) on the list presented to the members of the Council at its special meeting held on April 27, 2022 as qualified for the office of Director of the Division of Investment, and hereby authorizes the Council Secretary to submit such list to the State Treasurer, along with the qualifications of each person named on the list.

By a roll call vote, all Council members in attendance approved the motion.

### **Adjournment**

# **New Jersey State Investment Council**

## **April 27, 2022 Regular Meeting**

---

Mr. Bruno made a motion to adjourn the meeting, with Michael Greaney seconding the motion. All Council members present voted in favor. Meeting was adjourned at 12:58 p.m.