

New Jersey State Investment Council

January 29, 2020 Annual Meeting

Minutes of the Annual Meeting

Held January 29, 2020 at 10:00 a.m. at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

Council Members in Attendance:

Deepak Raj, Chair

Adam Liebttag, Vice-Chair

Theodore Aronson

Wasseem Boraie

Thomas Bruno

Michael Cleary

James Hanson

Timothy McGuckin

Samir Pandiri (via telephone)

Edward Yarusinsky

Vaughn Crowe, Michael Greaney, Eric Richard, and Jerome St. John were not in attendance.

Roll Call and Meeting Notice

The 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 annual meeting scheduled for January 29, 2020 was posted on the public 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 10, 2020. A copy of the notice was posted at the Division and is on file.

Speaker, Jonathan Gray of Blackstone

Mr. Raj introduced guest speaker Jonathan Gray, President and Chief Operating Officer of Blackstone. Mr. Gray discussed the current investment environment, discussing opportunities in various geographies and industries. In response to questions from Council members, Mr. Gray described Blackstone's investment performance expectations going forward and opportunities in sustainability and social impact investing. He also spoke regarding fee trends, illiquidity risks, and challenges in deploying capital with respect to alternative investments.

Fiscal Year 2019 Report

Mr. Raj recapped fiscal year 2019 performance. He noted the addition of new Council members, and thanked Vice Chair Adam Liebttag for his leadership during the Council's transition. Mr. Raj discussed fiscal year 2019 initiatives, including a reduction in the allocation to hedge funds, a move to a passive asset strategy for domestic equities, and a new emphasis on ESG analysis as part of the investment process.

Corey Amon, Director of the Division, provided an overview of the Division and the Council, summarized the pension fund's historical and recent performance and asset allocation, and described capital market trends. Mr. Amon also updated the Council on key Division initiatives in 2019 and going forward. In response to inquiries from Thomas Bruno and Mr. Raj, Mr. Amon provided a status update on hedge fund redemptions.

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Report from the State Treasurer

Dini Ajmani, Assistant Treasurer, provided an update on proposed 2020 state budget preparations, including departmental budget changes, pension fund contributions, and budget forecasts. Mr. Bruno commented on the reduction in the number of public employees contributing to the pension fund.

Opportunity for Public Comment

There were no speakers from the audience.

Adjournment

Mr. Raj made a motion to adjourn the Annual Meeting, with Theodore Aronson seconding the motion. All Council members present voted in favor of the motion. The meeting was adjourned at 11:45 a.m.

New Jersey State Investment Council

January 29, 2020 Regular Meeting

Minutes of the Regular Meeting

Held January 29, 2020 at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

Council Members in Attendance:

Deepak Raj, Chair
Adam Liebttag, Vice-Chair
Theodore Aronson
Wasseem Boraie
Thomas Bruno
Michael Cleary
James Hanson
Timothy McGuckin
Samir Pandiri (via telephone)
Edward Yarusinsky

Vaughn Crowe, Michael Greaney, Eric Richard, and Jerome St. John were not in attendance.

Roll Call and Meeting Notice

The regular meeting was called to order by Deepak Raj, Chair of the State Investment Council (Council), at 12:18 p.m. Ernestine Jones-Booker, Council Secretary, performed roll call. Ms. Jones-Booker announced that notice of the regular meeting scheduled for January 29, 2020 was posted on the public 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 10, 2020. A copy of the notice was posted at the Division and is on file.

Minutes for the Regular Meeting held November 20, 2019

Mr. Raj presented the minutes of the regular meeting held on November 20, 2019. Thomas Bruno made a motion to approve the minutes, with Theodore Aronson seconding the motion. All Council Members present voted in favor of the motion.

State Investment Council Fiscal Year 2019 Annual Report

Corey Amon, Director of the Division, presented a draft of the State Investment Council Annual Report for Fiscal Year 2019. Mr. Raj made a motion to approve the report as presented, with Mr. Aronson seconding the motion. A roll call vote was taken, with all Council Members present voting in favor of the motion.

Director's Report/Portfolio Update

Mr. Amon presented the Director's Report, providing an update on portfolio performance and asset allocation through December 31, 2019.

Deferred Compensation Plan Annual Update

Mr. Amon provided an annual update on the New Jersey State Employees Deferred Compensation Plan (DCP), reporting no change in the DCP's fund options.

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Report on Treasury Supplemental Code of Ethics

Lynn Jahn of the Division reported on the Treasury Supplemental Code of Ethics, which governs personal investing by Division employees. Ms. Jahn announced that there were no violations of the Supplemental Code since the date of the Division's last report to the Council.

Report on Northern Ireland

Ms. Jahn presented to the Council the Division's annual report to the Governor and the Legislature with respect to U.S. corporations doing business in Northern Ireland and their adherence to the MacBride Principles of nondiscrimination in employment and freedom of workplace opportunity.

Private Equity Investments

Vista Foundation Fund IV, L.P.

Robin Clifford and Liam Daul of the Division, along with Michelle Davidson of Torrey Cove, presented an investment of up to \$100 million in Vista Foundation Fund IV, L.P., a fund focused on mid-market enterprise software and data and technology-enabled companies. Mr. Daul summarized the terms of the investment, its fit within the portfolio, and the experience of the investment team. In response to questions from Mr. Raj and James Hanson, Mr. Daul and Ms. Davidson discussed the status of the prior fund and expectations regarding a successor fund and Ms. Clifford further explained Vista's fee structure. Mr. Raj reported that the IPC had reviewed the investment and recommended presentation to the Council.

Altaris Health Partners V, L.P.

Ting Yang of the Division, along with Ms. Clifford and Ms. Davidson, presented an investment of up to \$100 million in Altaris Health Partners V, L.P., a fund focused on making investments within the healthcare sector. Ms. Yang described the terms of the investment and its fit in the portfolio. In response to questions from Mr. Raj, Ms. Yang, Ms. Clifford and Ms. Davidson described the fund's ability to deploy capital and the steps taken by the fund managers to reduce regulatory risk. Mr. Raj reported that the IPC had reviewed the investment and recommended presentation to the Council.

Real Estate Investment

DivcoWest Fund VI-A, L.P.

Kevin Higgins of the Division with Bob Flannigan of Hamilton Lane presented an investment of up to \$100 million in DivcoWest VI-A, L.P., a fund that invests in real estate serving technology and life science tenants within select technology/innovation markets nationwide. Mr. Higgins described the investment team and its track record, and set out the terms of the investment and its fit in the portfolio. Mr. Hanson and Wasseem Boraie expressed concerns regarding the timing of investments in the sector. At the request of Mr. Raj, Mr. Flannigan and Mr. Higgins described the status of the real estate marketplace in general, and the investment process of the firm in particular. Mr. Raj reported that the IPC had reviewed the investment and recommended presentation to the Council.

Public Comment

There were no speakers from the audience.

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Adjournment

Mr. Raj made a motion to adjourn the meeting, with Adam Liebttag seconding the motion. All Council members present voted in favor of the motion. The meeting was adjourned at 1:18 p.m.