

# New Jersey State Investment Council

## May 26, 2021 Regular Meeting

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

Due to public health considerations related to COVID-19, this meeting was held remotely via video conference on May 26, 2021.

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

Deepak Raj, Chair

Adam Liebttag, Vice-Chair

Theodore Aronson

Thomas Bruno

Leonard Carr

Michael Cleary

Vaughn Crowe

Michael Greaney

James Hanson

Timothy McGuckin

Samir Pandiri

Eric Richard

Jerome St. John

Edward Yarusinsky

Wasseem Boraie was unable to attend.

### **Roll Call and Meeting Notice**

The Regular Meeting was called to order by Deepak Raj, Council Chair, at 10:02 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 March 24, 2021**

Thomas Bruno made a motion to approve the minutes of the regular meeting held on March 24, 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**

Assistant Treasurer Dini Ajmani recognized Corey Amon, Director of the Division, for his contributions to the Division, to the pension fund, and to the State of New Jersey. Ms. Ajmani reported on the Fiscal Year 2022 budget process and discussed anticipated pension fund contributions for Fiscal Year 2023. In

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response to a question from Mr. Bruno, Ms. Ajmani discussed restrictions on use of the American Rescue Plan (ARP) funds received by the State.

### **Director's Report**

Mr. Amon announced the pending retirement of Susan Sarnowski, Chief Compliance Officer of the Division, and thanked Ms. Sarnowski for her years of service, noting her effort, professionalism and work ethic. Mr. Amon and Shoaib Khan, Deputy Director of the Division, summarized the Director's Report, providing an update on capital markets, reporting on pension fund performance, and describing asset class allocations. At the request of James Hanson, Mr. Amon reported on private market performance. Mr. Raj thanked Mr. Amon, Mr. Khan and the investment team for their hard work in achieving favorable investment results.

### **Verbal Report of the Audit Committee**

Timothy McGuckin reported that the Audit Committee met with Division staff and the KPMG audit team to discuss the FY 2020 financial statements for the Division of Pensions and Benefits and to start planning for the FY 2021 audit. Mr. McGuckin noted that KPMG had no management letter comments related to the Division and issued an unmodified opinion on the financial statements. On behalf of the committee, Mr. McGuckin thanked Ms. Sarnowski for her assistance and wished her well in her retirement.

### **Verbal Report of the Governance and Operations Committee**

Mr. Raj announced his appointment of himself, Mr. Hanson, Vice Chair Adam Liebttag, Samir Pandiri, Eric Richard, and Jerome St. John to the Council's Governance and Operations Committee. Mr. Liebttag reported that the committee met on April 22, 2021 and discussed the Council's bylaws and regulations and increasing Council members' access to investment records by means of a virtual data room. Mr. Liebttag reported the committee recommended the bylaws be amended to expand membership on the Investment Policy Committee and the Governance and Operations Committee from six to seven members and recommended the proposed re-adoption of Council regulations. Finally, Mr. Liebttag reported that the committee requested that the Division make Council meeting materials available to the Council further in advance of Council meetings.

### **Verbal Report of the Environmental, Social and Governance (ESG) Policy Committee**

Mr. Liebttag reported that the Environmental, Social and Governance (ESG) Policy Committee met telephonically regarding the Division's proxy voting determination with respect to candidates for the Board of Directors of a publicly traded company.

### **Proposed Amendments to State Investment Council Bylaws**

Mr. Raj presented proposed amendments to the State Investment Council Bylaws, increasing the maximum size of the Investment Policy Committee, the Governance and Operations Committee, and the ESG Policy Committee to seven members. Mr. Bruno made a motion to approve the proposed

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amendments to the Council's bylaws, with Michael Cleary seconding the motion. On a roll call vote, all Council members present voted in favor of the motion.

### **Committee Member Appointments**

Mr. Raj made the following appointments to Council Committees:

Mr. Bruno, Leonard Carr, Mr. Hanson, Mr. Liebtag, Mr. Raj and Mr. Richard to the ESG Policy Committee.

Mr. Aronson, Mr. Boraie, Mr. Carr, Vaughn Crowe, Mr. Liebtag, Mr. McGuckin and Mr. Raj to the Investment Policy Committee.

Mr. Crowe, Mr. Hanson, Mr. Liebtag, Mr. Pandiri, Mr. Raj, Mr. Richard and Mr. St. John to the Governance and Operations Committee.

### **Proposed Readoption of the State Investment Council Regulations**

Ms. Sarnowski of the Division presented a proposal to readopt the Council's regulations, summarizing proposed amendments to the existing regulations. Mr. Richard thanked the Division staff for its efforts to increase Council members' access to investment records prior to Council meetings. Mr. Bruno made a motion to approve the attached Resolution Approving Proposed Readoption of N.J.A.C. 17:16 with Amendments, with Mr. Hanson seconding the motion. On a roll call vote, all members present voted in favor of the motion, with the exception of Mr. St. John, who voted against the motion.

### **Private Markets Pacing Analysis Update**

Jared Speicher of the Division presented an update on the Division's private markets pacing analysis and notified the Council of modifications to Hellman & Friedman Capital Partners X; Eagle Point Defensive Income Fund LP and a related separate account; and Stonepeak Infrastructure Fund IV LP and a related co-investment vehicle. In response to a question from Mr. Cleary, Mr. Amon assured the Council that the Division was committed to remaining disciplined in selecting new investments while increasing private market exposure. Mr. Speicher addressed a question from Mr. Carr regarding the effect of the segregation of PFRS assets on the overall liquidity profile of the remaining pension funds.

### **Investments**

#### ***Prime Property Fund, LLC – Real Estate***

Kevin Higgins and John Panebianco of the Division presented an investment of up to \$200 million in Prime Property Fund, LLC, a core open-ended real estate fund focused on assets within the United States. Mr. Panebianco described the fund's performance history, investment strategy and management team, as well as the fund's key investment terms.

#### ***EQT Infrastructure V, L.P. – Real Assets***

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Niraj Agarwal and Ryan Goodwin of the Division presented an investment of up to \$160 million in EQT infrastructure V L.P., a real asset fund focused on European infrastructure assets. Mr. Goodwin described the fund manager's track record and management team, and the fund's investment strategy and key investment terms. In response to questions from Mr. Aronson and Mr. Raj, Mr. Agarwal and Mr. Goodwin provided more detail on the fund's anticipated investments and returns. In response to a question from Mr. St. John, Mr. Amon confirmed that the Division did not intend to hedge against potential currency risk.

### ***CVC Credit Partners EU DL II Co-Invest Fund – Private Credit***

Mr. Speicher and Bill Connors of the Division presented an investment of up to €150 million in CVC Credit Partners EU DL II Co-Invest Fund, a private credit fund focused on direct lending to European middle-market companies. Mr. Connors described the fund's investment strategy and fee structure, and explained the Division's investment rationale. In response to a question from Mr. St. John regarding currency conversion, Mr. Amon explained the denomination of the commitment in Euros versus dollars. Mr. Speicher further explained the timing of commitments and capital contributions.

### ***ICG Europe Fund VIII SCSp – Private Equity***

Jessie Choi and Kenneth Wu of the Division presented an investment of up to €200 million in ICG Europe Fund VIII SCSp, a debt-related private equity focused on upper middle-market European companies, along with an additional €100 million in a related co-invest fund. Mr. Wu described the fund manager's investment team and track record, and described the fund's investment strategy and its key terms. In response to a question from Mr. Aronson, Mr. Wu described the fund manager's historical allocation to debt versus equity.

### ***Excellere Capital Fund IV, L.P. – Private Equity***

Ting Yang of the Division presented an investment of up to \$100 million in Excellere Capital Fund IV, L.P., a private equity buyout fund focused on lower middle-market companies within the healthcare, business and industrial services sectors. Ms. Yang described the fund's investment team and its strategy and investment process, as well as the key terms of the investment.

Mr. Raj reported that the IPC reviewed the investment due diligence for each of the above investments and recommended presentation to the full Council.

### **Public Comment**

James Solomon, Kenneth Hammond, and Barbara Pal of Divest NJ spoke regarding the Division's investments in fossil fuels.

Adriana Alvarez, Eileen O'Grady and Zella Roberts spoke regarding the Division's investments with Roark Capital.

### **Adjournment**

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Mr. Raj thanked Mr. Amon on behalf of the Council for his many contributions and wished him well in his future endeavors. Mr. Amon thanked everyone for their kind words and expressed his gratitude to the Council and Division staff for all of their efforts.

Mr. Bruno made a motion to adjourn the meeting, with Michael Greaney seconding the motion. On a roll call vote, all Council members present voted in favor of the motion. The meeting was adjourned at 12:15 p.m.