

New Jersey State Investment Council

March 24, 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 March 24, 2021.

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, Council Chair, at 10:02 a.m. Rubin Weiner, legal specialist at the Division of Investment (Division), performed roll call and reported that a quorum was present. Mr. Weiner announced that notice of the 2021 calendar year regular meeting schedule was posted on the website of the Division; mailed to the Times of Trenton, the Star Ledger, the Bergen Record, and the Courier Post on January 8, 2021; and e-mailed to the Secretary of State on January 8, 2021. A copy of the notice is posted on the Division's website and is on file at the Division.

Mr. Raj departed the meeting at this time. Adam Liebttag, Council Vice Chair, presided over the meeting in the absence of the Chair.

Minutes of the Annual and Regular Meetings held January 27, 2021

Thomas Bruno made a motion to approve the minutes of the annual meeting held on January 27, 2021, with Wasseem Boraie seconding the motion. On a roll call vote, all Council Members present voted in favor, except for Leonard Carr, who abstained from the vote since he was not present during the meeting. Theodore Aronson made a motion to approve the minutes of the regular meeting held on January 27, 2021, with Mr. Bruno seconding the motion. On a roll call vote, all Council Members present voted in favor, except for Mr. Carr, who abstained from the vote since he was not present during the meeting.

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Proposed amendments to State Investment Council Bylaws

Corey Amon, Director of the Division, presented proposed amendments to the Council bylaws including formation of a Governance and Operations Committee; reduction of the minimum number of regular Council meetings from six to four annually; and a new requirement that the Investment Policy Committee (IPC), the Governance and Operations Committee and the Environmental and Social Governance Committee have at least one member who is not appointed by the Governor (and at least two members in the case of the IPC). In response to a question from Mr. Boraie, Mr. Liebtag explained the purpose of the proposed changes. Eric Richard expressed concern with the timing of the distribution of Council agenda items prior to each Council meeting. Jerome St. John opined that he ultimately would like to see guardrails in place to protect against certain types of investments. Mr. Amon and Mr. Liebtag noted that these were the types of issues that could be studied by the proposed Governance and Operations Committee. In response to a question from Mr. Carr, Mr. Amon and Mr. Liebtag explained the proposed change to the minimum number of Council meetings. Mr. Liebtag made a motion to approve the bylaw changes as presented to the Council, which motion was seconded by Mr. Bruno. On a roll call vote, all Council members present voted in favor of the motion.

Mr. Liebtag welcomed Mr. Carr as a new member of Council.

Treasurer's Report

Assistant Treasurer Dini Ajmani reported that the Governor's Fiscal Year 2022 budget proposal had been submitted to the Legislature for approval, including a full contribution to the Pension Fund. Ms. Ajmani also addressed concerns regarding increases in local pension contributions. Mr. Liebtag, Mr. Richard and Mr. Bruno discussed pending legislation regarding the local government employees' portion of the Public Employees' Retirement System and commended the administration for its commitment to funding the Pension Fund.

Director's Report

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 allocation. Mr. Amon notified the Council of modifications to the Division's investments in Exeter Core Industrial Club Fund II, L.P.; Exeter Industrial Core Fund III, LP; Wheelock Street Real Estate Fund III, L.P.; Cerberus NJ Credit Opportunities Fund, L.P.; Knight TAO, L.P.; and Crayhill NJ Fund LP. Mr. Amon also notified the Council of modifications to a number of funds managed by Dyal Capital Partners and Owl Rock Capital Partners LP.

Report on Treasury Supplemental Code of Ethics

Susan Sarnowski of the Division provided a report on the Treasury Supplemental Code of Ethics, which governs personal investing by Division employees. Ms. Sarnowski reported that all Division employees submitted the required annual reports and certifications for calendar year 2020, and there were two

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violations of the Supplemental Code of Ethics during that calendar year which were referred to the Department of Treasury's Office of Ethics Compliance for appropriate action.

Selection of Hedge Fund and Private Credit Investment Consultants

Gina Costello of the Division announced that the Division selected Cliffwater LLC as its consultant for Hedge Fund Investment Consulting Services and Aksia TorreyCove Partners LLC as its consultant for Private Credit Investment Consulting Services following a Request for Proposal (RFP) process. Ms. Costello presented a report to the Council summarizing the bid selection process and the bidders selected.

Pacing and Cash Flow Analysis

Michelle Davidson of TorreyCove presented a commitment pacing and cash flow analysis for the Private Equity, Real Assets and Private Credit portfolios. Sean Barber of Hamilton Lane presented a similar analysis for the Private Real Estate portfolio.

Investments

Eagle Point Defensive Income Fund LP and Separate Account

William Connors of the Division presented an investment of up to \$60 million in the Eagle Point Defensive Income Fund LP and up to \$120 million in a related separate account managed by Eagle Point Credit Management LLC. Mr. Connors described the fund's investment strategy, the fund managers' experience and track record, and the material terms of the investment. In response to a question from Mr. Carr, Mr. Connors clarified the fund manager's firm-wide AUM and confirmed that at least one other public pension fund was expected to invest in the fund. Mr. Liebtag reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Hellman and Friedman Capital Partners X

Liam Daul of the Division presented an investment of up to \$200 million in Hellman & Friedman Capital Partners X, L.P. Mr. Daul described the fund's investment strategy, the fund managers' experience and track record, and the material terms of the investment. Mr. Liebtag reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Stonepeak Infrastructure Fund IV LP and Co-Investment Sidecar

Niraj Agarwal and Ryan Goodwin of the Division presented an investment of up to \$125 million in Stonepeak Infrastructure Fund IV LP and up to \$75 million in a co-investment sidecar vehicle alongside the fund. Mr. Goodwin described the fund's investment strategy, the fund managers' experience and track record, and the material terms of the investment. Mr. Liebtag reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Public Comment

David Hughes of Rutgers University, Greg Gorman of the New Jersey Sierra Club, and Yamika Ketu of Divest New Jersey spoke regarding the Division's investment in fossil fuels. Pilar Sorensen of the Private Equity Stakeholder Project spoke about certain health care portfolio companies owned by Blackstone.

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Adjournment

Mr. Aronson made a motion to adjourn the meeting, with Michael Cleary seconding the motion. On a roll call vote, all Council Members present voted in favor. The meeting was adjourned at 12:17 p.m.