

New Jersey State Investment Council

April 24, 2024 Regular Meeting

Minutes of the Regular Meeting

This meeting was held remotely via videoconference on April 24, 2024.

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

Samir Pandiri

Eric Richard

Jerome St. John

Edward Yarusinsky

Theodore Aronson and Vaughn Crowe 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 the 2024 calendar year was posted on the public website of the Division of Investment (Division); mailed to the Star Ledger, the Bergen Record, the Trenton Times, and the Courier Post; and e-mailed to the Secretary of State on December 12, 2023. A copy of the notice is on file at the Division.

Minutes of the Annual and Regular Meetings held January 31, 2024

Adam Liebttag made a motion to approve the minutes of the annual meeting held on January 31, 2024, with Thomas Bruno seconding the motion. All Council Members present voted in favor of the motion. Michael Cleary made a motion to approve the minutes of the regular meeting held on January 31, 2024, with Michael Greaney seconding the motion. All Council Members present voted in favor of the motion.

Treasurer's Report

Assistant Treasurer Michael Kanef provided a report from the State Treasurer, giving an update on the ANCHOR tax relief program, the DIME high school investment program, and the State's debt and revenue projections. He also noted that the proposed State budget for Fiscal Year 2025 included a full pension contribution payment of approximately \$6 billion. In response to a question from Jerome St. John, Mr. Kanef replied that the proposed budget did not include a reinstatement of cost of living adjustments to pension payments.

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Director's Updates

Director Shoaib Khan summarized the Director's Report, updating the Council on capital markets and reporting on pension fund performance and asset allocation. Further, Mr. Khan provided an update on the Division's Emerging Managers platform and the transfer of assets to the Police and Firemen's Retirement System of New Jersey (PFRS). In response to a question from Mr. Cleary regarding performance of PFRS investments, Mr. Khan stated that the Division would no longer be reporting performance for the transferred assets. In response to a question from Mr. St. John, Mr. Khan explained that PFRS retained its pro rata interest in private market assets in Common Pension Fund E, which continue to be managed by the Division. Mr. Raj thanked Division staff for the seamless execution of the asset transfer.

RVK Quarterly Summary

Tony Johnson of RVK presented a summary of the Pension Fund as of December 31, 2023, including absolute and relative performance and a risk analysis. In response to a question from Wasseem Boraie regarding the Division's broadly-syndicated loan (BSL) investments, William Connors of the Division described the composition and return profile for loans included in the Division's private credit portfolio.

Investments

Real Estate – Bain Capital Real Estate Fund III, L.P.

Kevin Higgins of the Division presented an investment of up to \$250 million in Bain Capital Real Estate Fund III, L.P., a fund that will invest in thematic real estate opportunities in North America. Mr. Higgins described the fund's management team, investment strategy, targeted return and leverage, and material terms. In response to comments from Mr. Boraie, James Hanson and Mr. Raj, Mr. Higgins and Scott Davies of Hamilton Lane discussed how the fund obtains financing and how the fund protects its investments against market downturns and long-term lease obligations. Mr. Raj reported that the Investment Policy Committee (IPC) reviewed the investment due diligence and recommended presentation to the full Council.

Private Credit - CVC Credit Partners European Direct Lending Feeder Fund IV SCSp and CVC Credit Partners European Direct Lending Feeder Fund IV (Coinvest-DL) SCSp

Brad Johnson and Vitaly Smirnov of the Division presented an investment of up to €150 million in CVC Credit Partners European Direct Lending Feeder Fund IV SCSp, and an additional investment of up to €150 million in CVC Credit Partners European Direct Lending Feeder Fund IV (Coinvest-DL) SCSp. The funds will focus on senior secured direct lending to companies across Northern and Western Europe. Mr. Smirnov described the fund's investment team and its track record, the fund's investment strategy and fit within the portfolio, and the terms of the investment. In response to a question from Mr. Boraie, Mr. Johnson discussed the potential impact of the management firm's impending public offering. In response to concerns expressed by Mr. Raj regarding the Division's overall exposure to CVC, Mr. Johnson and Mr. Khan noted that the Division is monitoring the Fund's total investments with the manager as part of its risk

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analysis. Mr. Raj reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Private Equity – Tenex Capital Partners IV, L.P.

Dana Johns and Tanner Doverspike of the Division presented an investment of up to \$100 million in Tenex Capital Partners IV, L.P., and up to an additional \$25 million in a related co-investment sidecar vehicle. The funds will be investing in middle-market industrials, health care and business services companies. Mr. Doverspike described the fund's investment strategy and targeted returns and the Division's investment rationale. Mr. Raj reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Private Equity – Bain Capital Life Sciences Fund IV, L.P.

Dana Johns and Robin Clifford of the Division presented an investment of up to \$150 million in Bain Capital Life Sciences IV, L.P., a growth equity fund focused on the health care sector. They described the fund's management team, strategy and investment process. In response to a question from Mr. Raj, Ms. Johns and Mr. Connors described liquidity options for biotech investments. Mr. Raj reported that the IPC reviewed the investment due diligence and recommended presentation to the full Council.

Public Comment

Rachel Dawn Davis of Water Spirit and Holly Cox of the Divest NJ spoke regarding fossil fuel investments.

Executive Session

Mr. Boraie made a motion to adopt the following resolution to go into closed session, with Mr. Bruno seconding the motion:

In accordance with the provisions of N.J.S.A. 10:4-12(b)(5) 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 investments of public funds where disclosure of the discussion could adversely affect the public interest.

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.

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

Adjournment

Mr. Bruno made a motion to adjourn the meeting, with Mr. Greaney seconding the motion. All Council members present voted in favor. The meeting was adjourned at 11:50 a.m.