

New Jersey State Investment Council

October 26, 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 October 26, 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 Notice of Meeting

The regular meeting was called to order by Deepak Raj, Chair of the State Investment Council (Council), at 10:04 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.

Approval of Minutes for Regular Meeting held July 27, 2022

Adam Liebttag made a motion to approve the minutes of the regular meeting held on July 27, 2022, with Thomas Bruno seconding the motion. On a roll call vote, all Council Members present voted in favor of the motion.

Report from the State Treasurer

Assistant Treasurer Michael Kanef provided a report from the State Treasurer, giving an update on the State's improved credit outlook and increased tax revenues. Mr. Kanef provided an update on the State's efforts to implement the legislation requiring the State to cease doing business with vendors, and to divest from companies, with connections to Russia and Belarus. In response to a question from Michael Cleary regarding the segregation of Police and Firemen's Retirement System of New Jersey assets, Mr. Kanef stated that the Treasurer's office is diligently working with PFRS staff and Division staff to move the process forward.

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Eric Richard and Wasseem Boraie joined the meeting.

2023 Proposed State Investment Council Meeting Dates

Mr. Raj presented the proposed State Investment Council meeting dates for calendar year 2023. There were no comments to the proposed schedule.

Election of State Investment Council Chair and Vice Chair

Timothy McGuckin reported that the Nominating Committee, consisting of himself, Theodore Aronson and Mr. Cleary, met on October 24 and decided to nominate Mr. Raj to serve as Chair of the Council and Mr. Liebttag to serve as Vice Chair of the Council. Mr. Liebttag asked if there were any other nominations for Chair of the Council. Hearing none, Mr. Bruno made a motion to elect Mr. Raj as Chair, with Mr. Aronson seconding the motion. On a roll call vote, all Council members present voted in favor of the motion. Mr. Raj asked if there were any other nominations for Vice Chair of the Council. Hearing none, Mr. Bruno made a motion to elect Mr. Liebttag as Vice Chair, with Mr. Aronson seconding the motion. On a roll call vote, all present members voted in favor of the motion.

Appointment of Members to Council Committees

Mr. Raj made the following reappointments to Council Committees: Mr. Cleary, Michael Greaney, Mr. Liebttag, and Mr. McGuckin to the Audit Committee; Mr. Bruno, Leonard Carr, James Hanson, Mr. Liebttag, Mr. Raj and Mr. Richard to the ESG Policy Committee; Mr. Aronson, Mr. Boraie, Mr. Carr, Vaughn Crowe, Mr. Liebttag, Mr. McGuckin and Mr. Raj to the Investment Policy Committee; Mr. Crowe, Mr. Hanson, Mr. Liebttag, Samir Pandiri, Mr. Raj, Mr. Richard and Judge St. John to the Governance and Operations Committee; and Mr. Carr, Mr. Liebttag, Mr. McGuckin, Mr. Pandiri, and Mr. Raj for Executive Committee.

Director's Report/Update

Director Shoaib Khan summarized the Director's Report, updating the Council on capital markets, reporting on pension fund performance, and providing details regarding asset class allocations. In response to a request from Mr. Hanson, Mr. Khan indicated that updates to certain lagged performance benchmarks would be provided to the Council as they become available. In response to a question from Mr. Boraie regarding the investment of cash in high-yielding investment vehicles, Mr. Khan responded that most cash was invested through the Cash Management Fund ("CMF") in low-risk government securities. Bill Connors of the Division noted that certain private credit investments presented to the Council but not yet completed would provide access to higher yielding investments such as CLOs. Lastly, Director Khan notified the Council of a modification to the Northwood Real Estate Partners Funds.

Fiscal Year 2022 Performance Review

Mr. Khan and Mr. Connors, along with Melanie Lomas, Todd Rowohlt, Phil Pagliaro, Kevin McGrath, Kevin Higgins, Niraj Agarwal, and Jessie Choi of the Division, presented performance overviews for Fiscal Year 2022 with respect to their respective asset class portfolios. In response to concerns raised by Mr. Boraie, Mr. Aronson and Mr. Hanson, Mr. Khan and Michelle Davidson of Aksia discussed strategies undertaken

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by private equity firms to address current market challenges. Mr. Boraie inquired regarding the performance of the risk mitigation portfolio relative to expectations. In response, Ms. Choi described the portfolio's returns and discussed the potential benefits of a portfolio restructuring.

Alternative Investment Closings Update

Mr. Khan updated the Council on alternative investment fund commitments that closed between April 22, 2022 and October 19, 2022.

Fiscal Year 2022 Proxy Voting Summary

Jeff Warshauer, the Division's Corporate Governance Officer, reported to the Council regarding the Division's proxy voting for fiscal year 2022 with respect to U.S. and non-U.S. corporations. Mr. Warshauer reviewed the Division's voting record and overall proxy voting trends.

Energy Transition Update

Suzanne Hannigan, the Division's Sustainable Investment Portfolio Manager, provided an update on global energy markets and the transition to a low carbon economy. Ms. Hannigan summarized actions the Division has taken to address climate change risks and opportunities.

Public Comment

Tina Weishaus and Holly Cox of the Divest NJ Coalition spoke regarding fossil fuel investments.

Adjournment

Mr. Cleary made a motion to adjourn the meeting, with Mr. Bruno seconding the motion. On a roll call vote, all Council members present voted in favor of the motion. Meeting was adjourned at 12:17 p.m.