

# New Jersey State Investment Council

## May 27, 2020 Regular Meeting

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

Due to public health considerations related to COVID-19, this meeting was held solely via telephone on May 27, 2020.

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

Deepak Raj, Chair  
Adam Liebttag, Vice-Chair  
Theodore Aronson  
Wasseem Boraie  
Thomas Bruno  
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 10:06 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 scheduled for May 27, 2020 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 10, 2020. Notice of the meeting was posted on the Division's website and is on file.

### **Minutes of the Regular Meeting held March 25, 2020**

Theodore Aronson made a motion to approve the minutes of the regular meeting held on March 25, 2020, with Adam Liebttag, Council Vice Chair, seconding the motion. All Council Members present voted in favor.

### **Treasurer's Report**

Assistant Treasurer Dini Ajmani reported on Fiscal Year 2020 tax revenues and the Fiscal Year 2021 budget. In response to a question from Michael Cleary, Ms. Ajmani discussed the payment of State contributions to the Pension Fund.

### **Director's Report**

Division Director Corey Amon announced the retirement of Robin Clifford, manager of the Pension Fund's private equity portfolio, and thanked Ms. Clifford for her 15 years of dedicated service to the State.

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---

Mr. Amon summarized the Director's Report, describing the performance of capital markets and the Pension Fund and discussing asset class allocations. In response to questions from Council members, Mr. Amon described the effect of the COVID-19 pandemic on private equity fees and spoke about the state of the investment grade fixed income market.

Jared Speicher and Kevin Higgins of the Division provided an update on the private credit and real assets portfolios, respectively.

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

Timothy McGuckin reported that the Audit Committee, comprised of Mr. Cleary, Michael Greaney, James Hanson, Mr. Liebttag and himself, met with the KPMG audit team to discuss the draft FY 2019 Division of Pension and Benefits financial statements and planning and timing for the FY 2020 audit on March 27 and May 15, respectively.. Mr. McGuckin noted that KPMG had no management letter comments related to the Division and issued an unmodified opinion on the financial statements for FY 2019. On behalf of the committee, Mr. McGuckin thanked Susan Sarnowski, Ainsley Reynolds, and the rest of the Division staff for all of their hard work accounting for the investments managed by the Division.

### **Adoption of Amendments to N.J.A.C. 17:16-69 (Common Pension Funds), 71 (Real Assets) and 90 (Private Equity)**

Ms. Sarnowski presented for adoption amendments to the Council's regulations that would (1) provide clarification that the five percent limitation on commitments or investments to any one partnership or investment shall be applied to the pension and annuity funds under the supervision of the Council, (2) increase the limitation on real estate investments from nine to ten percent of pension and annuity fund assets and (3) increase the limitation on private equity investments and private equity buyout investments from 12 to 15 percent of pension and annuity fund assets. Ms. Sarnowski noted that the proposed amendments were published in the New Jersey Register for public comment, and no comments were received. Thomas Bruno made a motion to adopt the attached resolution approving the amendments, which motion was seconded by Mr. Aronson. On a roll call vote, all members of the Council present voted in favor of the motion.

### **Investments**

#### ***Stellex Capital Partners II, L.P.***

Robin Clifford and Karl Schwing of the Division, along with Matt Coyne of Aksia TorreyCove, presented an investment of up to \$125 million in Stellex Capital Partners II, L.P, a private equity fund that pursues middle-market turnaround investments in the manufacturing and industrial sectors. Mr. Schwing summarized the fund manager's organizational structure and the fund's investment strategy and economic terms. In response to questions from Council members, Mr. Schwing discussed the background of the fund's management team and the timing of the fund's capital raising activities. Mr. Raj reported that the Council's Investment Policy Committee (IPC) reviewed the investment and recommended its presentation to the Council.

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## May 27, 2020 Regular Meeting

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### ***Silver Lake Fund VI, L.P.***

Mr. Raj recused himself from the discussion concerning Silver Lake Fund VI, L.P. due to a potential conflict of interest and noted for the record that he had also recused himself from discussing the investment as a member of the IPC.

Robin Clifford and Liam Daul of the Division, along with Michelle Davidson of Aksia TorreyCove, presented an investment of up to \$100 million in Silver Lake Fund VI, L.P., a private equity fund that pursues large-scale investments in technology-oriented businesses. Mr. Daul summarized the fund's investment strategy and economic terms. In response to questions from Council members, Mr. Daul and Ms. Davidson discussed the fund's management fee as well as the Division's process for selecting the fund. Mr. Liebtag reported that the IPC had reviewed the investment and recommended presentation to the Council.

### **Public Comment**

Chrissy Kosar of NJ21 United, Linda Stork of the New Jersey Retired Educators Association, and Richard Lawton of the New Jersey Sustainable Business Council spoke regarding fossil fuel divestment.

### **Adjournment**

Wasseem Boraie made a motion to adjourn the meeting, with Vaughn Crowe seconding the motion. All Council Members present voted in favor. The meeting was adjourned at 11:48 a.m.