

# New Jersey State Investment Council

## September 27, 2018 Regular Meeting

---

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

Held September 27, 2018 at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

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

Adam Liebttag, Acting Chair  
Marty Barrett  
Thomas Bruno (arrived at 10:07 a.m.)  
Michael Cleary  
Michael Greaney  
James Joyner  
Timothy McGuckin  
Eric Richard (arrived at 10:06 a.m.)

James Hanson was not in attendance.

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

The Regular Meeting was called to order by Adam Liebttag, Acting Chair, at 10:04 a.m. Ernestine Jones-Booker, Council Secretary, performed roll call and announced that a quorum of the State Investment Council (Council) was present. Ms. Jones-Booker reported that notice of the Regular Meeting scheduled for September 27, 2018 was posted on the website of the Division of Investment (Division); faxed to the Times of Trenton, the Bergen Record, and the Courier Post; and e-mailed to the Secretary of State on September 20, 2018. A copy of the notice was posted at the Division and is on file.

### **Opening Remarks by Acting Chair**

Mr. Liebttag made some brief opening remarks, noting that the Council was in a period of transition with several positions vacant pending confirmation of the Governor's nominees. Mr. Liebttag remarked that he was looking forward to having a full Council available to make important investment decisions going forward, and that in the interim the Council would continue to act proactively and reactively to address important issues.

### **Minutes of the Regular Meeting held May 23, 2018**

Mr. Liebttag presented minutes of the regular meeting held May 23, 2018 for adoption. Mr. Liebttag made a motion to approve the minutes, with Michael Cleary seconding the motion. All Council Members present voted in favor, except for Marty Barrett and Timothy McGuckin, who abstained since both were not present at the May 23<sup>rd</sup> meeting. Mr. Barrett reappointment to council did not occur until July.

Thomas Bruno and Eric Richard joined the meeting.

### **Director's Report/Updates**

Acting Director Corey Amon presented the Director's Report, announcing an unaudited net return of 9.06% for the pension fund for FY18. Mr. Amon discussed allocations to, and performance of, various asset classes, and described factors affecting performance. Mr. Amon also provided an update on the restructuring of the Division's Emerging Markets Equity Adviser Program, and informed the Council of cash flows for the private equity and real estate portfolios.

## **New Jersey State Investment Council September 27, 2018 Regular Meeting**

---

Mr. Amon introduced Division portfolio managers Brian Arena, Melanie Lomas, Todd Rowohl, Kevin McGrath, and Kevin Higgins, who presented a review and outlook on their respective portfolios.

Amanda Truppa of the Division notified the Council that the Division had rejoined the Council of Institutional Investors and provided an update on various changes in Council membership, including the resignation of former Chair Tom Byrne and the appointment of Marty Barrett by the PFRS Board to replace Brady Middlesworth. She provided an update on recent legislation related to the Division and the Council. Mr. Richard expressed concern regarding a pending bill that would reduce the pension fund's allocation from State lottery proceeds. Ms. Truppa reminded the Council of the remainder of the 2018 meeting schedule, and noted that ethics training was expected to occur at the November meeting. Further, Ms. Truppa described a number of staffing changes with the Division, including the resignation of former Director Chris McDonough and the hiring of Richmond Akumiah as senior advisor. Finally, Ms. Truppa advised the Council on the status of various Division procurements.

Pursuant to the Council's Alternative Investment Modification Procedures, Mr. Amon notified the Council of a potential secondary sale of the Division's interest in Lubert-Adler Real Estate Fund VI-B, L.P. and of modifications to the Division's investments in Owl Rock Capital Holdings LLC and NJ/HV Resource Opportunities, L.P.

### **Report from the State Treasurer**

Dini Ajmani of the Treasurer's office provided an update on state tax revenues and contributions to the pension fund. She also described the administration's efforts to control the cost of debt service and health benefits.

### **Environmental, Social and Governance (ESG) Policy**

Mr. Liebttag and Mr. Amon recapped the steps leading to the formation of the ESG committee and summarized the key elements of the proposed ESG policy. Mr. Richard asked about the cost and timeframe for procuring an ESG scoring provider. Mr. Amon responded that the Division expected the RFP process to be completed in early 2019, and that the cost would not be known before then. Mr. Liebttag made a motion to approve the proposed ESG policy, which motion was seconded by Mr. Bruno. A roll call vote was taken, and all members of the Council present voted in favor of the motion.

### **Election of Nominating Committee**

Mr. Liebttag called for nominations to the Council's nominating committee. Mr. McGuckin nominated Mr. Cleary and Mr. Richard. Mr. Richard nominated Mr. McGuckin. Hearing no other nominations, Mr. Liebttag closed nominations and a roll call vote was taken. All members of the Council present voted in favor of the three nominated members.

### **Real Estate Investment**

#### ***Aermont Capital Real Estate Fund IV***

John Panebianco of the Division and Scott Davies and Sean Barber of Hamilton Lane presented an investment of up to \$125 million in Aermont Capital Real Estate Fund IV, an opportunistic real estate fund focused on European investment opportunities. Mr. Panebianco discussed the fund manager's performance history and investment team, as well as the fund's investment approach and the terms of the investment. Mr. Liebttag reported that the IPC had reviewed the investment and voiced his appreciation for the staff's summary of the fund's ESG policy.

# New Jersey State Investment Council

## September 27, 2018 Regular Meeting

---

### **Global Diversified Credit Investment**

#### ***Owl Rock Technology Finance Corp.***

Kevin Higgins of the Division and Michelle Davidson of TorreyCove Capital Partners presented an investment of up to \$100 million in Owl Rock Technology Finance Corp., a global diversified credit fund focusing on debt and equity related investments in the technology sector. Mr. Higgins and Ms. Davidson described the rationale for the investment and the terms of the investment.

### **Re-adoption of Specially Adopted Amendment – N.J.A.C. 17:16-69**

Susan Sarnowski of the Division presented a resolution for there-adoption of a specially adopted amendment in connection with the Lottery Enterprise Contribution Act. Ms. Sarnowski reported that the proposed amendment was approved by the Council in May 2018, was published in the NJ Register and no public comments were received. Mr. Bruno made a motion to adopt the attached resolution approving the re-adoption, which motion was seconded by Mr. Liebttag. On a roll call vote, all members of the Council present voted in favor of the motion.

### **Report on Qualified Independent Representative (QIR) Policy**

Ms. Sarnowski reported to the Council regarding the Division's Qualified Independent Representative (QIR) Policy relating to certain derivative transactions, stating that the Division received all of the relevant representations and was in compliance with the Policy.

### **Report on Soft Dollar Expenditures**

Mr. Amon reported on the Division's soft dollar arrangements, under which brokers allocate a percentage of commissions paid by the Division to pay for research and trading services on behalf of the Division.

### **Annual Report on Sudan Investments**

Susan Sarnowski of the Division presented the Division's annual report to the Legislature concerning investments in companies engaged in business in Sudan in accordance with P.L. 2005, c162.

### **Council Member Comment**

Mr. Barrett addressed the Council with respect to the Division's investment in Nike, noting the company's advertising campaign featuring Colin Kaepernick. Mr. Barrett made a motion to refer the issue to the Council's ESG committee. This motion was seconded by Mr. Cleary. All members of the Council present voted in favor of the motion.

### **Public Comment**

Tina Weishauf of 350NJ spoke about the risk of investing in fossil fuels.

Jim Baker of the Private Equity Stakeholder Project, along with former Toys "R" Us workers Cheryl Claude and Louann Crawford, spoke about Solus Alternative Asset Management and its involvement in the Toys "R" Us bankruptcy liquidation.

### **Fiduciary Training**

Mr. Liebttag announced the postponement of the fiduciary training presentation and executive session until more Council members were seated. Mr. Liebttag recognized and thanked the Council nominees who were present at the meeting.

### **Adjournment**

Mr. Bruno made a motion to adjourn the meeting, with Mr. Cleary seconding the motion. All Council members present voted in favor. The meeting was adjourned at 11:57 p.m.