

New Jersey State Investment Council

March 27, 2019 Regular Meeting

Minutes of the Regular Meeting

Held March 27, 2019 at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

Council Members in Attendance:

Adam Liebttag, Acting Chair
Thomas Bruno
Michael Cleary
Vaughn Crowe
Michael Greaney
James Hanson
James Kompany
Timothy McGuckin
Samir Pandiri
Eric Richard

Kevin Kelleher was not in attendance. Acting Chair Adam Liebttag noted for the record that Mr. Kelleher was absent due to a conflict with another State board meeting.

Roll Call and Meeting Notice

The Regular Meeting was called to order by Mr. Liebttag at 11:13 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 March 27, 2019 was posted on the website of the Division of Investment (Division); faxed to the Times of Trenton, the Star Ledger, the Bergen Record, and the Courier Post; and e-mailed to the Secretary of State on March 6, 2019. A copy of the notice was posted at the Division and is on file.

Opening Remarks by Acting Chair

Mr. Liebttag congratulated Corey Amon for being sworn in as Director of the Division of Investment, noting that his appointment had been recommended unanimously by the Council. Mr. Liebttag reported that the asset allocation process had begun and that the asset allocation plan was expected to be presented to the Council in May.

Minutes of the Annual and Regular Meetings held January 30, 2019

Thomas Bruno made a motion to approve the minutes of the annual and regular meetings held on January 30, 2019, with Vaughn Crowe seconding the motion. All Council Members present voted in favor.

Minutes of the Special Meeting held February 15, 2019

Mr. Liebttag made a motion to approve the minutes for the special meeting held on February 15, 2019, with Mr. Bruno seconding the motion. All Council Members present voted in favor, except Michael Cleary who abstained because he was not in attendance at that meeting.

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Treasurer's Report

Assistant Treasurer Dini Ajmani congratulated Mr. Amon for his appointment as Director and asked the Council for its help in identifying candidates for the Deputy Director position. Ms. Ajmani provided an update on the Fiscal Year 2020 budget, including the proposed State contribution to the Pension Fund. Mr. Cleary asked what the State contribution would have been if the State had contributed its full share in the past, to which Ms. Ajmani answered the funding requirement would have been much lower.

Director's Report

Mr. Amon thanked the Council, the Treasurer's office, and the Division for their support, and welcomed James Kompany to the Council as representative of the Police and Firemen's Retirement System (PFRS) Board. Mr. Amon summarized the Director's Report, reporting on pension fund performance, providing an update on capital markets, and describing asset class allocations. Susan Sarnowski of the Division updated the Council on implementation of the legislation transferring jurisdiction over PFRS assets from the Council to the PFRS Board. Pursuant to the Council's Alternative Investment Modification Procedures, Mr. Amon notified the Council of the secondary sale of Lubert-Adler Real Estate Fund IV-B, L.P.

Real Estate Sector Review

Sean Barber, Bob Flanagan, and Scott Davies of Hamilton Lane presented a real estate sector review, including a real estate pacing analysis, a review of New Jersey's portfolio exposure to real estate, and an overview of the real estate market. Mr. Liebttag and Mr. Hanson requested that Hamilton Lane update its analysis using more recent data and include vintage year information as part of its pacing analysis.

Real Estate Investment

Exeter Industrial Core Fund III, L.P.

Mr. Hanson recused himself from the discussion of Exeter Industrial Core Fund III, L.P. Mr. Liebttag reported that Mr. Hanson had previously recused himself from the discussion of Exeter Industrial Core Fund III, L.P. at the Investment Policy Committee meeting. Kevin Higgins of the Division of Investment presented an investment of up to \$100 million in Exeter Industrial Core Fund III, L.P., a real estate fund that invests in industrial and logistics-related properties in the United States. Mr. Higgins described market trends in the industry, the investment's fit in the portfolio, and the track record of prior funds. He also provided details regarding the Fund's senior management team, its investment approach, and its ESG policy. Eric Richard noted that the presentation described the Fund's intent to meet the goals set forth in its ESG policy, and urged that the Division continue to monitor the Fund's progress toward achieving those goals. Mr. Liebttag reported that the IPC had extensively reviewed the investment and recommended presentation to the Council.

Public Comment

Tina Weishaus of the Divest New Jersey Coalition spoke about fossil fuel investments.

Adjournment

Mr. Bruno made a motion to adjourn the meeting, with Michael Greaney seconding the motion. All Council Members present voted in favor. The meeting was adjourned at 12:11 p.m.