Minutes of the Regular Meeting
Held November 20, 2019 at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

Council Members in Attendance:
Deepak Raj, Chair
Adam Liebtag, Vice-Chair
Theodore Aronson
Wassem Boraie
Thomas Bruno
Michael Cleary
Michael Greaney
James Hanson
Timothy McGuckin (via telephone)
Samir Pandiri
Eric Richard
Edward Yarusinsky

Vaughn Crowe was not in attendance.

Roll Call and Meeting Notice
The meeting was called to order by Deepak Raj, Chair, at 10:03 a.m. Ernestine Jones-Booker, Council Secretary, performed roll call. Ms. Jones-Booker announced that notice of the regular meeting scheduled for November 20, 2019 was posted on the public 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 October 21, 2019. A copy of the notice was posted at the Division and is on file.

Minutes of the Regular Meeting held September 25, 2019
Mr. Raj presented minutes of the regular meeting held September 25, 2019 for adoption. Theodore Aronson made a motion to approve the minutes, with Adam Liebtag seconding the motion. All members of the Council who were present voted in favor of the motion.

Audit Committee Report on Fiscal Year 2019 Cash Management Fund Audit
Timothy McGuckin reported that the Audit Committee, comprised of himself, Michael Cleary, Michael Greaney, James Hanson and Adam Liebtag, met with KPMG on October 11, 2019 regarding its audit of the State of New Jersey Cash Management Fund financial statements for fiscal year 2019. Mr. McGuckin announced that KPMG issued an unmodified opinion, and there were no management letter comments with respect to the Cash Management Fund. Mr. McGuckin thanked the Division for its work and noted that the final report was available on the State’s website.

2020 Council Meeting Dates
Mr. Raj asked members of the Council to review the proposed State Investment Council meeting dates for calendar year 2020.
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Appointment of Members to the Executive, Investment Policy, Audit and ESG Committees
Mr. Raj reappointed the current members of the Executive Committee, Investment Policy Committee, Audit Committee and ESG Committee, with the exception of Eric Richard, who had stepped down from the Investment Policy Committee. Mr. Raj thanked Mr. Richard for his service and appointed Mr. Aronson to replace him on the Investment Policy Committee.

Report from the State Treasurer
State Treasurer Elizabeth Maher Muoio welcomed Mr. Raj as Chair and thanked Mr. Liebtag for his service as Acting Chair and for his continued service as Vice Chair. Ms. Muoio provided an update on the State’s fiscal year 2021 budget preparations, noting the State’s continued focus on meeting its pension obligations. Further, Ms. Muoio thanked the Division of Investment for hosting in September the National Association of Investment Companies, a trade association of minority- and women-owned fund managers, and encouraged the Division to continue its efforts to foster opportunities for minority- and women-owned business enterprises.

Director’s Report
Director Corey Amon presented the Director’s Report, providing updates on the capital markets and the performance of the portfolio on an absolute basis and relative to the policy benchmarks. Mr. Amon discussed allocations to various asset classes in accordance with the asset allocation approved by the Council in May, and described the performance of the various asset classes. Mr. Amon thanked Melanie Lomas, Suzanne Hannigan, Ed Pittman and the Division’s U.S. equity team, as well as Mike Wszolek and the Division’s trading team for their work in executing a $1.5 billion program trade to rebalance the portfolio. In response to concerns raised by Wasseem Boraie regarding investments in European equity, Mr. Amon explained the rationale for increasing geographic diversification.

Mr. Amon notified the Council of the reclassification of certain assets in connection with the following alternative investments: Anacap Credit Opportunities II, L.P.; Blackstone Residential Fund – A L.P.; and Sculptor Private Opportunities L.P. Mr. Amon further notified the Council of the Division’s inability to conclude investments in KPS Special Situations V, L.P. and KPS Mid-Cap, L.P.

Dragon Co-Invest, L.P.
Mr. Amon informed the Council of a $24 million co-investment in Dragon Co-Invest, L.P. Mr. Amon provided a brief summary of the investment.

Proposed Amendments to N.J.A.C. 17:16-69 (Common Pension Funds), 71 (Real Assets) and 90 (Private Equity)
Ms. Sarnowski of the Division presented proposed amendments to the Council’s regulations clarifying that the 5% limitation on any one investment shall be applied only to the pension and annuity funds under the Council’s supervision; increasing the limitation on real estate investments from 9% to 10%; and increasing the limitation on private equity and buyout investments from 12% to 15%. Mr. Raj made a motion to adopt the attached resolution, which motion was seconded by Mr. Liebtag. On a roll call vote, all members of the Council who were present voted in favor of the motion.

Fiscal Year 2019 Proxy Voting Summary and Proposed Proxy Voting Policy
Jeff Warshauer of the Division reported to the Council regarding the Division’s proxy voting for fiscal year 2019 with respect to U.S. and non-U.S. corporations. Mr. Warshauer also described proposed changes to the Division’s proxy voting policy, including the incorporation of ESG considerations. In response to questions from the Council, Mr. Warshauer
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described the Division’s efforts to monitor proxy voting outcomes and noted factors distinguishing the Division’s proxy voting from that of other public pension funds. Mr. Raj made a motion to approve the proposed proxy voting policy, in the form attached hereto, which motion was seconded by Mr. Aronson. On a roll call vote, all members of the Council who were present voted in favor of the motion.

Mr. Aronson departed the meeting at this time.

Private Equity Portfolio Review
Michelle Davidson and Matthew Coyne of TorreyCove Capital Partners presented an analysis and overview of the Division’s private equity portfolio. At the request of various Council members and Assistant Treasurer Dini Ajmani, Ms. Davidson and Mr. Coyne described the public market equivalent benchmark used in its performance analysis and factors leading to divergence from this benchmark. Ms. Davidson and Mr. Amon also discussed the Division’s return expectations going forward. Ms. Davidson and Mr. Coyne noted the fund’s performance on an absolute basis and relative to other large pension funds, and responded to Council questions regarding pacing and benchmark selection.

Private Equity Investment
MBK Partners Fund V, L.P.
Robin Clifford of the Division and Ms. Davidson presented an investment of up to $100 million in MBK Partners Fund V, L.P., a private equity buyout fund focused on investments in North Asia. Ms. Clifford described the Fund’s strategy and investment team, and outlined the terms of the investment. Mr. Raj reported that the IPC had reviewed the investment and recommended presentation to the Council.

Public Comment

Fiduciary Training
Julie Becker of Aon Hewitt provided fiduciary training for the Council members.

Closed (Executive) Session Resolution
Mr. Bruno made a motion to adopt the following resolution, which was read into the record by Mr. Raj:

> 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.

The motion was seconded by Mr. Cleary. All members of the Council who were present voted in favor of the motion. The Council went into a closed (executive) session.

Adjournment
Upon return from the closed (executive) session, 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 1:05 p.m.