

New Jersey State Investment Council

February 01, 2018 Regular Meeting

Minutes of the Regular Meeting

Held February 01, 2018 at the Trenton War Memorial, George Washington Ballroom, 1 Memorial Drive, Trenton, New Jersey.

Council Members in Attendance:

Brendan T. Byrne, Jr., Chair

Adam Liebttag, Vice Chair

Thomas Bruno, Jr.

Michael Cleary

Charles Dolan

Timothy McGuckin

Brady Middlesworth

Eric Richard

Mitchell Shivers (via telephone)

James Joyner, Michael Greaney and James Hanson were not in attendance.

Roll Call and Meeting Notice

The Regular Meeting was called to order by Brendan T. Byrne, Jr., Council Chair, at 1:03 p.m. Ernestine Jones-Booker, Council Secretary, performed roll call and reported that a quorum of the Council was present. Ms. Jones-Booker reported that notice of the Regular Meeting scheduled for February 1, 2018 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 December 29, 2017. A copy of the notice was posted at the Division and is on file.

Minutes for the Regular Meeting held November 29, 2017

Mr. Byrne presented the minutes of the regular meeting held on November 29, 2017, proposing that language be added to the end of the paragraph describing the presentation by Robert Smith of Vista Equity Partners, reflecting Mr. Smith's comments that nearly all of the growth in the enterprise software sector is currently being generated by private companies. Thomas Bruno, Jr. made a motion to approve the minutes as so amended, with Adam Liebttag seconding the motion. All Council Members present voted in favor, except Brady Middlesworth who abstained since he was not present at the meeting.

State Investment Council 2017 Annual Report

Christopher McDonough, Director of the Division, presented a draft of the annual report for fiscal year 2017, highlighting the cost of management section. Mr. Byrne praised the Division's transparency and noted the value added from the alternative investment program. Mr. Liebttag noted the cost efficiency of DOI staff with respect to assets being invested internally. Several Council members expressed support for encouraging the new administration to provide additional resources for DOI staff. In response to a request from Eric Richard, Mr. McDonough agreed to include a schedule in the annual report showing a five-year cost comparison as well as the percentage of net assets internally managed. Mr. Byrne made a motion to approve the annual report, including the additional schedule. Mr. Bruno seconded the motion. All Council members present voted in favor of the motion.

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Deferred Compensation Plan Annual Update

Deputy Director Corey Amon provided an annual update on the New Jersey State Employees Deferred Compensation Plan, reporting that there were no changes to the Plan's investment options.

Alternative Investment Notifications

Mr. McDonough notified the Council of a modification to the terms of the Division's investment in MKP Opportunity Partners, L.P. Further, Mr. McDonough notified the Council of the Division's reclassification of the GSO Credit Partners – A. L.P. investment from a credit-oriented hedge fund to a global diversified credit investment. Finally, Mr. McDonough notified the Council of the Division's intent to award the real estate consulting services contract to Hamilton Lane pending conclusion of the RFP protest period.

Report on Treasury Supplemental Code of Ethics

Susan Sarnowski of the Division provided a report on the Treasury Supplemental Code of Ethics, which governs personal investing by Division employees. Ms. Sarnowski reported that there were two violations of the Supplemental Code since the last annual report. Ms. Sarnowski further reported that the Division had recently received comments from the State Ethics Commission to its proposed revisions to the Supplemental Code and responded to those comments.

Report on Northern Ireland

Ms. Sarnowski presented to the Council the Division's annual report to the Governor and the Legislature with respect to U.S. corporations doing business in Northern Ireland and their adherence to the MacBride Principles of nondiscrimination in employment and freedom of workplace opportunity.

Report on Statute Prohibiting Investments in Companies that Boycott Israel

Ms. Sarnowski presented to the Council the Division's annual report to the Legislature regarding investments in companies that boycott Israel, noting the addition of Danske Bank to the list of companies ineligible for investment.

Membership and Meeting Update

Ms. Jones-Booker announced the resignation of Council members Guy Haselmann and Jeffrey Oram in December. Further, Ms. Jones-Booker notified the Council of a change in the meeting date of the Council's May meeting from Thursday, May 24, 2018 to Wednesday, May 23, 2018 due to a conflicting event being held at the facility on the original date.

Public Comment

There were no public comments.

Treasurer's Report

Dini Ajmani of the Treasurer's office provided a brief update on the State economy and budget.

Adjournment

Mitchell Shivers made a motion to adjourn the meeting, with Charles Dolan seconding the motion. All Council members present voted in favor. The meeting was adjourned at 1:40 pm.