

# New Jersey State Investment Council

## November 17, 2021 Regular Meeting

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

Due to public health considerations related to COVID-19, this meeting was held remotely via videoconference on November 17, 2021.

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

Deepak Raj, Chair  
Adam Liebttag, Vice-Chair  
Theodore Aronson  
Leonard Carr  
Michael Cleary  
Vaughn Crowe  
Michael Greaney  
James Hanson  
Timothy McGuckin  
Samir Pandiri  
Eric Richard  
Jerome St. John  
Edward Yarusinsky

Thomas Bruno and Wasseem Boraie were unable to attend.

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

The Regular Meeting was called to order by Deepak Raj, Council Chair, at 10:04 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 schedule for calendar year 2021 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 8, 2021 and is on file at the Division.

### **Minutes of September 29, 2021 Regular Meeting**

Theodore Aronson made a motion to approve the minutes of the regular meeting held on September 29, 2021, with Michael Cleary seconding the motion. All Council Members present voted in favor.

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

Treasurer Elizabeth Maher Muoio updated the Council on changes in the Treasurer's senior leadership team, including the appointment of Aaron Binder as Deputy State Treasurer and Andrea Spalla and Michael Kanef as Assistant State Treasurers. Ms. Muoio also discussed the State's debt reduction initiative.

Vaughn Crowe joined the meeting at this time.

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### **2022 Council Meeting Dates**

Mr. Raj asked members of the Council to review the proposed State Investment Council meeting dates for calendar year 2022. In response to a concern expressed by Eric Richard, Ms. Jones-Booker affirmed that the meeting dates were scheduled to avoid conflicting with PERS Board Meetings.

### **Appointments to the Executive Committee**

Mr. Raj appointed the following members to the Executive Committee: Leonard Carr, Adam Liebttag, Timothy McGuckin, Samir Pandiri and Mr. Raj.

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

Acting Director Shoaib Khan presented the Director's Report, outlining the Pension Fund's asset allocation and net returns as of October 31 and reviewing capital market trends. James Hanson inquired about the Division's progress in addressing the Pension Fund's underweight to alternative investments, to which Mr. Khan noted several factors delaying attainment of the Council's asset allocation goals, including the desire for vintage diversification and the extensive time required to properly diligence, negotiate and deploy capital in alternative investment funds. In response to a question from Mr. Cleary regarding the current value of the Pension Fund, Mr. Khan answered that the value constantly fluctuated, but was hovering around the \$100 billion mark. Mr. Cleary credited the Division for its hard work and the Governor for making full contributions from the State.

Mr. Khan provided an update on some of the Division's procurement efforts and notified the Council of a redemption from the Division's investment in MKP Opportunity Partners, L.P.

### **Climate Action Plan**

Suzanne Hannigan, the Division's Sustainable Investment Portfolio Manager, presented the Division's principles and practices regarding climate change. In response to a question from Mr. Raj regarding application of the principles and practices to private market investments, Ms. Hannigan responded that the Division has enhanced its due diligence on fund managers to include questions regarding climate risk. Jerome St. John inquired whether some of the Division's investments, for example, its investment in reinsurance for damage caused by climate events, were inconsistent with the Division's principles and practices. Mr. Khan acknowledged that certain investments may be viewed that way, but stated that the Division is required to consider all opportunities that will benefit the portfolio, either from a diversification perspective or for other reasons.

### **Private Credit Investments**

Jared Speicher of the Division presented a commitment of up to \$1.0 billion to a separately managed private credit investment fund to be managed by Goldman Sachs Asset Management, focused on investing in broadly syndicated loans. Mr. Speicher outlined the fund's investment strategy and terms, described the capabilities of the fund's management team, and explained the rationale for the investment. In response to questions from Mr. St. John and Mr. Hanson, Mr. Speicher described the fund's leverage and explained that the prior funds' reported returns were on an unlevered basis. In response to a question from Mr. Raj, Bill Connors of the Division noted the resilience of floating rate investments in a rising

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inflation environment. Mr. Raj reported that the Investment Policy Committee reviewed the investment staff's due diligence and recommended presentation of the investment to the full Council.

Mr. Connors presented a commitment of up to \$500 million to a separately managed private credit investment vehicle to be managed by Goldman Sachs Asset Management, focused on specialty lending, opportunistic and other private credit strategies. Mr. Connors summarized the fund's terms and investment strategy and the Division's investment thesis regarding the investment. Mr. St. John expressed his concern that the manager maintain sufficient interest in the loan portfolio going forward. Mr. Raj reported that the Investment Policy Committee reviewed the investment staff's due diligence and recommended presentation of the investment to the full Council.

Mr. Connors presented a commitment of up to \$150 million to Sixth Street Growth Partners II and up to \$50 million to Sixth Street Mid-Stage Growth Partners, private credit funds to be managed by Sixth Street Partners. Mr. Connors gave a brief overview of the funds' investment strategies and the terms of the investments, and spoke about the experience and track record of the funds' investment team. Mr. Raj reported that the Investment Policy Committee reviewed the investment staff's due diligence and recommended presentation of the investment to the full Council.

### **Real Asset Investment**

Niraj Agarwal and Ryan Goodwin of the Division presented a commitment of up to \$300 million to Brookfield Global Transition Fund and up to \$300 million to a co-investment sidecar vehicle investing alongside the fund, both to be managed by Brookfield Asset Management. Mr. Agarwal and Mr. Goodwin provided a summary of the funds' investment strategies and the terms of the investments, and described the experience and track record of the funds' investment team. Mr. Raj reported that the Investment Policy Committee reviewed the investment staff's due diligence and recommended presentation of the investment to the full Council.

### **Public Comment**

Barbara Pal and Tina Weishaus of the Divest NJ Coalition spoke regarding fossil fuel investments.

### **Adjournment**

Mr. Aronson made a motion to adjourn the meeting, with Michael Greaney seconding the motion. All Council members present voted in favor of the motion. The meeting was adjourned at 11:22 a.m.