ASSEMBLY, No. 118

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman CHRISTOPHER P. DEPHILLIPS
District 40 (Bergen, Essex, Morris and Passaic)
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District 27 (Essex and Morris)

SYNOPSIS

Adds member from Judicial Retirement System to State Investment Council.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning the membership of the State Investment Council and amending P.L.1950, c.270.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 5 of P.L.1950, c.270 (C.52:18A-83) is amended to read as follows:

5. a. There is hereby established in the Division of Investment a State Investment Council which shall consist of **[**15**]** 16 members.

(1) Each of the following agencies, namely, the Board of Trustees of the Public Employees' Retirement System, and the Board of Trustees of the Teachers' Pension and Annuity Fund, shall designate one board member elected to serve on the board, to serve as a member of the State Investment Council herein established. The Chief Justice of the New Jersey Supreme Court shall designate one board member of the Board of Trustees of the Judicial Retirement System to serve as a member of the State Investment Council herein established. The **[**two**]** three members of the council so designated shall serve as such for a period of three years from the date of their designation and until their respective successors are in like manner designated.

(2) Eight of the members of the State Investment Council shall be appointed by the Governor, with the advice and consent of the Senate, for a term of five years and shall serve until the member's successor is appointed and has qualified. Of the initial members appointed following the effective date of P.L.2011, c.78, one shall serve for an initial period of three years, and one shall serve for an initial period of two years.

(3) One member of the State Investment Council shall be appointed by the Governor from among three persons nominated jointly by the President of the Senate and the Speaker of the General Assembly and shall serve for a term of five years and until the member's successor is appointed and has qualified.

(4) Two members of the State Investment Council shall be appointed by the Governor from among six persons nominated by the Public Employee Committee of the New Jersey State AFL-CIO and shall serve for a term of five years and until the member's successor is appointed and has qualified. If the persons nominated are not acceptable to the Governor for appointment, the Governor may request submission of new nominees.

(5) One member of the State Investment Council shall be appointed by the Governor from among three persons nominated by the New Jersey Education Association and shall serve for a term of

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

three years and until the member's successor is appointed and has qualified. If the persons nominated are not acceptable to the Governor for appointment, the Governor may request submission of new nominees.

(6) One member of the State Investment Council shall be appointed by the Governor from among three persons nominated by the State Troopers Fraternal Association and shall serve for a term of three years and until the member's successor is appointed and has qualified. If the persons nominated are not acceptable to the Governor for appointment, the Governor may request submission of new nominees.

The four members appointed pursuant to paragraphs (4), (5) and (6) of this subsection by the Governor to the council shall be qualified by training, experience or long-term interest in the direct management, analysis, supervision or investment of assets, and this training, experience or long-term interest shall have been supplemented by academic training in the fields of economics, business, law, finance or actuarial science or by actual employment in those fields.

At least seven of the nine members appointed pursuant to paragraphs (2) and (3) of this subsection by the Governor to the council shall be qualified by training and experience in the direct management, analysis, supervision or investment of assets, which training and experience shall have been acquired through academic training or through actual employment in those fields.

b. No member of the State Investment Council shall hold any office, position or employment in any political party nor shall any such member benefit directly or indirectly from any transaction made by the Director of the Division of Investment provided for herein.

The members of the council shall elect annually from their number a chairman of such council. Any member of the council so elected shall serve as such chairman for a term of one year and until a successor is, in like manner, elected. The chairman of the council shall be its presiding officer.

The members of the council shall serve without compensation but shall be reimbursed for necessary expenses incurred in the performance of their duties as approved by the chairman of the council. The members of the council shall be required to file the same annual financial disclosure statements as those required to be filed by members of other State boards and commissions who are not compensated for their services, as such statements shall be required by law or executive order of the Governor. The financial disclosure statements of council members shall be made available to the public in the same manner as the statements of members of other State boards and commissions are made available to the public.

Each member of the council, except the member appointed from among persons nominated by the President of the Senate and the Speaker of the General Assembly, may be removed from office by the Governor, for cause, upon notice and opportunity to be heard at a public hearing. Any vacancy in the membership of the council occurring other than by expiration of term shall be filled in the same manner as the original appointment, but for the unexpired term only.

c. The terms of the members of the council serving pursuant to paragraph (1) of subsection a. of this section and serving on the effective date of P.L.2011, c.78 are terminated as of that effective date. A member terminated pursuant to this subsection shall be eligible for reappointment.

(cf: P.L.2018, c.55, s.40)

2. This act shall take effect immediately.

STATEMENT

Under current law, the membership of the State Investment Council includes one representative each from the Board of Trustees of the Public Employees' Retirement System and the Board of Trustees of the Teachers' Pension and Annuity Fund. This bill would add a member to represent the Judicial Retirement System (JRS). Under the bill, the Chief Justice of the New Jersey Supreme Court would designate one board member of the Board of Trustees of the JRS to serve on the council. This change would increase the council's membership from 15 to 16 total members.

The State Investment Council was created by law to formulate policies the Director of the Division of Investment follows when investing the State's pension funds, including JRS funds.