

**ASSEMBLY, No. 15**

**STATE OF NEW JERSEY**

**INTRODUCED MARCH 13, 1950**

**By Mr. MACKEY**

**Referred to Committee on Judiciary**

AN ACT relating to the reorganization of the executive and administrative offices, departments, and instrumentalities of the State Government; and establishing and concerning a Division of Investment within the Department of the Treasury.

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

1 1. There is hereby established in the Department of the Treasury a  
2 Division of Investment.

1 2. The Board of Trustees of the State Employees' Retirement System,  
2 the Prison Officers Pension Commission, the Board of Trustees of the Teach-  
3 ers' Pension and Annuity Fund, the Board of Trustees of the Police and  
4 Firemen's Retirement System of New Jersey, the Board of Trustees of the  
5 State Disability Benefits Fund, and the Trustees for the Support of Public  
6 Schools, and all of their respective functions, powers, duties, records and  
7 property are hereby transferred to the Division of Investment established  
8 hereunder in the Department of the Treasury.

1 3. From and after the effective date of this act any provision of existing  
2 law requiring or designating any State officer or employee, other than the  
3 State Treasurer, to serve, by virtue of his State office or position, as a mem-  
4 ber of any of the respective agencies enumerated in section two hereof, shall  
5 be and become inoperative, and the ex-officio membership in such agencies of

6 such officers or employees, other than the State Treasurer, shall thereupon  
7 terminate.

1 4. Except as otherwise provided in this act and in chapter ninety-two  
2 of the laws of one thousand nine hundred and forty-eight: (1) each of the  
3 respective agencies enumerated in section two hereof shall continue to have  
4 all of the powers and shall exercise all of the functions and duties vested in,  
5 or imposed upon, it by law; (2) this act shall not affect the terms of office  
6 of the present members of such agencies; (3) such agencies shall continue  
7 to be constituted as provided by existing law; and (4) this act shall not  
8 operate to limit or restrict the members of any such agency, remaining after  
9 application of the provisions of section three hereof, from exercising or per-  
10 forming the functions, powers and duties of such agency.

1 5. The Division of Investment established hereunder shall be under the  
2 immediate supervision of a director, who shall be a person qualified by train-  
3 ing and experience to direct the work of such division. The director of such  
4 division shall be appointed by the State Treasurer and shall serve at the  
5 pleasure of the State Treasurer and until the director's successor is ap-  
6 pointed and has qualified.

7 Any vacancy occurring in the office of the director of said division shall  
8 be filled in the same manner as the original appointment.

9 The director of said division shall receive such salary as shall be pro-  
10 vided by law.

1 6. The functions, powers and duties vested by law in the agencies  
2 enumerated in section two hereof, of, or relating to, investment or reinvest-  
3 ment of moneys of, and purchase, sale or exchange of any investments or  
4 securities of or for, any funds or accounts under the control and management  
5 of such agencies, are hereby transferred to, and shall be exercised and per-  
6 formed for such agencies by, the Director of the Division of Investment  
7 established hereunder.

1 7. The functions, powers and duties of, or relating to, investment or  
2 reinvestment of moneys of, and purchase, sale or exchange of any invest-  
3 ments or securities of or for, any of the following funds, namely:

4        **the 1837 Surplus Revenue Fund;**  
 5        **the Veterans Loan Guaranty and Insurance Fund;**  
 6        **the Special Trust Fund established pursuant to chapter one hundred**  
 7        **fifty-four of the laws of one thousand nine hundred and forty-six;**  
 8        **the Unclaimed Bank Deposits Escheat Reserve Fund established**  
 9        **pursuant to chapter one hundred ninety-nine of the laws of one thou-**  
 10       **sand nine hundred and forty-five, as amended;**  
 11       **the Stock Workmen's Compensation Security Fund;**  
 12       **the Mutual Workmen's Compensation Security Fund; and**  
 13       **all other State special or trust funds heretofore or hereafter estab-**  
 14       **lished;**

15 and the functions, powers and duties of, or relating to, investment or rein-  
 16 vestment of moneys and purchase, sale or exchange of any investments or  
 17 securities, pursuant to the provisions of chapter one hundred forty-eight of  
 18 the laws of one thousand nine hundred and forty-four, and chapter one hun-  
 19 dred fifty-eight of the laws of one thousand nine hundred and forty-seven;  
 20 are hereby transferred to, and shall be exercised and performed by, the  
 21 Director of the Division of Investment established hereunder.

1       8. All of the functions, powers, duties, records and property of the  
 2 State House Commission relating to or concerning the control and manage-  
 3 ment of the State Police Retirement and Benevolent Fund are hereby trans-  
 4 ferred to the Division of Investment established hereunder and shall be  
 5 exercised and performed by the director of said division.

1       9. Limitations, conditions and restrictions contained in any law concern-  
 2 ing the kind or nature of investment of any of the moneys of any of the  
 3 funds or accounts referred to herein shall continue in full force and effect;  
 4 *provided, however,* that the Director of the Division of Investment estab-  
 5 lished hereunder shall at all times have authority to invest and reinvest any  
 6 such moneys in, and to acquire for or on behalf of any of such funds or  
 7 accounts, obligations and securities in which savings banks in this State may  
 8 legally invest, and United States Treasury bills, notes and certificates of in-

9 indebtedness, and, for or on behalf of any such fund or account, to sell,  
10 exchange or dispose of any investments or securities thereof.

1     10. The Director of the Division of Investment established hereunder  
2 shall administer the work of such division, and exercise and perform the  
3 functions, powers and duties vested in or assigned to him by this act, under  
4 the direction and supervision of the State Treasurer. Any function, power,  
5 duty or authority vested in or assigned to such director may be exercised by  
6 the State Treasurer, and to the extent that the State Treasurer exercises  
7 such function, power, duty or authority, the power and authority of the  
8 director shall be superseded.

1     11. The State Treasurer shall have authority to make, and from time to  
2 time amend, modify or repeal, such rules and regulations as he may deem  
3 necessary or appropriate governing the administration of the Division of  
4 Investment established hereunder and the investment or reinvestment of  
5 moneys, and the purchase, sale or exchange of investments or securities, by  
6 the director of such division as herein authorized.

1     12. Not later than thirty days after the close of each calendar quarter,  
2 the State Treasurer shall cause to be prepared and make available to the  
3 public, a report of the operations of the Division of Investment during such  
4 quarterly period. Each report shall include a detailed summary of invest-  
5 ment, reinvestment, purchase, sale or exchange transactions, and a state-  
6 ment of the funds or accounts referred to herein.

1     13. The State Treasurer shall establish within the Division of Invest-  
2 ment one or more investment consulting committees. Such committees shall  
3 consist of representatives of the general public and of the beneficiaries  
4 of and contributors to the funds of the respective agencies enumerated in  
5 section two hereof. The members of such committees shall be appointed  
6 by the State Treasurer and shall serve at the pleasure of the State Treas-  
7 urer and until their successors are appointed and have qualified.

8     The committees shall consult with the State Treasurer and the Direc-  
9 tor of the Division of Investment with respect to the work of the division.

10 The committees shall have access to all files and records of the division  
11 and may require any officer or employee therein to provide such informa-  
12 tion as they may deem necessary in the performance of their functions.  
13 The respective committees shall have authority to inspect and audit the  
14 respective accounts and funds administered through the Division of In-  
15 vestment. They shall, from time to time, submit to the State Treasurer  
16 and the Director of the Division of Investment, such recommendations, and  
17 formulate and recommend such policies, concerning the work of the division  
18 as they may deem necessary or proper.

1 14. Any authority, vested pursuant to existing law in any of the respec-  
2 tive agencies enumerated in section two hereof, to appoint, employ or re-  
3 move any officers or employees, is hereby transferred to and vested in the  
4 State Treasurer. The State Treasurer shall fix the compensation of all  
5 persons employed or appointed by him pursuant to such authority. Per-  
6 sons thus employed or appointed shall be assigned to such duties in the  
7 Division of Investment established hereunder as the State Treasurer shall  
8 prescribe.

1 15. Before entering upon his duties, the Director of the Division of In-  
2 vestment established hereunder shall give bond conditioned upon the faithful  
3 performance of his duties. The bond of the director shall be approved by  
4 the Attorney-General and shall be in a sum not less than one hundred thou-  
5 sand dollars (\$100,000.00).

1 16. The provisions of any and all acts inconsistent with any of the pro-  
2 visions of this act are, to the extent of such inconsistency, hereby repealed.

1 17. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to implement the recommendations made by the Governor to the Legislature in his Budget Message on February 13, 1950, concerning the establishment of a single division within the Department of the

Treasury, responsible for the investment of all State funds and the administration of all State pension accounts.

In his Budget Message the Governor stated: "The State Treasurer, pursuant to my direction, is presently engaged in the creation of a single division within the Department of the Treasury responsible for the investment of all State funds and the administration of all the State's pension accounts. The administrative servicing of the individual accounts will be consolidated and modern banking policies followed.

"Responsibility should be placed squarely upon trained, competent personnel with expert knowledge of investment policies charged with the duty of administering the new division, subject, of course, to the ultimate direction of the State Treasurer. Provision should be made for appropriate consultant committees, with adequate representation for the general public and the parties immediately interested, with full authority to inspect and audit the various accounts. The practice of placing ex-officio members on present commissions and boards or on future committees should be discontinued. It is my hope that the Legislature will support the enabling legislation that will be required to complete this phase of the reorganization program."

This bill fixes the responsibility for the investment and reinvestment of the moneys in all public funds and pension accounts in a Division of Investment within the Department of the Treasury. Centralization of this function will provide more effective administration of the funds and accounts in the best interests of the public and of the beneficiaries of these funds and accounts.

[OFFICIAL COPY REPRINT]

**ASSEMBLY, No. 15**

**STATE OF NEW JERSEY**

INTRODUCED MARCH 13, 1950

By Mr. MACKEY

Referred to Committee on Judiciary

As Act relating to the reorganization of the executive and administrative offices, departments, and instrumentalities of the State Government; and establishing and concerning a Division of Investment within the Department of the Treasury.

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

1 1. There is hereby established in the Department of the Treasury a  
2 Division of Investment.

1 2. The Board of Trustees of the State Employees' Retirement System,  
2 the Prison Officers Pension Commission, the Board of Trustees of the Teach-  
3 ers' Pension and Annuity Fund, the Board of Trustees of the Police and  
4 Firemen's Retirement System of New Jersey, the Board of Trustees of the  
5 State Disability Benefits Fund, and the Trustees for the Support of Public  
6 Schools, and all of their respective functions, powers, duties, records and  
7 property are hereby transferred to the Division of Investment established  
8 hereunder in the Department of the Treasury.

1 3. From and after the effective date of this act any provision of existing  
2 law requiring or designating any State officer or employee, other than the  
3 State Treasurer, to serve, by virtue of his State office or position, as a mem-  
4 ber of any of the respective agencies enumerated in section two hereof, shall  
5 be and become inoperative, and the ex-officio membership in such agencies of

6 such officers or employees, other than the State Treasurer, shall thereupon  
7 terminate.

1 4. Except as otherwise provided in this act and in chapter ninety-two  
2 of the laws of one thousand nine hundred and forty-eight: (1) each of the  
3 respective agencies enumerated in section two hereof shall continue to have  
4 all of the powers and shall exercise all of the functions and duties vested in,  
5 or imposed upon, it by law; (2) this act shall not affect the terms of office  
6 of the present members of such agencies; (3) such agencies shall continue  
7 to be constituted as provided by existing law; and (4) this act shall not  
8 operate to limit or restrict the members of any such agency, remaining after  
9 application of the provisions of section three hereof, from exercising or per-  
10 forming the functions, powers and duties of such agency.

1 5. The Division of Investment established hereunder shall be under the  
2 immediate supervision of a director, who shall be a person qualified by train-  
3 ing and experience to direct the work of such division. The director of such  
4 division shall be appointed by the State Treasurer and shall serve at the  
5 pleasure of the State Treasurer and until the director's successor is ap-  
6 pointed and has qualified.

7 Any vacancy occurring in the office of the director of said division shall  
8 be filled in the same manner as the original appointment.

9 The director of said division shall receive such salary as shall be pro-  
10 vided by law.

1 6. The functions, powers and duties vested by law in the agencies  
2 enumerated in section two hereof, of, or relating to, investment or reinvest-  
3 ment of moneys of, and purchase, sale or exchange of any investments or  
4 securities of or for, any funds or accounts under the control and management  
5 of such agencies, are hereby transferred to, and shall be exercised and per-  
6 formed for such agencies by, the Director of the Division of Investment  
7 established hereunder.

1 7. The functions, powers and duties of, or relating to, investment or  
2 reinvestment of moneys of, and purchase, sale or exchange of any invest-  
3 ments or securities of or for, any of the following funds, namely:

4 the 1837 Surplus Revenue Fund;  
5 the Veterans Loan Guaranty and Insurance Fund;  
6 the Special Trust Fund established pursuant to chapter one hundred  
7 fifty-four of the laws of one thousand nine hundred and forty-six;  
8 the Unclaimed Bank Deposits Escheat Reserve Fund established  
9 pursuant to chapter one hundred ninety-nine of the laws of one thou-  
10 sand nine hundred and forty-five, as amended;  
11 the Stock Workmen's Compensation Security Fund;  
12 the Mutual Workmen's Compensation Security Fund; and  
13 all other State special or trust funds heretofore or hereafter estab-  
14 lished;  
15 and the functions, powers and duties of, or relating to, investment or rein-  
16 vestment of moneys and purchase, sale or exchange of any investments or  
17 securities, pursuant to the provisions of chapter one hundred forty-eight of  
18 the laws of one thousand nine hundred and forty-four, and chapter one hun-  
19 dred fifty-eight of the laws of one thousand nine hundred and forty-seven;  
20 are hereby transferred to, and shall be exercised and performed by, the  
21 Director of the Division of Investment established hereunder.

1 8. All of the functions, powers, duties, records and property of the  
2 State House Commission relating to or concerning the control and manage-  
3 ment of the State Police Retirement and Benevolent Fund are hereby trans-  
4 ferred to the Division of Investment established hereunder and shall be  
5 exercised and performed by the director of said division.

1 9. Limitations, conditions and restrictions contained in any law concern-  
2 ing the kind or nature of investment of any of the moneys of any of the  
3 funds or accounts referred to herein shall continue in full force and effect;  
4 provided, however, that the Director of the Division of Investment estab-  
5 lished hereunder shall at all times have authority to invest and reinvest any  
6 such moneys in, and to acquire for or on behalf of any of such funds or  
7 accounts, obligations and securities in which savings banks in this State may  
8 legally invest, and United States Treasury bills, notes and certificates of in-

9 indebtedness, and, for or on behalf of any such fund or account, to sell,  
10 exchange or dispose of any investments or securities thereof.

1 10. The Director of the Division of Investment established hereunder  
2 shall administer the work of such division, and exercise and perform the  
3 functions, powers and duties vested in or assigned to him by this act, under  
4 the direction and supervision of the State Treasurer. Any function, power,  
5 duty or authority vested in or assigned to such director may be exercised by  
6 the State Treasurer, and to the extent that the State Treasurer exercises  
7 such function, power, duty or authority, the power and authority of the  
8 director shall be superseded.

1 11. The State Treasurer shall have authority to make, and from time to  
2 time amend, modify or repeal, such rules and regulations as he may deem  
3 necessary or appropriate governing the administration of the Division of  
4 Investment established hereunder and the investment or reinvestment of  
5 moneys, and the purchase, sale or exchange of investments or securities, by  
6 the director of such division as herein authorized.

1 12. Not later than thirty days after the close of each calendar quarter,  
2 the State Treasurer shall cause to be prepared and make available to the  
3 public, a report of the operations of the Division of Investment during such  
4 quarterly period. Each report shall include a detailed summary of invest-  
5 ment, reinvestment, purchase, sale or exchange transactions, and a state-  
6 ment of the funds or accounts referred to herein.

1 13. The State Treasurer shall establish within the Division of Invest-  
2 ment one or more investment consulting committees. Such committees shall  
3 consist of representatives of the general public and of the beneficiaries  
4 of and contributors to the funds of the respective agencies enumerated in  
5 section two hereof. The members of such committees shall be appointed  
6 by the State Treasurer and shall serve at the pleasure of the State Treas-  
7 urer and until their successors are appointed and have qualified.

8 The committees shall consult with the State Treasurer and the Direc-  
9 tor of the Division of Investment with respect to the work of the division.

10 The committees shall have access to all files and records of the division  
11 and may require any officer or employee therein to provide such informa-  
12 tion as they may deem necessary in the performance of their functions.  
13 The respective committees shall have authority to inspect and audit the  
14 respective accounts and funds administered through the Division of In-  
15 vestment. They shall, from time to time, submit to the State Treasurer  
16 and the Director of the Division of Investment, such recommendations, and  
17 formulate and recommend such policies, concerning the work of the division  
18 as they may deem necessary or proper.

1 14. Any authority, vested pursuant to existing law in any of the respec-  
2 tive agencies enumerated in section two hereof, to appoint, employ or re-  
3 move any officers or employees, is hereby transferred to and vested in the  
4 State Treasurer. The State Treasurer shall fix the compensation of all  
5 persons employed or appointed by him pursuant to such authority. Per-  
6 sons thus employed or appointed shall be assigned to such duties in the  
7 Division of Investment established hereunder as the State Treasurer shall  
8 prescribe.

1 15. Before entering upon his duties, the Director of the Division of In-  
2 vestment established hereunder shall give bond conditioned upon the faithful  
3 performance of his duties. The bond of the director shall be approved by  
4 the Attorney-General and shall be in a sum not less than one hundred thou-  
5 sand dollars (\$100,000.00).

1 16. The provisions of any and all acts inconsistent with any of the pro-  
2 visions of this act are, to the extent of such inconsistency, hereby repealed.

1 17. This act shall take effect immediately.

COMMITTEE SUBSTITUTE FOR

**ASSEMBLY, No. 15**

**STATE OF NEW JERSEY**

ADOPTED APRIL 3, 1950

AN ACT relating to the reorganization of the executive and administrative offices, departments, and instrumentalities of the State Government; and establishing and concerning a Division of Investment within the Department of the Treasury.

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

1 1. There is hereby established in the Department of the Treasury a  
2 Division of Investment.

1 2. The Board of Trustees of the State Employees' Retirement System,  
2 the Prison Officers Pension Commission, the Board of Trustees of the Teach-  
3 ers' Pension and Annuity Fund, the Board of Trustees of the Police and  
4 Firemen's Retirement System of New Jersey, the Board of Trustees of the  
5 State Disability Benefits Fund, and the Trustees for the Support of Public  
6 Schools, and all of their respective functions, powers, duties, records and  
7 property are hereby transferred to the Division of Investment established  
8 hereunder in the Department of the Treasury.

1 3. From and after the effective date of this act any provision of existing  
2 law requiring or designating any State officer or employee, other than the  
3 State Treasurer, to serve, by virtue of his State office or position, as a mem-  
4 ber of any of the respective agencies enumerated in section two hereof, shall  
5 be and become inoperative, and the ex-officio membership in such agencies of  
6 such officers or employees, other than the State Treasurer, shall thereupon  
7 terminate.

1 4. Except as otherwise provided in this act and in chapter ninety-two  
2 of the laws of one thousand nine hundred and forty-eight: (1) each of the  
3 respective agencies enumerated in section two hereof shall continue to have  
4 all of the powers and shall exercise all of the functions and duties vested in,  
5 or imposed upon, it by law; (2) this act shall not affect the terms of office  
6 of the present members of such agencies; (3) such agencies shall continue  
7 to be constituted as provided by existing law; and (4) this act shall not  
8 operate to limit or restrict the members of any such agency, remaining after  
9 application of the provisions of section three hereof, from exercising or per-  
10 forming the functions, powers and duties of such agency.

1 5. There is hereby established in the Division of Investment a State  
2 Investment Council which shall consist of nine members.

3 Within ten days after the effective date of this act each of the following  
4 agencies, namely, the Board of Trustees of the State Employees' Retire-  
5 ment System, the Prison Officers Pension Commission, the Board of Trustees  
6 of the Teachers' Pension and Annuity Fund and the Board of Trustees of the  
7 Police and Firemen's Retirement System of New Jersey, shall designate one  
8 of their respective members to serve as a member of the State Investment  
9 Council herein established. The four members of the council so selected shall  
10 serve as such for a period of one year from the date of their selection and  
11 until their respective successors are in like manner selected. Each of the  
12 remaining five members of the State Investment Council shall be appointed  
13 by the Governor for a term of five years and shall serve until his successor  
14 is appointed and has qualified; except that of the first appointments to be  
15 made by the Governor hereunder, one shall be for a term of one year, one  
16 for a term of two years, one for a term of three years, one for a term of  
17 four years, and one for a term of five years, and they shall serve until their  
18 respective successors are appointed and have qualified. The term of each of  
19 the members first appointed hereunder by the Governor shall be designated  
20 by the Governor.

21 At least three of the five members appointed by the Governor to the  
22 council shall be qualified by training and experience in the field of invest-  
23 ment and finance. No member of the State Investment Council shall hold  
24 any office, position or employment in any political party nor shall any such  
25 member benefit directly or indirectly from any transaction made by the  
26 Director of the Division of Investment provided for herein.

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

31 The members of the council shall serve without compensation but shall  
32 be reimbursed for necessary expenses incurred in the performance of their  
33 duties as approved by the chairman of the council.

34 Each member of the council may be removed from office by the Gover-  
35 nor, for cause, upon notice and opportunity to be heard at a public hearing.  
36 Any vacancy in the membership of the council occurring other than by  
37 expiration of term shall be filled in the same manner as the original appoint-  
38 ment, but for the unexpired term only.

1 6. The Division of Investment established hereunder shall be under the  
2 immediate supervision and direction of a director, who shall be a person  
3 qualified by training and experience to direct the work of such division.  
4 The director of such division shall be appointed by the State Treasurer from  
5 a list of one or more persons qualified for such office and submitted to the  
6 State Treasurer by the State Investment Council; *provided*, that the State  
7 Treasurer may require the submission of an additional list or lists. Each  
8 list so submitted by the council shall also contain the qualifications of each  
9 person whose name appears thereon who shall be certified by the council to  
10 the State Treasurer as qualified for the office of director of such division. The  
11 detailed qualifications of each person so named by the council shall be con-  
12 tained in such certification.

13 Any director so appointed shall serve without term but may be removed  
14 from office (a) by the State Treasurer, for cause, upon notice and opportunity  
15 to be heard at a public hearing, or (b) by the State Investment Council, if  
16 seven or more members thereof shall vote for such director's removal from  
16A office.

17 Any vacancy occurring in the office of the Director of the Division of  
18 Investment shall be filled in the same manner as the original appointment.

19 The director of said division shall devote his entire time and attention to  
20 the duties of his office and shall not be engaged in any other occupation or  
21 profession. He shall receive such salary as shall be provided by law.

1 7. The functions, powers and duties vested by law in the following  
2 enumerated agencies:

3 the Board of Trustees of the State Employees' Retirement System;

4 the Prison Officers Pension Commission;

5 the Board of Trustees of the Teachers' Pension and Annuity Fund;

6 and

7 the Board of Trustees of the Police and Firemen's Retirement  
8 System of New Jersey;

9 of, or relating to, investment or reinvestment of moneys of, and purchase,  
10 sale or exchange of any investments or securities of or for any funds or  
11 accounts under the control and management of such agencies, are hereby  
12 transferred to and shall be exercised and performed for such agencies by  
13 the Director of the Division of Investment established hereunder; *pro-*  
14 *vided, however,* that before any such investment, reinvestment, purchase,  
15 sale or exchange may be made by said director for or on behalf of any such  
16 agency, he shall submit the details thereof to such agency, which shall,  
17 within forty-eight hours, exclusive of Sundays and public holidays, after  
18 such submission to it, file with the director its written acceptance or re-  
19 jection of such proposed investment, reinvestment, purchase, sale or ex-  
20 change; and the director shall have authority to make such investment,  
21 reinvestment, purchase, sale or exchange for or on behalf of such agency

22 unless there shall have been filed with him a written rejection thereof by  
23 such agency as herein provided.

1 8. The functions, powers and duties of, or relating to, investment or re-  
2 investment of moneys of, and purchase, sale or exchange of, any investments  
3 or securities of or for, any of the following funds, namely:

4 the 1837 Surplus Revenue Fund;

5 the Veterans Loan Guaranty and Insurance Fund;

6-7 the Stock Workmen's Compensation Security Fund; and

8 the Mutual Workmen's Compensation Security Fund;

9 and the functions, powers and duties of, or relating to investment or rein-  
10 vestment of moneys and purchase, sale or exchange of any investments or  
11 securities pursuant to the provisions of chapter one hundred forty-eight of  
12 the laws of one thousand nine hundred and forty-four, and chapter one hun-  
13 dred fifty-eight of the laws of one thousand nine hundred and forty-seven;  
14 are hereby transferred to, and shall be exercised and performed by the  
15 Director of the Division of Investment established hereunder; *provided, how-*  
16 *ever,* that before any investment, reinvestment, purchase, sale or exchange  
17 may be made by said director pursuant to the provisions of this section, he  
18 shall submit the details thereof to the State Treasurer, who shall, within  
19 forty-eight hours, exclusive of Sundays and public holidays, after such sub-  
20 mission to him, file with the director his written acceptance or rejection of  
21 such proposed investment, reinvestment, purchase, sale or exchange; and the  
22 director shall have authority to make such investment, reinvestment, pur-  
23 chase, sale or exchange unless there shall have been filed with him a written  
24 rejection thereof by the State Treasurer as herein provided.

1 9. The functions, powers and duties vested by law in the Board of  
2 Trustees of the State Disability Benefits Fund and the Trustees for the Sup-  
3 port of Public Schools, of, or relating to, investment or reinvestment of  
4 moneys of, and purchase, sale or exchange of any investments or securities  
5 of or for, any funds or accounts under the control and management of such  
6 agencies, are hereby transferred to and shall be exercised and performed for

7 such agencies by the Director of the Division of Investment established  
8 hereunder; *provided, however*, that before any such investment, reinvest-  
9 ment, purchase, sale or exchange may be made by said director for or on  
10 behalf of any such agency, he shall submit the details thereof to the State  
11 Treasurer, who shall, within forty-eight hours, exclusive of Sundays and  
12 public holidays, after such submission to him, file with the director his  
13 written acceptance or rejection of such proposed investment, reinvestment,  
14 purchase, sale or exchange; and the director shall have authority to make  
15 such investment, reinvestment, purchase, sale or exchange, for or on behalf  
16 of such agency, unless there shall have been filed with him a written rejection  
17 thereof by the State Treasurer as herein provided.

1     10. The functions, powers and duties of the State House Commission, of,  
2 or relating to, investment or reinvestment of moneys of, and purchase, sale or  
3 exchange of any investments or securities of or for, the State Police Retire-  
4 ment and Benevolent Fund, are hereby transferred to the Division of Invest-  
5 ment established hereunder and shall be exercised and performed for, on be-  
6 half of, and with respect to such fund by the Director of said division; *pro-*  
7 *vided, however*, that before any investment, reinvestment, purchase, sale or  
8 exchange may be made by said director pursuant to the provisions of this  
9 section, he shall submit the details thereof to the State Treasurer, who shall,  
10 within forty-eight hours, exclusive of Sundays and public holidays, after such  
11 submission to him, file with the director a written acceptance or rejection of  
12 such proposed investment, reinvestment, purchase, sale or exchange; and the  
13 director shall have authority to make such investment, reinvestment, pur-  
14 chase, sale or exchange, for, on behalf of, and with respect to such fund, un-  
15 less there shall have been filed with him a written rejection thereof by the  
16 State Treasurer as herein provided.

1     11. Limitations, conditions and restrictions contained in any law con-  
2 cerning the kind or nature of investment of any of the moneys of any of the  
3 funds or accounts referred to herein shall continue in full force and effect;  
4 *provided, however*, that subject to any acceptance required, or limitation or

5 restriction contained herein: the Director of the Division of Investment shall  
6 at all times have authority to invest and reinvest any such moneys in, and  
7 to acquire for or on behalf of any such funds or accounts, United States  
8 Treasury bills, notes and certificates of indebtedness, and such obligations  
9 and securities, which may be authorized by regulation of the State Investment  
10 Council, in which savings banks in this State may legally invest, and, for or  
11 on behalf of any such fund or account, to sell or exchange any investments  
12 or securities thereof.

1 12. The State Treasurer, with the approval of the State Investment Coun-  
2 cil, shall assign to the Division of Investment such employees in the Depart-  
3 ment of the Treasury as may be necessary to assist the director in the per-  
4 formance of his duties and for the efficient operation of the work of the di-  
5 vision.

1 13. The State Investment Council shall consult with the Director of the  
2 Division of Investment from time to time with respect to the work of the  
3 division. It shall have access to all files and records of the division and may  
4 require any officer or employee therein to provide such information as it  
5 may deem necessary in the performance of its functions. The council shall  
6 have authority to inspect and audit the respective accounts and funds ad-  
7 ministered through the Division of Investment. It shall formulate and es-  
8 tablish, and may from time to time amend, modify or repeal, such policies as  
9 it may deem necessary or proper, which shall govern the methods, practices  
10 or procedures for investment, reinvestment, purchase, sale or exchange trans-  
11 actions to be followed by the Director of the Division of Investment estab-  
12 lished hereunder.

13 On or before January first of each year, and at such other times as it  
14 may deem in the public interest, the council shall report to the Governor,  
15 the Legislature, and the State Treasurer with respect to its work and the  
16 work of the Division of Investment.

1 14. Not later than fifteen days after the close of each month, the Director  
2 of the Division of Investment shall cause to be prepared and make available

3 to the State Treasurer, the State Investment Council, the press and the pub-  
4 lic, a report of the operations of the Division of Investment during said  
5 month. Each report shall include a detailed summary of investment, rein-  
6 vestment, purchase, sale or exchange transactions, setting forth, among other  
7 things, the investments bought, sold and exchanged, the dates thereof, the  
8 prices paid and obtained, the names of the dealers involved, and a statement  
9 of the funds or accounts referred to herein.

1     15. Before entering upon his duties, the Director of the Division of In-  
2 vestment established hereunder shall give bond conditioned upon the faith-  
3 ful performance of his duties. The bond of the director shall be approved  
4 by the Attorney-General and shall be in a sum not less than one hundred  
5 thousand dollars (\$100,000.00).

1     16. To the extent that the provisions of this act are inconsistent with  
2 the provisions of any other law, the provisions of this act shall be con-  
3 trolling.

1     17. This act shall take effect immediately.

[OFFICIAL COPY REPRINT]  
COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 15**

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# STATE OF NEW JERSEY

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ADOPTED APRIL 3, 1950

**AN ACT relating to the reorganization of the executive and administrative offices, departments, and instrumentalities of the State Government; and establishing and concerning a Division of Investment within the Department of the Treasury.**

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

**1. There is hereby established in the Department of the Treasury a Division of Investment.**

**2. The Board of Trustees of the State Employees' Retirement System, the Prison Officers Pension Commission, the Board of Trustees of the Teachers' Pension and Annuity Fund, the Board of Trustees of the Police and Firemen's Retirement System of New Jersey, the Board of Trustees of the State Disability Benefits Fund, and the Trustees for the Support of Public Schools, and all of their respective functions, powers, duties, records and property are hereby transferred to the Division of Investment established hereunder in the Department of the Treasury.**

**3. From and after the effective date of this act any provision of existing law requiring or designating any State officer or employee, other than the State Treasurer, to serve, by virtue of his State office or position, as a member of any of the respective agencies enumerated in section two hereof, shall be and become inoperative, and the ex-officio membership in such agencies of such officers or employees, other than the State Treasurer, shall thereupon terminate.**

1 4. Except as otherwise provided in this act and in chapter ninety-two  
2 of the laws of one thousand nine hundred and forty-eight: (1) each of the  
3 respective agencies enumerated in section two hereof shall continue to have  
4 all of the powers and shall exercise all of the functions and duties vested in,  
5 or imposed upon, it by law; (2) this act shall not affect the terms of office  
6 of the present members of such agencies; (3) such agencies shall continue  
7 to be constituted as provided by existing law; and (4) this act shall not  
8 operate to limit or restrict the members of any such agency, remaining after  
9 application of the provisions of section three hereof, from exercising or per-  
10 forming the functions, powers and duties of such agency.

1 5. There is hereby established in the Division of Investment a State  
2 Investment Council which shall consist of nine members.

3 Within ten days after the effective date of this act each of the following  
4 agencies, namely, the Board of Trustees of the State Employees' Retire-  
5 ment System, the Prison Officers Pension Commission, the Board of Trustees  
6 of the Teachers' Pension and Annuity Fund and the Board of Trustees of the  
7 Police and Firemen's Retirement System of New Jersey, shall designate one  
8 of their respective members to serve as a member of the State Investment  
9 Council herein established. The four members of the council so selected shall  
10 serve as such for a period of one year from the date of their selection and  
11 until their respective successors are in like manner selected. Each of the  
12 remaining five members of the State Investment Council shall be appointed  
13 by the Governor for a term of five years and shall serve until his successor  
14 is appointed and has qualified; except that of the first appointments to be  
15 made by the Governor hereunder, one shall be for a term of one year, one  
16 for a term of two years, one for a term of three years, one for a term of  
17 four years, and one for a term of five years, and they shall serve until their  
18 respective successors are appointed and have qualified. The term of each of  
19 the members first appointed hereunder by the Governor shall be designated  
20 by the Governor.

21 At least three of the five members appointed by the Governor to the  
22 council shall be qualified by training and experience in the field of invest-  
23 ment and finance. No member of the State Investment Council shall hold  
24 any office, position or employment in any political party nor shall any such  
25 member benefit directly or indirectly from any transaction made by the  
26 Director of the Division of Investment provided for herein.

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

31 The members of the council shall serve without compensation but shall  
32 be reimbursed for necessary expenses incurred in the performance of their  
33 duties as approved by the chairman of the council.

34 Each member of the council may be removed from office by the Gover-  
35 nor, for cause, upon notice and opportunity to be heard at a public hearing.  
36 Any vacancy in the membership of the council occurring other than by  
37 expiration of term shall be filled in the same manner as the original appoint-  
38 ment, but for the unexpired term only.

1 6. The Division of Investment established hereunder shall be under the  
2 immediate supervision and direction of a director, who shall be a person  
3 qualified by training and experience to direct the work of such division.  
4 The director of such division shall be appointed by the State Treasurer from  
5 a list of one or more persons qualified for such office and submitted to the  
6 State Treasurer by the State Investment Council; *provided*, that the State  
7 Treasurer may require the submission of an additional list or lists. Each  
8 list so submitted by the council shall also contain the qualifications of each  
9 person whose name appears thereon who shall be certified by the council to  
10 the State Treasurer as qualified for the office of director of such division. The  
11 detailed qualifications of each person so named by the council shall be con-  
12 tained in such certification.

13 Any director so appointed shall serve without term but may be removed  
14 from office (a) by the State Treasurer, for cause, upon notice and opportunity  
15 to be heard at a public hearing, or (b) by the State Investment Council, if  
16 seven or more members thereof shall vote for such director's removal from  
16a office.

17 Any vacancy occurring in the office of the Director of the Division of  
18 Investment shall be filled in the same manner as the original appointment.

19 The director of said division shall devote his entire time and attention to  
20 the duties of his office and shall not be engaged in any other occupation or  
21 profession. He shall receive such salary as shall be provided by law.

1 7. The functions, powers and duties vested by law in the following  
2 enumerated agencies:

3 the Board of Trustees of the State Employees' Retirement System;

4 the Prison Officers Pension Commission;

5 the Board of Trustees of the Teachers' Pension and Annuity Fund;

6 and

7 the Board of Trustees of the Police and Firemen's Retirement  
8 System of New Jersey;

9 of, or relating to, investment or reinvestment of moneys of, and purchase,  
10 sale or exchange of any investments or securities of or for any funds or  
11 accounts under the control and management of such agencies, are hereby  
12 transferred to and shall be exercised and performed for such agencies by  
13 the Director of the Division of Investment established hereunder; *pro-*  
14 *vided, however,* that before any such investment, reinvestment, purchase,  
15 sale or exchange may be made by said director for or on behalf of any such  
16 agency, he shall submit the details thereof to such agency, which shall,  
17 within forty-eight hours, exclusive of Sundays and public holidays, after  
18 such submission to it, file with the director its written acceptance or re-  
19 jection of such proposed investment, reinvestment, purchase, sale or ex-  
20 change; and the director shall have authority to make such investment,  
21 reinvestment, purchase, sale or exchange for or on behalf of such agency

22 unless there shall have been filed with him a written rejection thereof by  
23 such agency as herein provided.

1 8. The functions, powers and duties of, or relating to, investment or re-  
2 investment of moneys of, and purchase, sale or exchange of, any investments  
3 or securities of or for, any of the following funds, namely:  
4 the 1837 Surplus Revenue Fund;  
5 the Veterans Loan Guaranty and Insurance Fund;  
6-7 the Stock Workmen's Compensation Security Fund; and  
8 the Mutual Workmen's Compensation Security Fund;  
9 and the functions, powers and duties of, or relating to investment or rein-  
10 vestment of moneys and purchase, sale or exchange of any investments or  
11 securities pursuant to the provisions of chapter one hundred forty-eight of  
12 the laws of one thousand nine hundred and forty-four, and chapter one hun-  
13 dred fifty-eight of the laws of one thousand nine hundred and forty-seven;  
14 are hereby transferred to, and shall be exercised and performed by the  
15 Director of the Division of Investment established hereunder; *provided, how-*  
16 *ever,* that before any investment, reinvestment, purchase, sale or exchange  
17 may be made by said director pursuant to the provisions of this section, he  
18 shall submit the details thereof to the State Treasurer, who shall, within  
19 forty-eight hours, exclusive of Sundays and public holidays, after such sub-  
20 mission to him, file with the director his written acceptance or rejection of  
21 such proposed investment, reinvestment, purchase, sale or exchange; and the  
22 director shall have authority to make such investment, reinvestment, pur-  
23 chase, sale or exchange unless there shall have been filed with him a written  
24 rejection thereof by the State Treasurer as herein provided.

1 9. The functions, powers and duties vested by law in the Board of  
2 Trustees of the State Disability Benefits Fund and the Trustees for the Sup-  
3 port of Public Schools, of, or relating to, investment or reinvestment of  
4 moneys of, and purchase, sale or exchange of any investments or securities  
5 of or for, any funds or accounts under the control and management of such  
6 agencies, are hereby transferred to and shall be exercised and performed for

7 such agencies by the Director of the Division of Investment established  
8 hereunder; *provided, however*, that before any such investment, reinvest-  
9 ment, purchase, sale or exchange may be made by said director for or on  
10 behalf of any such agency, he shall submit the details thereof to the State  
11 Treasurer, who shall, within forty-eight hours, exclusive of Sundays and  
12 public holidays, after such submission to him, file with the director his  
13 written acceptance or rejection of such proposed investment, reinvestment,  
14 purchase, sale or exchange; and the director shall have authority to make  
15 such investment, reinvestment, purchase, sale or exchange, for or on behalf  
16 of such agency, unless there shall have been filed with him a written rejection  
17 thereof by the State Treasurer as herein provided.

1 10. The functions, powers and duties of the State House Commission, of,  
2 or relating to, investment or reinvestment of moneys of, and purchase, sale or  
3 exchange of any investments or securities of or for, the State Police Retire-  
4 ment and Benevolent Fund, are hereby transferred to the Division of Invest-  
5 ment established hereunder and shall be exercised and performed for, on be-  
6 half of, and with respect to such fund by the Director of said division; *pro-*  
7 *vided, however*, that before any investment, reinvestment, purchase, sale or  
8 exchange may be made by said director pursuant to the provisions of this  
9 section, he shall submit the details thereof to the State Treasurer, who shall,  
10 within forty-eight hours, exclusive of Sundays and public holidays, after such  
11 submission to him, file with the director a written acceptance or rejection of  
12 such proposed investment, reinvestment, purchase, sale or exchange; and the  
13 director shall have authority to make such investment, reinvestment, par-  
14 chase, sale or exchange, for, on behalf of, and with respect to such fund, un-  
15 less there shall have been filed with him a written rejection thereof by the  
16 State Treasurer as herein provided.

1 11. Limitations, conditions and restrictions contained in any law con-  
2 cerning the kind or nature of investment of any of the moneys of any of the  
3 funds or accounts referred to herein shall continue in full force and effect;  
4 *provided, however*, that subject to any acceptance required, or limitation or

5 restriction contained herein: the Director of the Division of Investment shall  
6 at all times have authority to invest and reinvest any such moneys in, and  
7 to acquire for or on behalf of any such funds or accounts, United States  
8 Treasury bills, notes and certificates of indebtedness, and such obligations  
9 and securities, which may be authorized by regulation of the State Investment  
10 Council, in which savings banks in this State may legally invest, and, for or  
11 on behalf of any such fund or account, to sell or exchange any investments  
12 or securities thereof.

1 12. The State Treasurer, with the approval of the State Investment Coun-  
2 cil, shall assign to the Division of Investment such employees in the Depart-  
3 ment of the Treasury as may be necessary to assist the director in the per-  
4 formance of his duties and for the efficient operation of the work of the di-  
5 vision.

1 13. The State Investment Council shall consult with the Director of the  
2 Division of Investment from time to time with respect to the work of the  
3 division. It shall have access to all files and records of the division and may  
4 require any officer or employee therein to provide such information as it  
5 may deem necessary in the performance of its functions. The council shall  
6 have authority to inspect and audit the respective accounts and funds ad-  
7 ministered through the Division of Investment. It shall formulate and es-  
8 tablish, and may from time to time amend, modify or repeal, such policies as  
9 it may deem necessary or proper, which shall govern the methods, practices  
10 or procedures for investment, reinvestment, purchase, sale or exchange trans-  
11 actions to be followed by the Director of the Division of Investment estab-  
12 lished hereunder.

13 On or before January first of each year, and at such other times as it  
14 may deem in the public interest, the council shall report to the Governor,  
15 the Legislature, and the State Treasurer with respect to its work and the  
16 work of the Division of Investment.

1 14. Not later than fifteen days after the close of each month, the Director  
2 of the Division of Investment shall cause to be prepared and make available

3 to the State Treasurer, the State Investment Council, the press and the pub-  
4 lic, a report of the operations of the Division of Investment during said  
5 month. Each report shall include a detailed summary of investment, rein-  
6 vestment, purchase, sale or exchange transactions, setting forth, among other  
7 things, the investments bought, sold and exchanged, the dates thereof, the  
8 prices paid and obtained, the names of the dealers involved, and a statement  
9 of the funds or accounts referred to herein.

1 15. Before entering upon his duties, the Director of the Division of In-  
2 vestment established hereunder shall give bond conditioned upon the faith-  
3 ful performance of his duties. The bond of the director shall be approved  
4 by the Attorney-General and shall be in a sum not less than one hundred  
5 thousand dollars (\$100,000.00).

1 16. To the extent that the provisions of this act are inconsistent with  
2 the provisions of any other law, the provisions of this act shall be con-  
3 trolling.

1 17. This act shall take effect immediately.