

**SENATE, No. 1860**

---

**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

---

INTRODUCED MAY 3, 2012

**Sponsored by:**

**Senator JEFF VAN DREW**

**District 1 (Atlantic, Cape May and Cumberland)**

**SYNOPSIS**

Increases membership of PFRS board of trustees from 11 to 13 members.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the membership of the board of trustees of the  
2 Police and Firemen's Retirement System of New Jersey and  
3 amending P.L.1944, c.255.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 13 of P.L. 1944, c.255 (C.43:16A-13) is amended to  
9 read as follows:

10 13. a. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-  
11 95 et seq.), the general responsibility for the proper operation of the  
12 retirement system is hereby vested in a board of trustees, and, as  
13 specified, the committees established pursuant to subsection b. of  
14 this section.

15 (2) The board shall consist of **[11]** 13 trustees as follows:

16 (a) **[Five]** six members to be appointed by the Governor, with  
17 the advice and consent of the Senate, who shall serve for a term of  
18 office of four years and until their successors are appointed and  
19 who shall be private citizens of the State of New Jersey who are  
20 neither an officer thereof nor an active or retired member of any  
21 police or fire department thereof. Of the four members initially  
22 appointed by the Governor pursuant to P.L.1992, c.125 (C.43:4B-1  
23 et al.), one shall be appointed for a term of one year, one for a term  
24 of two years, one for a term of three years, and one for a term of  
25 four years. The member appointed by the Governor pursuant to the  
26 provisions of this amendatory act, P.L.1995, c.238, shall serve for a  
27 term of four years and until a successor is appointed.

28 (b) The State Treasurer or the deputy State Treasurer, when  
29 designated for that purpose by the State Treasurer.

30 (c) Two policemen **[and]**, two firemen, and one State or county  
31 correction officer who shall be active members of the system and  
32 who shall be elected by the active members of the system for a term  
33 of four years according to such rules and regulations as the board of  
34 trustees shall adopt to govern such election.

35 (d) One retiree from the system who shall be elected by retirees  
36 from the system for a term of four years according to such rules and  
37 regulations as the board of trustees shall adopt to govern the  
38 election.

39 (3) Each trustee shall, after his appointment or election, take an  
40 oath of office that, so far as it devolves upon him he will diligently  
41 and honestly fulfill his duties as a board member, and that he will  
42 not knowingly violate or willingly permit to be violated any of the  
43 provisions of the law applicable to the retirement system. Such oath  
44 shall be subscribed by the member making it, and certified by the

**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.

1 officer before whom it is taken, and immediately filed in the office  
2 of the Secretary of State.

3 (4) If a vacancy occurs in the office of a trustee, the vacancy  
4 shall be filled in the same manner as the office was previously  
5 filled.

6 (5) The trustees shall serve without compensation, but they shall  
7 be reimbursed for all necessary expenses that they may incur  
8 through service on the board.

9 (6) Each trustee shall be entitled to one vote in the board. **[Six]**  
10 A majority of the trustees must be present at any meeting of said  
11 board for the transaction of its business.

12 (7) Subject to the limitations of this act, the board of trustees  
13 shall annually establish rules and regulations for the administration  
14 of the funds created by this act and for the transaction of the  
15 board's and committees' business. Such rules and regulations shall  
16 be consistent with those adopted by the other pension funds within  
17 the Division of Pensions and Benefits in order to permit the most  
18 economical and uniform administration of all such retirement  
19 systems. The committees shall adopt such regulations as provided  
20 in subsection b. of this section.

21 (8) The board of trustees shall elect from its membership a  
22 chairman. The Director of the Division of Pensions and Benefits  
23 shall appoint a qualified employee of the division to be secretary of  
24 the board. The administration of the program shall be performed by  
25 the personnel of the Division of Pensions and Benefits.

26 (9) The board of trustees shall keep a record of all of its  
27 proceedings which shall be open to public inspection. The  
28 retirement system shall publish annually a report showing the fiscal  
29 transactions of the retirement system for the preceding year, the  
30 amount of the accumulated cash and securities of the system, and  
31 the last balance sheet showing the financial condition of the system  
32 by means of an actuarial valuation of the assets and liabilities of the  
33 retirement system.

34 (10) The Attorney General of the State of New Jersey shall be  
35 the legal adviser of the retirement system, except that if the  
36 Attorney General determines that a conflict of interest would affect  
37 the ability of the Attorney General to represent the board or the  
38 committees on a matter affecting the retirement system, the board  
39 may select and employ legal counsel to advise and represent the  
40 board or the committees on that matter.

41 (11) The State Treasurer shall designate a medical board after  
42 consultation with the Director of the Division of Pensions and  
43 Benefits, subject to veto by the board of trustees for valid reason. It  
44 shall be composed of three physicians who are not eligible to  
45 participate in the retirement system. The medical board shall pass  
46 upon all medical examinations required under the provisions of this  
47 act, shall investigate all essential statements and certificates by or  
48 on behalf of a member in connection with an application for

1 disability retirement, and shall report in writing to the retirement  
2 system its conclusions and recommendations upon all matters  
3 referred to it.

4 (12) The actuary of the system shall be selected by the  
5 Retirement Systems Actuary Selection Committee established by  
6 P.L.1992, c.125. He shall be the technical adviser of the board of  
7 trustees and the committees on matters regarding the operation of  
8 the funds created by the provisions of this act, and shall perform  
9 such other duties as are required in connection therewith.

10 (13) At least once in each three-year period the actuary shall  
11 make an actuarial investigation into the mortality, service and  
12 compensation experience of the members and beneficiaries of the  
13 retirement system and, with the advice of the actuary, the board of  
14 trustees shall adopt for the retirement system such mortality, service  
15 and other tables as shall be deemed necessary and shall certify the  
16 rates of contribution payable under the provisions of this act.

17 (14) (Deleted by amendment, P.L.1970, c.57.)

18 (15) On the basis of such tables recommended by the actuary as  
19 the board of trustees shall adopt and regular interest, the actuary  
20 shall make an annual valuation of the assets and liability of the  
21 funds of the system created by this act.

22 (16) (Deleted by amendment, P.L.1987, c.330.)

23 (17) Each policeman ~~or~~, fireman, or correction officer  
24 member of the board of trustees or the committees shall be entitled  
25 to time off from his duty, with pay, during the periods of his  
26 attendance upon regular or special meetings of the board of trustees  
27 or the committees, and such time off shall include reasonable travel  
28 time required in connection therewith.

29 b. There are established two committees, to be composed of 10  
30 members each as follows, one for the State employees part of the  
31 retirement system and one for the part of the retirement system with  
32 employees of employers other than the State.

33 Each committee shall have five members who shall be appointed  
34 by the Governor as representatives of public employers whose  
35 employees are enrolled in the retirement system, two members who  
36 shall be appointed by the head of the union representing the greatest  
37 number of police officer members of the retirement system having  
38 union membership, one member who shall be appointed by the head  
39 of the union representing the second greatest number of police  
40 officer members of the retirement system having union  
41 membership, one member who shall be appointed by the head of the  
42 union representing the greatest number of firefighter members of  
43 the retirement system having union membership, and one member  
44 who shall be appointed by the head of the union representing the  
45 second greatest number of firefighter members of the retirement  
46 system having union membership. The members of the committees  
47 shall not be appointed until that part of the system attains the target  
48 funded ratio.

1       The members of each committee shall serve for a term of three  
2 years and until a successor is appointed and qualified. For each  
3 committee, of the initial appointments by the Governor, two  
4 members shall serve for two years and until a successor is appointed  
5 and qualified, and two shall serve for one year and until a successor  
6 is appointed and qualified. For each committee, of the initial  
7 appointments by the head of the union representing the greatest  
8 number of police officer members of the retirement system, the  
9 members shall serve for two years and until a successor is appointed  
10 and qualified. For each committee, of the initial appointment by the  
11 head of the union representing the greatest number of firefighter  
12 members of the retirement system, the member shall serve for one  
13 year and until a successor is appointed and qualified.

14       For each committee, the members of the committee shall select a  
15 chairperson from among the members, who shall serve for a term of  
16 one year, with no member serving more than one term until all the  
17 members of the committee have served a term in a manner  
18 alternating among the employer representatives and employee  
19 representatives, unless the committee determines otherwise with  
20 regard to this process.

21       The provisions of paragraphs (3) through (6), inclusive, and (17)  
22 of subsection a. of this section, and subsection (4) of section 14 of  
23 P.L.1944, c.255 (C.43:16A-14), shall apply to the committee and its  
24 members, as appropriate. The committee shall keep a record of all  
25 of its proceedings which shall be open to public inspection.

26       Upon the convening of any meeting of a committee, the members  
27 shall consider a motion to assume the authority provided in this  
28 subsection and shall proceed only if a majority of the members of  
29 the committee vote in the affirmative on that motion.

30       Each committee may contract with such actuaries or consultants,  
31 or both, in accordance with the provisions of P.L.1954, c.48  
32 (C.52:34-6 et seq.), as the committee may deem necessary to  
33 perform its duties, when that part of the system has attained the  
34 target funded ratio.

35       When a part of the system, has attained the target funded ratio as  
36 defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee  
37 for that part shall have the discretionary authority for that part to (1)  
38 modify the: member contribution rate; formula for calculation of  
39 final compensation; age at which a member may be eligible for and  
40 the benefits for service or special retirement; and benefits provided  
41 for disability retirement; and (2) activate the application of the  
42 "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.) for  
43 retirees for the period that the part is at or above the target funded  
44 ratio and modify the basis for the calculation of the adjustment and  
45 set the duration and extent of the activation. A committee shall  
46 give priority consideration to subparagraph (2) of this paragraph. A  
47 committee shall not have the authority to change the years of  
48 creditable service required for vesting.

1 Each committee may consider a matter described above and  
2 render a decision notwithstanding that the provisions of the  
3 statutory law may set forth a specific requirement on that matter.

4 Each committee may consider a matter described above and  
5 render a decision notwithstanding that the provisions of the  
6 statutory law do not set forth a specific requirement on the  
7 considered aspect of that matter or address that matter at all.

8 The members of each committee shall have the same duty and  
9 responsibility to the retirement system as do the members of the  
10 board of trustees. No decision of a committee shall be implemented  
11 if the direct or indirect result of the decision will be that the funded  
12 ratio of that part falls below the target funded ratio in any valuation  
13 period during the 30 years following the implementation of the  
14 decision. The actuary of the system shall make a determination of  
15 the result in that regard and submit that determination in a written  
16 report to the committee and the board prior to the implementation of  
17 the decision.

18 If any matter before a committee receives at least six votes in the  
19 affirmative, the board of trustees shall approve and implement the  
20 committee's decision.

21 If any matter regarding benefits before a committee receives five  
22 votes in the affirmative and five votes in the negative or the  
23 committee otherwise reaches an impasse on a decision, the  
24 provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be  
25 followed.

26 A final action of the committee shall be made by the adoption of  
27 a regulation that shall identify the modifications to the system by  
28 reference to statutory section. The regulations shall also specify the  
29 effective date of the modification and the system members,  
30 including beneficiaries and retirees, to whom the modification  
31 applies. Regulations of the committee are considered to be part of  
32 the plan document for the system. A regulation adopted by the  
33 committee may be modified by regulation in order to comply with  
34 the requirements of this section.

35 c. No member of the board, committee, employee of the board,  
36 or employee of the Division of Pensions and Benefits in the  
37 Department of the Treasury shall accept from any person, whether  
38 directly or indirectly and whether by himself or through his spouse  
39 or any member of his family, or through any partner or associate,  
40 any gift, favor, service, employment or offer of employment, or any  
41 other thing of value, including contributions to the campaign of a  
42 member or employee as a candidate for elective public office,  
43 which he knows or has reason to believe is offered to him with  
44 intent to influence him in the performance of his public duties and  
45 responsibilities. As used in this subsection, "person" means an (1)  
46 individual or business entity, or officer or employee of such an  
47 entity, who is seeking, or who holds, or who held within the prior  
48 three years, a contract with the board; (2) an active or retired

1 member, or beneficiary, of the retirement system; or (3) an entity,  
2 or officer or employee of such an entity, in which the assets of the  
3 retirement system have been invested. A board or committee  
4 member or employee violating this prohibition shall be guilty of a  
5 crime of the third degree.  
6 (cf: P.L.2011, c.78, s.4)

7  
8 2. This act shall take effect 90 days after enactment, but such  
9 anticipatory administrative action maybe taken in advance thereof  
10 as shall be necessary for the implementation of this act.

11  
12  
13 STATEMENT

14  
15 The purpose of this bill is to increase the membership of the  
16 board of trustees of the Police and Firemen's Retirement System  
17 from 11 to 13. Under current law, there are 11 members, five  
18 appointed by the Governor, two policemen, two firemen, one retiree  
19 and the State Treasurer. This bill adds one additional member to be  
20 appointed by the Governor and one State or county correction  
21 officer, for a revised total of 13 members.

22 This change will clarify that the board of trustees should include  
23 a member from each major group of employees in the system,  
24 policemen, firemen and correction officers. Although correction  
25 officers may be members of the board of trustees now if elected,  
26 this change will make that mandatory. The appointment of an  
27 additional board member to be appointed by the Governor is to  
28 maintain an odd number of members.