

# ASSEMBLY, No. 3772

## STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED OCTOBER 2, 2014

**Sponsored by:**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblymen Singleton, Andrzejczak and Lagana**

**SYNOPSIS**

Provides State Investment Council must report private money managers' fee information and that council's regulations addressing political contributions will apply to federal or national committees and non-State political committees.

**CURRENT VERSION OF TEXT**

As introduced.



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1 AN ACT providing State Investment Council must report private  
2 money managers fee information and concerning certain political  
3 contributions by money managers, and amending P.L.1950,  
4 c.270.

5

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

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9 1. Section 13 of P.L.1950, c.270 (C.52:18A-91) is amended to  
10 read as follows:

11 13. a. The State Investment Council shall consult with the  
12 Director of the Division of Investment from time to time with  
13 respect to the work of the division. It shall have access to all files  
14 and records of the division and may require any officer or employee  
15 therein to provide such information as it may deem necessary in the  
16 performance of its functions. The council shall have authority to  
17 inspect and audit the respective accounts and funds administered  
18 through the Division of Investment. It shall formulate and  
19 establish, and may from time to time amend, modify or repeal, such  
20 policies as it may deem necessary or proper, which shall govern the  
21 methods, practices or procedures for investment, reinvestment,  
22 purchase, sale or exchange transactions to be followed by the  
23 Director of the Division of Investment established hereunder.

24 b. On or before January first of each year, and at such other  
25 times as it may deem in the public interest, the council shall report  
26 to the Governor, the Legislature, and the State Treasurer with  
27 respect to its work and the work of the Division of Investment. In  
28 addition to the reports specified above and in section 14 of  
29 P.L.1950, c.270 (C.52:18A-92), the council shall issue a report by  
30 March 1 of each year on the investment activities for the prior  
31 calendar year, which shall include a summary of the current  
32 investment policies and strategies of the council and those in effect  
33 during the prior calendar year, a detailed summary for each  
34 financial product of the amount invested, whether the investments  
35 were made by employees of the Division of Investment or by  
36 external managers, performance benchmarks, and actual  
37 performance during the calendar year. The report shall be  
38 submitted to the Governor, the Legislature, and the State Treasurer,  
39 and shall be made available to the public through the official  
40 Internet site of the State. In addition, the council shall issue a  
41 report by February 1, May 1, August 1, and October 1 of each year  
42 listing for the prior calendar quarter, in the aggregate and  
43 segregated by asset class, the returns of investments achieved for  
44 the funds under the council's supervision by external managers. In  
45 the report, the council shall disclose the rate, and amount, of fees

**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 charged by each external manager for the investment of funds in  
2 commodities, hedge funds, private equity, real estate, bonds,  
3 equities, or any other asset class. The council shall submit the  
4 report to the Governor, the Legislature, and the State Treasurer, and  
5 shall make it available to the public through the official Internet site  
6 of the State.

7 c. The council shall hold a meeting each year that shall be open  
8 to the public, and shall accept comments from the public at such  
9 meeting. The matters that shall be open to discussion and public  
10 comment during this annual meeting shall include the investment  
11 policies and strategies of the council, the investment activities of  
12 the council, the financial disclosure statements filed by council  
13 members, and the certification of contributions filed by external  
14 managers, as well as other appropriate matters concerning the  
15 operations, activities and reports of the council.

16 d. An external manager shall be required to file a certification  
17 before being retained, and annually thereafter, that discloses the  
18 political contributions made, during the 12 months preceding the  
19 certification, by the manager or the manager's firm, or a political  
20 committee in which the manager or firm was active. The  
21 certification shall specify the political contributions made to  
22 candidates for elective public office in this State and any political  
23 committee established for the support of such candidates, and  
24 contributions made for the transition and inaugural expenses of any  
25 candidate who is elected to public office. As used in this  
26 subsection, "contribution" and "political committee" shall have the  
27 meaning set forth in "The New Jersey Campaign Contributions and  
28 Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.).  
29 This certification shall be in addition to any other such disclosure  
30 required by law or executive order of the Governor.

31 Regulations adopted by the council that address political  
32 contributions shall apply equally to contributions to any federal or  
33 national committee or a non-State political committee as to any  
34 other committee covered thereby.

35 (cf: P.L.2007, c.103, s.51)

36  
37 2. This act shall take effect immediately.

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40 STATEMENT

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42 This bill requires the State Investment Council to issue a report  
43 by February 1, May 1, August 1, and October 1 of each year listing  
44 for the prior calendar quarter, in the aggregate and segregated by  
45 asset class, the returns of investments achieved for the funds under  
46 the council's supervision by external managers. In the report, the  
47 council shall disclose the rate, and amount, of fees charged by each  
48 external manager for the investment of funds in commodities, hedge

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1 funds, private equity, real estate, bonds, equities, or any other asset  
2 class. The council shall submit the report to the Governor, the  
3 Legislature, and the State Treasurer, and shall make it available to  
4 the public through the official Internet site of the State.

5 In addition, the bill provides that regulations adopted by the  
6 council that address political contributions shall apply equally to  
7 contributions to any federal or national committee or a non-State  
8 political committee as to any other committee covered thereby. The  
9 purpose of this provision is to negate an exception to the Council's  
10 regulations addressing political contributions adopted on February  
11 3, 2014.